T T J HOLDINGS LIMITED

STRUCTURES THAT SHAPE THE FUTURE

ANNUAL REPORT 2019

CORPORATE PROFILE

Established in 1981 and listed on the Mainboard of the Singapore Stock Exchange on 1 April 2010, T T J Holdings Limited ("T T J" or the "Group") is widely acknowledged as one of the largest structural steel fabricators in Singapore. To diversify income streams from its core structural steel business, the Group has also expanded its business into waste management in Singapore and Thailand in 2018, which is still in its nascent stage. It currently owns a wood pellet manufacturing factory in Thailand, while another factory is in the midst of being constructed in Singapore.

The Group's two structural steel factories in Singapore and Johor, Malaysia, which are specially designed around an in-line production concept based on Computerised Numerically Controlled ("CNC") machinery, have a combined annual production capacity of 42,000 tonnes for normal structural steel. The Singapore factory has a waterfront loading area, allowing the loading of heavy materials and large assemblies onto barges for transport by sea.

The Group has a S1-grading[1] by the Singapore Structural Steel Society and a Specialist Builder license for structural steelwork by the Building and Construction Authority of Singapore ("BCA"). As testament to its strong commitment to quality, T T J is ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certified.

T T J's structural steel solutions are used in a wide array of industries ranging from commercial building construction and offshore oil and gas to industrial plants as well as in iconic landmarks such as the National Art Gallery, the Orchard Gateway bridge, the SuperTrees and OCBC Skyway at Gardens by the Bay, The Helix at Marina Bay, Pinnacle@Duxton, Henderson Waves, the Supreme Court and Changi Airport Terminals 2 and 3, among others.

The Group's comprehensive manufacturing capabilities include heavy lifting cranes, shiplift platforms, structures for high rise buildings and petrochemical complexes, heavy roof trusses, civil defence shelter doors, steel moulds and launching girders for bridges and highways, pressurised vessels and tanks, vehicular aluminium parapets, expansion joints and bearings for highways and roads.

For more information, please visit **www.ttj.com.sg**.

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[1] *For works undertaken by our fully owned subsidiary T T J Design and Engineering Pte Ltd*

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CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the 12 months ended 31 July 2019 ("FY2019").

Total construction demand in Singapore is expected to remain strong this year, with the Building and Construction Authority ("BCA") projecting total contract values to range between \$27 billion and \$32 billion[1] for the whole of 2019, comparable to that of the year before. Yet, against the backdrop of a poorer global economic outlook over the next few years, the sector is facing increasing risks of a slowdown in the medium term.

The Ministry of Trade and Industry Singapore ("MTI") also recently lowered its gross domestic product growth estimates to 0-1%[2] from 1.5-3.5%[3] taking into account global economic headwinds. In view of this, it is likely that growth projections for Singapore's infrastructure and construction sectors in the years ahead will continue to fall along with a diminishing outlook.

Alongside this economic uncertainty, T T J's performance for FY2019 was impacted by intense competition and an increasingly challenging operating environment. Revenue for structural steel segment declined 18% year-on-year due to lesser structural steel work completed for on-going projects compared to the previous reporting year, while our waste management and treatment business revenue remained low as the operation is still in its nascent stage.

"T T J REMAINS CAUTIOUSLY OPTIMISTIC IN THE BUSINESS PROSPECTS OF WASTE MANAGEMENT AND TREATMENT IN ASIA."

We nonetheless continue to maintain a stronghold in the structural steelworks industry with an order book of \$182 million as at 23 September 2019, which is expected to be substantially completed between FY2020 and FY2022.

At the same time, T T J continues its active approach in navigating external and industry headwinds through its efforts to diversify income streams from its core structural steel business. Over the course of FY2019, we successfully completed the acquisition of a wood pellet manufacturing asset in Thailand, followed shortly by the acquisition of assets relating to waste management from Biofuel Industries Pte. Ltd.. Both acquisitions will serve as a base to jumpstart our foray into the waste management industry and also, with further development of its existing production line, allow T T J to produce wood pellets from wood waste. By providing this value-added product, the Group aspires to tap into growing demand for wood pellets from Asia in countries such as Japan and South Korea, where new biomass-consuming power plants are scheduled to be operational by 2020.

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[1] *Building & Construction Authority (Media release), Singapore's total construction demand to remain strong this year, 14 January 2019*
[2] *Ministry of Trade & Industry Singapore (Press release), MTI expects GDP growth to be '0.0 to 1.0 per cent' in 2019, 13 August 2019*
[3] *Ministry of Trade & Industry Singapore (Press release), MTI forecasts GDP to grow by '3.0 to 3.5 per cent' in 2018 and '1.5 to 3.5 per cent' in 2019, 22 November 2018*
[4] *The Straits Times, Singapore's construction sector may face protracted slowdown in medium term: Fitch, 15 July 2019*

CHAIRMAN'S MESSAGE

Please refer to the chart below for a visual explanation of our wood pellet manufacturing process.

WOOD PELLET MANUFACTURING PROCESS


Wood Logs


Wood Chips


Saw Dust


Pellet Mill


Wood Pellets

Like all new ventures, T T J has incurred start-up costs relating to its waste management business. Recently, we invested in new equipment to enhance efficiency and productivity at our factory in Thailand. We are also in the midst of constructing a new-build plant in Singapore.

Three years ago, we went into the steel Prefabricated Prefinished Volumetric Construction ("PPVC") business believing that it would create growth for us. However, we found margins in this industry to be unviable due to intense competition. As such, the Group has decided to shelve the PPVC business and focus our resources on areas with stronger prospects instead such as waste management, which is a business that we are upbeat about.

OUTLOOK AND PROSPECTS

Construction continues to remain a bright spot in the 2019 GDP growth figures for Singapore, being the only sector to continue its expansion by 2.9%[2] for 2Q2019 – up from 2.8% before. MTI expects this recovery to be sustained for now although Fitch Solutions Macro Research[4] is anticipating a slowdown in growth for Singapore's construction industry in 2020 and 2021.

For now, the Group continues pushing forward in its strategy to achieve income growth through additional recurrent revenue streams in the long term while seeking to provide our Shareholders with diversified returns. T T J remains cautiously optimistic in the business prospects of waste management and treatment in Asia.

APPRECIATION

I would like to express my utmost appreciation to all T T J employees for their dedication, team spirit, and the efforts they have contributed over the years to bring the Group to where it is today. This also includes my fellow Directors on the Board, who have provided their unconditional support and guidance.

Last but certainly not least, I would like to thank our shareholders for their continued faith and commitment to T T J. As a token of appreciation, the Group has proposed a first and final cash dividend of 0.4 Singapore cents per share for FY2019, subject to approval by shareholders at our AGM. Thank you for standing by us as we continue to move forward.

Yours sincerely

Teo Hock Chwee
Chairman and
Managing Director

CORPORATE STRUCTURE

T T J HOLDINGS LIMITED
(SINGAPORE)

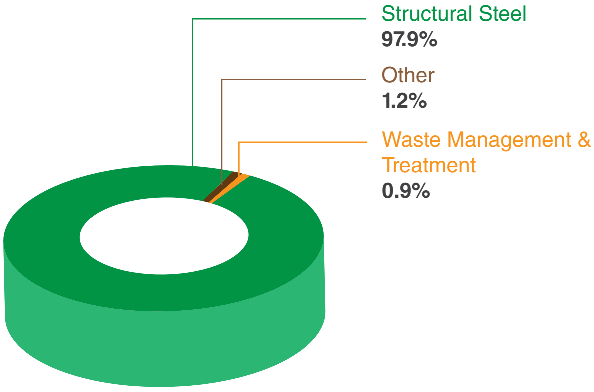
- *100%* **T T J DESIGN AND ENGINEERING PTE LTD** (SINGAPORE)*
  - *100%* **MTTJ ENGINEERING SDN. BHD.** (MALAYSIA)
  - *99%* **T T J DESIGN & ENGINEERING (INDIA) PRIVATE LIMITED** (INDIA)
- *100%* **T T J INVESTMENT PTE. LTD.** (SINGAPORE)
- *100%* **T T J GREEN ENERGY PTE. LTD.** (SINGAPORE)
  - *100%* **T T J GREEN ENERGY (M) SDN. BHD.** (MALAYSIA)
  - *80%* **T T J GREENFUEL PTE. LTD.** (SINGAPORE)
  - *95%* **T T J BIOMASS PTE. LTD.** (SINGAPORE)
    - *100%* **T T J GREEN ENERGY (THAILAND) CO., LTD.** (THAILAND)
- *100%* **T T J LODGE PTE. LTD.** (SINGAPORE)
- *51%* **TECHNICS STEEL PTE. LTD.** (SINGAPORE)

* *T T J Design and Engineering Pte Ltd has a Representative Office in Vietnam & Philipines respectively*

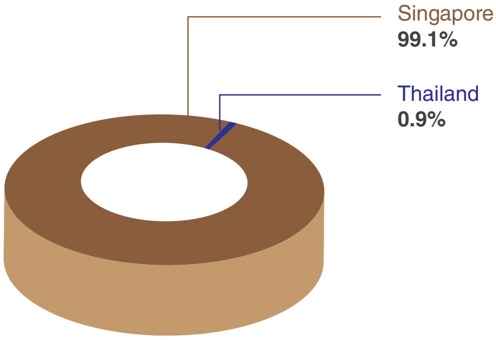
FINANCIAL HIGHLIGHTS
AT A GLANCE

	FY2019	FY2018	FY2017
Revenue ($'000)	**76,562**	92,541	82,888
Gross Profit ($'000)	**12,041**	19,000	20,362
Gross Profit Margin (%)	**15.7%**	20.5%	24.6%
Net Profit ($'000)	**3,337**	8,327	10,707
Net Profit Margin (%)	**4.4%**	9.0%	12.9%

FY2019 REVENUE BY
BUSINESS SEGMENT (%)



FY2019 REVENUE BY
GEOGRAPHICAL MARKET (%)



OPERATING & FINANCIAL REVIEW

T T J CONCLUDED FY2019 WITH NET ASSETS OF $143.2 MILLION AS AT 31 JULY 2019, A 3.0% INCREASE FROM $139.0 MILLION AS AT 31 JULY 2018.

FY2019 IN REVIEW

INCOME STATEMENT

For the 12 months ended 31 July 2019 ("FY2019"), the Group reported revenue of $76.6 million, a decrease of 17% compared to $92.5 million for the 12 months ended 31 July 2018 ("FY2018"). The reduction was mainly due to the decrease in revenue from the Structural Steel business.

For the Structural Steel business, there was less work completed for on-going projects in FY2019 compared to FY2018 which was due to delays arising from rescheduling of certain projects, which impacted the Group's revenue recognition for FY2019. As a result, revenue from this business segment decreased by 18% to $75.0 million in FY2019 from $91.5 million in FY2018.

Revenue generated by the Group's Waste Management and Treatment business was $0.3 million in FY2018 as compared to $0.7 million in FY2019. The reported revenue for this segment remained low as the operation is in early stage.

Gross profit was $12.0 million in FY2019 compared with $19.0 million a year ago, with gross profit margin decreasing to 15.7% in FY2019 from 20.5% in FY2018, mainly due to better gross profit margins derived from projects executed during FY2018.

The Group's other income and gains increased by 29% to $2.4 million in FY2019, from $1.9 million in FY2018, due to an increase in supplier rebates and the reversal of impairment loss allowance on trade receivables, offset by lower net foreign exchange gains recorded during the year.

Administrative expenses remained stable at $9.3 million in FY2019 as compared with $9.4 million in FY2018. Meanwhile, finance costs increased by 286% to $0.4 million in FY2019 from $0.1 million in FY2018. This was mainly due to an increase in the borrowings from financial institutions for partially financing the acquisition of property, plant and equipment.

The Group incurred other losses of $1.2 million in both FY2019 and FY2018. In FY2019, this was mainly in relation to bad trade receivables written off and intangible assets written off. The amount recorded in FY2018 was mainly in relation to allowance for impairment on trade receivables, property, plant and equipment written off, as well as customs import duty and goods and services tax accrued for a project in Malaysia recorded by a subsidiary.

The Group's profit before tax was $4.2 million in FY2019 as compared to $10.6 million in FY2018. The decrease was mainly due to the Group's lower turnover and the decrease in gross profit margin as explained above.

FINANCIAL POSITION AND CASH FLOWS

T T J concluded FY2019 with net assets of $143.2 million as at 31 July 2019, a 3.0% increase from $139.0 million as at 31 July 2018. Meanwhile, overall cash and cash equivalents stood at $39.3 million as at 31 July 2019 as compared with $56.6 million as at 31 July 2018, representing a decrease of $17.3 million.

Total assets increased by 3.9% to $173.2 million in FY2019 from $166.7 million in FY2018, mainly due an increase in property, plant and equipment as a result of the Group's acquisition of wood pellet manufacturing assets in Thailand and Singapore, as well as an increase in contract assets

OPERATING & FINANCIAL REVIEW

during FY2019. These were partially offset by a decrease in cash and cash equivalents, trade and other receivables, and other non-financial assets in the current financial year.

The Group's total liabilities increased 8.4% to $30.0 million in FY2019 from $27.6 million in FY2018, mainly due to the increase in trade and other payables and borrowings, partially offset by the decrease in contract liabilities and income tax payable.

Net cash flows from operating activities were $7.6 million in FY2019 as compared with net cash flows of $1.3 million used in FY2018. Net cash flows used in investing activities amounted to $29.3 million in FY2019, compared with $23.3 million in FY2018, and were utilised mainly for the purchase of property, plant and equipment. Net cash flows from financing activities amounted to $4.4 million, mainly contributed by the proceeds from borrowings and issuance of ordinary shares to non-controlling interest in subsidiaries. This compared to $1.1 million in net cash flows used in financing activities in FY2018, which was mainly utilised for the payment of dividends and repayment of borrowings.

PER SHARE DATA

Earnings Per Share ("EPS") of the Group was 1.08 cents in FY2019 compared to 2.55 cents in FY2018, based on a weighted average number of ordinary shares in issue of 349,500,000 for both financial years. Net Asset Value per share increased to 40.05 cents as at 31 July 2019 compared with 39.71 cents as at 31 July 2018.

The Board has recommended a first and final dividend of 0.4 Singapore cent per share for FY2019, which translates to a dividend payout per share of 36.9%. If approved by shareholders at the Group's forthcoming annual general meeting, the final dividend will be paid on 18 December 2019.

SEGMENT REVIEW

REVENUE BY BUSINESS SEGMENT

The Group derived $75.0 million or 97.9% of its overall revenue in FY2019 from the Structural Steel business segment. Its Waste Management and Treatment segment accounted for $0.7 million or 0.9% of overall revenue in FY2019. The balance $0.9 million or 1.2% was derived from the Other segment.

REVENUE BY GEOGRAPHICAL MARKET

In FY2019, $75.9 million or 99.1% of the Group's overall revenue was derived from Singapore while the balance of $0.7 million or 0.9% was from Thailand.

KEY PROJECTS: ONGOING AND IN THE PIPELINE

The order book for the Group's Structural Steel segment remains robust. As at 23 September 2019, the order book stood at $182 million which T T J expects to substantially complete between FY2020 and FY2022. The Group also continues to receive enquiries from a mix of public and private sector projects.

Under its Waste Management and Treatment business, T T J's facility in Thailand, which has pre-existing wood pellet manufacturing capabilities, is currently undergoing machinery enhancement and testing. The Group is also undertaking construction works in its property in Singapore to, among others, further enhance its production line for wood pellet manufacturing.

BOARD OF DIRECTORS

TEO HOCK CHWEE

CHAIRMAN AND
MANAGING DIRECTOR

CHIONG SU BEEN

EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER

LIM YIAN POH

LEAD INDEPENDENT DIRECTOR

LING CHIEN YIEN

INDEPENDENT DIRECTOR

LEONG YEE YEW

INDEPENDENT DIRECTOR

BOARD OF DIRECTORS

TEO HOCK CHWEE
Chairman and Managing Director

Mr Teo, the Group's founder, has close to 50 years of working experience, out of which 45 years were directly spent in the structural steelworks industry. As Chairman and Managing Director of the Group, Mr Teo is responsible for its overall business strategy. At only 20 years of age, he formed a partnership trading under the name of Teo Contractor to do steel fabrication works and gained valuable hands-on experience. In 1981, he started T T J Design and Engineering Pte Ltd and began to engage in large-scale structural steelworks projects. Through his leadership over the last 38 years, the Group has grown into a leading steel fabricator and a Class S1 Steel Fabricator accredited by the Singapore Structural Steel Society.

CHIONG SU BEEN
Executive Director and Chief Financial Officer

Ms Chiong joined the Group in 2005 bringing extensive experience in accounting and finance. She is responsible for the full spectrum of financial and taxation functions in the Group and played an instrumental role in its initial public offering in 2010. Prior to joining the Group, she was with Barang Barang Pte Ltd as Finance Manager from 2004 to 2005. From 2000 to 2003, she was a senior accountant with Liang Huat Aluminium Limited. Ms Chiong is a Fellow Member of the Association of Chartered Certified Accountants and a Provisional Member of the Institute of Singapore Chartered Accountants.

LIM YIAN POH
Lead Independent Director

Mr Lim joined the Board in 1996 as an independent director. He has more than 20 years of experience in the banking and finance industry, having worked in major international banks including Citibank, Banque Nationale de Paris (now known as BNP Paribas) and Arab Banking Corporation, where he held regional responsibilities. He possesses a wealth of experience and an extensive network of contacts both in Singapore and the region. In 1993, he left as General Manager of Arab Banking Corporation, Singapore Branch to set up Yian Poh Associates, a financial consultancy and investment firm. Mr Lim is the Non-Executive Chairman and an Independent Director of the Board of Casa Holdings Limited. He is also an Independent Director of Zicom Group Limited, a company listed on the Australian Stock Exchange. He has been an honorary Commercial Advisor to the Administrative Committee of Jiaxing Economic Development Zone, China since 2000. He has also been appointed as a Consultant to the Suzhou Vocational University, China, from 2017 to 2022. He obtained his Bachelor of Science Degree from Nanyang University in 1969 and his Master of Science Degree from the University of Hull, England in 1972.

LING CHIEN YIEN
Independent Director

Mr Ling joined the Board in 1996 as an independent director. He has more than 25 years of mechanical engineering and project management expertise in both public and private sectors. During his career, Mr Ling has worked for organisations that included Public Works Department of Singapore, Guthrie Engineering (S) Pte Ltd, ACE Equipment (S) Pte Ltd and a Singapore consortium company, Mainland Investors (Singapore) Pte Ltd from 1970 to 1995. Mr Ling, who holds a Bachelor of Engineering from University of New South Wales, has been retired since 1996.

LEONG YEE YEW
Independent Director

Mr Leong joined the Board in 2010 as an independent director. He has more than 17 years of experience in auditing gained from PricewaterhouseCoopers, formerly known as Coopers & Lybrand, in Singapore and London; and Patrick Tay & Co. He was with Marina Centre Holdings Pte Ltd, a subsidiary of Singapore Land Limited since 1985, and was its Company Secretary and Financial Controller until March 2005 when he reached the compulsory retirement age. He was co-opted a Member of the Board of Directors of the Children's Charities Association of Singapore in 2008, and was the Honorary Treasurer from 2008 to 2011, and from 2015 to 2019. He holds a Master of Business Administration from the Strathclyde Business School and is a Fellow Member of The Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

MANAGEMENT TEAM

TEO HOCK CHWEE

CHAIRMAN AND
MANAGING DIRECTOR

CHIONG SU BEEN

EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER

ELAVARASU SOMASUNDARAM

CHIEF OPERATING OFFICER

Mr Somasundaram, who has been Chief Operating Officer since January 2015, is responsible for the overall operations department, project management and the business development of the Group. He joined the Group in 1992 and has, to date, 27 years of working experience with the Group, out of which 16 years were spent in project management. Prior to joining the Group, he was with TTG Industries Ltd. in India as a Quality Control Engineer from 1990 to 1992 and was a Technical Assistant cum Lecturer with Annamalai University from 1988 to 1990. He graduated with a Bachelor Degree in Mechanical Engineering from Annamalai University, India in 1988.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Teo Hock Chwee
(Chairman and Managing Director)

Chiong Su Been
(Executive Director and Chief Financial Officer)

Lim Yian Poh
(Lead Independent Director)

Ling Chien Yien
(Independent Director)

Leong Yee Yew
(Independent Director)

AUDIT COMMITTEE

Lim Yian Poh (Chairman)
Ling Chien Yien
Leong Yee Yew

REMUNERATION COMMITTEE

Leong Yee Yew (Chairman)
Lim Yian Poh
Ling Chien Yien

NOMINATING COMMITTEE

Ling Chien Yien (Chairman)
Lim Yian Poh
Leong Yee Yew
Teo Hock Chwee

COMPANY SECRETARIES

Tan Swee Gek, LLB (Hons)
Ong Beng Hong, LLB (Hons)

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095

Partner-in-charge: Chua Ling Ling
Effective from year ended 31 July 2018

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00, ASO Building
Singapore 048544

REGISTERED OFFICE

57 Pioneer Road Singapore 628508

CORPORATE WEBSITE

www.ttj.com.sg

COMPANY REGISTRATION NUMBER

199204617M

CORPORATE GOVERNANCE

The Board of Directors and the Management team are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the revised Code of Governance 2012 (the "Code") issued by the Corporate Governance Committee.

Good corporate governance is integral to a sound corporation as it promotes corporate transparency and protects and enhances shareholders' interest. This statement outlines the main corporate governance practices and processes that were in place since the financial year beginning on 1 August 2018 and which ended on 31 July 2019 ("FY2019"), and has provided an explanation where the Company has deviated from the Code.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

In FY2019, the Board of Directors comprised two (2) Executive Directors and three (3) Independent Directors, all possessing the right core competencies and diversity of experience which enabled them to effectively contribute to the Group. In view of guidelines 2.1 and 2.2 of the Code, as the Chairman of the Board ("Chairman") is not an independent director, the Independent Directors make up at least half of the Board. As at the date of this Annual Report, the Board comprises the following members:

Mr Teo Hock Chwee (Chairman and Managing Director)
Ms Chiong Su Been (Executive Director and Chief Financial Officer)
Mr Lim Yian Poh (Lead Independent Director)
Mr Ling Chien Yien (Independent Director)
Mr Leong Yee Yew (Independent Director)

The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies and financial performance and assesses key risks provided by Management as well as the adequacy of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors. Each director is expected during the course of carrying out his/her duties, to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interest of the Company. All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

The Board's role is to:

(a) 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;

(b) 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;

(c) review Management's performance;

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

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

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

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of board committees including a Nominating Committee, a Remuneration Committee and an Audit Committee. The effectiveness of each Committee is constantly monitored. The Board has also established a framework for the management of the Group, including a system of internal controls.

The Board currently holds four (4) scheduled meetings each year. It also holds additional meetings at such other times as may be necessary to address any specific significant matters that may arise. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions. The agenda for meetings are prepared in consultation with the Group's Chairman and Managing Director ("MD"). Standing items include the Management's report, financial reports, strategic matters, governance, business risk issues and compliance. Executive Officers of the Group may, from time to time, be invited to attend Board meetings to provide updates on operational matters.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Board and Board Committee Meetings held in FY2019

For FY2019, the Board held five (5) meetings and the attendance of each Director at the Board and Board Committee meetings is as follows:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Teo Hock Chwee (Chairman and Managing Director)	5	5	4[1]	4[1]	1	1	1[1]	1[1]
Chiong Su Been (Executive Director and Chief Financial Officer)	5	5	4[1]	4[1]	1[1]	1[1]	1[1]	1[1]
Lim Yian Poh (Lead Independent Director)	5	5	4	4	1	1	1	1
Ling Chien Yien (Independent Director)	5	4	4	4	1	1	1	1
Leong Yee Yew (Independent Director)	5	5	4	4	1	1	1	1

Note:

(1) Attendance by invitation.

Matters Requiring Board Approval

The Company has prepared a document with guidelines setting forth the matters reserved for the Board's decision and clear directions to Management on matters that must be approved by the Board. The document specifies that the Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends.

On 30 November 2011, the shareholders of the Company approved the Group's diversification into the business of property development, property investment and property management (the "Property Business"). Before undertaking any project as part of the Property Business, Management will prepare a proposal containing a cost-benefit analysis, credentials of the prospective joint venture partners, the proposed structure of the joint venture (including management and operational rights and obligations) and the funding needs of the project concerned before forwarding the same to the Board for review. The Board will review the proposal and, if required, seek the advice of reputable property consultants and/or other external consultants and experts. The Group will undertake the project only if it is approved by the Board. In addition, the Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Property Business at more frequent intervals of no less than six (6) months.

In addition, on 30 November 2017, the shareholders of the Company approved the Group's diversification into the business of waste management and treatment (the "Waste Management Business"). Before embarking on any joint venture relating to the Waste Management Business, the Board will conduct the necessary risk assessment with assistance from professional parties where needed, and will also enter into feasibility studies.

All other matters are delegated to Board Committees whose actions are reported to and monitored by the Board. The Board does not abdicate its responsibility for such delegations of authority.

Training of Directors

Directors receive comprehensive and tailored induction on joining the Board including their duties as Directors and how to discharge those duties. Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of business operations.

The Company does not have a formal training program for new Directors. However, to assist the Board in discharging its duties, newly appointed Directors will be briefed on the business operations and regulatory issues relating to the Group to ensure that they are familiar with the Group's business and governance practices and be provided with a formal letter setting out the Director's duties and obligations. Directors are also informed of regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company understands that some of the Independent Directors have participated in seminars and received training to improve themselves in the discharge of their duties as Directors. The Company will also share its industry-specific knowledge with Directors as appropriate and may hire professionals to provide training for first-time Directors in areas such as accounting and legal rights and responsibilities as appropriate. First-time Directors who have no prior experience as a director of a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") will also undergo training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the Listing Manual of the SGX-ST.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Annual Report, the Board comprises five (5) Directors of which three (3) are Independent Directors. The three (3) Independent Directors are Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew. The criterion of independence is based on the definition given in the Code and Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Board and the Nominating Committee (hereinafter referred to as "NC") consider a Director to be "independent" if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgement with a view to the best interests of the Company. The Board and the NC are of the opinion that the Independent Directors satisfy these criteria. The NC is of the opinion that the Independent Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. As at the date of this Annual Report, there are no Independent Directors of the Company who sit on the board of any of the Company's principal subsidiaries.

Mr Lim Yian Poh and Mr Ling Chien Yien have served on the Board since 1996, and Mr Leong Yee Yew has served on the Board since 2010, and their independence have been subject to particularly rigorous review. The Board notes that Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew should be considered independent because they have been active during Board discussions and have on many occasions voiced strong opinions which have differed from Management's view and were able to convince Management to accept their recommendation. Furthermore, Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew have a wealth of experience from which the Management is happy to tap on (please refer to pages 8 and 9 of this Annual Report for a more detailed write-up on the extensive experience and wealth of knowledge of Mr Lim Yian Poh, Mr Ling Chien Yien and Mr Leong Yee Yew which the Group continues to leverage on). Neither they nor their immediate family members have any business relationship with any of the other Directors and they do not hold any shares in the Company. As such, the Board has established that each of these Directors remain independent in character and judgement and there were no relationships with Management or substantial shareholders or circumstances which were likely to affect, or could appear to affect, their independence. The Board is therefore satisfied with their performance and continued independence. Furthermore, the Board holds the view that continuity and stability of the Board is also important and the aforesaid Directors, through their years of involvement with the Company, have gained valuable insight and understanding of the Company and together with their diverse experience and expertise, have contributed and will continue to contribute effectively as Independent Directors by providing educated, impartial and autonomous views at all times. The Board nevertheless will on a continuing basis, review the need for progressive refreshment of its Board.

The composition of the Board is determined in accordance with the following principles:

- The Board and its Board Committees should comprise a sufficient number of Directors to fulfil their responsibilities and who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge to the Company. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified);

- The Board should comprise a majority of Non-executive Directors, with at least half of the Board made up of Independent Non-executive Directors; and

- The Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.

With three (3) out of five (5) Directors deemed to be independent, the Board is able to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues. Furthermore, the Board will be able to interact and work with Management through a robust exchange of ideas and views to help shape the Group's strategic direction.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

Independent members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in reviewing and monitoring the performance of management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Board considers its Non-executive and Independent Directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the Statement by Directors.

The Non-executive Directors of the Company:

- constructively challenge and help develop proposals on strategy; and

- review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Non-Executive Directors meet as and when required without the presence of management.

The Board is of the view that its current composition of five (5) Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

Other key information on the individual Directors of the Company is set out in pages 8 and 9 of this Annual Report. Their shareholdings in the Company are also disclosed in the Statement by Directors. Save for T T J Design & Engineering (India) Private Limited and T T J Green Energy (Thailand) Co., Ltd. in which the Group Chairman and MD holds 0.74% and less than 0.01% of the Shareholding interests therein respectively, none of the Directors hold shares in the subsidiaries of the Company.

Chairman and Managing Director

Principle 3: ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

Mr Teo Hock Chwee is the Chairman and MD of the Group. He plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

The Chairman's role is to:

(a) lead the Board to ensure its effectiveness in all aspects of its role;

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

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

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

(e) ensure effective communication with shareholders;

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

(g) facilitate the effective contribution of Independent and Non-executive Directors in particular; and

(h) promote high standards of corporate governance.

The responsibilities set out above provide guidance and should not be taken as a comprehensive and exclusive list of all the duties and responsibilities of a Chairman.

The Board has not appointed any Non-executive Chairman or Chief Executive Officer at this point. Notwithstanding the foregoing, the key position of a chief executive officer is played by the Group's Chairman and MD. In addition, the Board has appointed Mr Lim Yian Poh as the Lead Independent Director to ensure that a channel of communication is always available to shareholders where they have concerns and where contact through normal channels of the Group's Chairman and MD or the Chief Financial Officer ("CFO") has failed to resolve the concerns or is inappropriate. The appointment of the Lead Independent Director is in line with the Board's policy of adopting a high standard of corporate governance in accordance with the guidelines in the Code which recommends that a Lead Independent Director be appointed, inter alia, when the Chairman is part of the Management or the Chairman is not an Independent Director.

The Lead Independent Director's role includes, inter alia, leading the Independent Directors in meeting periodically without the presence of the other Executive Directors, and to provide any feedback to the Chairman after such meetings.

All major decisions like substantial acquisitions, material contracts, acquisitions of banking facilities fall under the purview of the Board. The Chairman and MD's performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package will be reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

The Board has no dissenting view on the Group's Chairman and MD's statement for the year under review.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises Mr Ling Chien Yien as the Chairman and Mr Lim Yian Poh, Mr Leong Yee Yew and Mr Teo Hock Chwee as members. Except for Mr Teo Hock Chwee, the Chairman and the other two (2) members of the NC are all independent. The NC considers that the appointment of Mr Teo Hock Chwee as a member is necessary in view of, inter alia, his intimate knowledge of the operations team members and business of the Group, all of which enables him to provide constructive feedback to the NC in assessing the Board's structure, size and composition. The NC is also satisfied that his membership will not compromise the independence of the NC.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

(a) To make recommendations to the Board on the appointment of new Executive and Non-executive Directors.

(b) To review each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, whether he/she remains independent, in the case of the Independent Directors, and the balance between Executive and Non-executive Directors appointed to the Board.

(c) To regularly review the Board structure, size and composition and make recommendations to the Board with regard to the progressive renewal of the Board and any adjustments that are deemed necessary.

(d) To determine the process for search, nomination, selection and appointment of new Board members and be responsible for assessing the requisite qualifications and fulfilment of being independent of the nominees or candidates for appointment or election to the Board.

(e) To make plans for succession, in particular for the Chairman and MD.

(f) To determine, on an annual basis, and as and when circumstances require, if a Director is independent. If the NC determines that a Director, who has one (1) or more of the relationships mentioned under the Code is in fact independent, the NC should disclose in full, the nature of the Director's relationship and provide its views to the Board for the Board's consideration. The NC may at its discretion determine a Director as non-independent even if he has no business or other relationships with the Company, its related companies or its officers and should similarly provide its views to the Board for the Board's consideration.

(g) To recommend Directors who are retiring by rotation to be put forward for re-election.

(h) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, taking into consideration the Director's number of listed company board representations and other principal commitments.

(i) To be responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be disclosed annually.

(j) To review any training and professional development programmes for the Board.

In the event there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the change to be implemented and make recommendations to the Board accordingly. For the new appointment of Directors, the NC will, in consultation with the Board, examine the strength and capabilities of the existing Board as well as the skills, knowledge and experience contributed by the existing Directors to the Group and the Board. The NC will take into account the future needs of the Group and together with the Board, it will seek candidates who are able to contribute to the Group. The NC will attempt to seek candidates widely and beyond persons directly known to the existing Directors and recommend suitable candidates to the Board and if such candidates are appointed, announcements relating to their appointment will be released via SGXNET. In the event of cessation of appointment of any Director or Executive Officer, the NC will conduct the exit interviews with such Director or Executive Officer, as the case may be, and announcements relating to such cessation will also be released via SGXNET.

The NC has in place internal guidelines to address the conflict of competing time commitments of Directors serving on multiple boards. If a Director serves on the board of other companies, the NC will consider whether he/she has been able to devote adequate time and attention to the affairs of the Group. In the event there are sufficient grounds for complaint, the Chairman of the Board will on the advice of the NC, discuss, and if necessary, advise the Director concerned of the issues and the consequences of failure to rectify the situation within the period required.

The current Board members generally do not have more than three (3) directorships in other listed companies. Accordingly, the NC is of the opinion that they have sufficient energy and time to focus on the affairs of the Group. As such, the NC has currently not set a limit on the number of directorships which a Director can hold in other listed companies. The NC will however not rule out the requirement to set limits on the Directors' directorships in other listed companies should subsequent situations warrant such action. After conducting reviews, the NC is satisfied that currently the Directors have been able to devote adequate time and attention to the affairs of the Group and that they are able to satisfy their duties as Directors to the Company.

With effect from 1 January 2019, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST. The Company's Constitution provides that one third of the Board or the number nearest to one third is to retire by rotation at every Annual General Meeting ("AGM"). In addition, the Company's Constitution also provides that newly-appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

The Board does not have any alternate Directors.

CORPORATE GOVERNANCE

The dates of the appointment and last re-election of each Director as at the date of this Annual Report as well as their directorships in listed companies are set out below:

Name of Director	Date of Appointment	Date of Last Re-election	Directorship in Listed Companies	
			Present	Past Preceding 3 years
Teo Hock Chwee	28 August 1992	Not applicable[1]	T T J Holdings Limited	Nil
Chiong Su Been[2]	7 April 2008	30 November 2017	T T J Holdings Limited	Nil
Lim Yian Poh[3]	5 July 1996	30 November 2017	T T J Holdings Limited Zicom Group Limited Casa Holdings Limited	Nil
Ling Chien Yien	5 July 1996	29 November 2018	T T J Holdings Limited	Nil
Leong Yee Yew	11 January 2010	29 November 2018	T T J Holdings Limited	Zicom Group Limited

Notes:

(1) Prior to 1 January 2019, in accordance with the Company's Constitution, the Group's Chairman and MD, Mr Teo Hock Chwee, was not subject to retirement by rotation while he is the MD of the Company and continues to hold that position, and he was not taken into account in determining the rotation of retirement of Directors. Pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, from 1 January 2019, Mr Teo Hock Chwee shall be subject to retirement by rotation; therefore he will be subject to re-election at this forthcoming AGM.

(2) Ms Chiong Su Been was last re-elected on 30 November 2017, therefore in accordance with the Company's Constitution, she will be subject to re-election at this forthcoming AGM.

(3) Mr Lim Yian Poh was last re-elected on 30 November 2017, therefore in accordance with the Company's Constitution, he will be subject to re-election at this forthcoming AGM.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by the directors to the effectiveness of the Board.

The NC has established a process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board. The performance criteria which have been approved by the Board for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, and Board performance in relation to the discharge of its principal responsibilities. Such performance criteria, which are meant to enhance long-term shareholder value, would not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the Board would justify this decision. In its assessment, the NC takes into consideration the frequency of the Board meetings, Board independence, the rate at which issues raised are adequately dealt with, the effectiveness of the Board Committees, and reports from the various committees. Given the relatively small size of the Board, the Board and the NC are of the opinion that there is no need at present to conduct a separate formal assessment of the Board Committees other than the assessments being carried out in respect of individual Directors and the Board.

The Board and the NC evaluate individual Directors on whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for Board and Committee meetings, and any other duties) and have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions. The NC also considers whether the Director has a reasonable understanding of the Company's business and the industry, the Director's working relationship with the other members of the Board, as well as feedback from other Directors.

With respect to FY2019 and after due evaluation, the NC considered the performance of each individual Director and the Board to be satisfactory. For avoidance of doubt, each member of the NC abstains from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board and each individual Director. Where relevant and when the need arises, the NC will consider such an engagement.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors receive a regular supply of complete, adequate information in a timely manner from Management about the Group and are entitled to request from Management and should be provided with such additional information as needed to make informed decisions so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues to enable Directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements, including explanations for any material variance between projections and actual results.

All Directors have unrestricted access to the Group's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All Directors have separate and independent access to the Company Secretary. The Company Secretary administers, attends and prepares minutes of Board meetings, assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and ensures that the Company's Constitution and relevant rules and regulations, including those of the Companies Act (Cap.50) (the "Companies Act") and the SGX-ST, are complied with. The Company Secretary ensures the quality, quantity and timeliness of the flow of information within the Board and its Board Committees and between Management and Non-executive Directors, advises the Board on all corporate governance matters, facilitates orientation and assists with professional development as and when required. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee (hereinafter referred to as "RC") comprises Independent Directors, with Mr Leong Yee Yew as the Chairman, and Mr Lim Yian Poh and Mr Ling Chien Yien as members.

The Board has approved the written terms of reference of the RC. The RC performs the following functions:

(a) To review and recommend to the Board, a general framework of remuneration and to determine the specific remuneration packages and terms of employment for:

- each Director;
- the Chairman and MD (or executive of equivalent rank);
- senior management of the Group; and
- employees related to Directors or substantial shareholders of the Group.

(b) Meetings of the RC will be held as the RC deems appropriate. The RC should meet at least once a year and meetings should be organised so that attendance is maximised. Meetings may be called, at any other time, by the Chairman or any member of the RC. Members of the Board or Management may be invited to the meetings.

(c) The secretary of the RC shall be the Company Secretary for the time being or such other person as may be nominated by the RC.

(d) The Company Secretary shall attend all meetings and minute the proceedings thereof.

(e) Minutes of all meetings shall be confirmed by the chairman of the meeting and circulated to all members of the RC.

(f) If the Chairman of the RC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with the agreement of the Chairman, obtain copies of the minutes of RC meetings.

(g) The notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.

(h) To recommend to the Board, the T T J Employee Share Option Scheme ("T T J ESOS") or any other performance bonus schemes which may be set up from time to time and to do all acts necessary in connection therewith.

(i) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

As part of its review, the RC shall ensure that:

(i) all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

(ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element;

(iii) the remuneration package of employees related to Directors or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

(iv) existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(v) the Executive Directors' and key management personnel's contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

In FY2019, the RC did not seek expert advice inside and/or outside the Company on the remuneration of all Directors. No remuneration consultants were engaged by the Company during FY2019.

The members of the RC do not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more for this purpose.

A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

The remuneration of the Chairman and MD, Mr Teo Hock Chwee, is based on the terms of the service agreement entered into between Mr Teo Hock Chwee and the Company on 1 May 2008 (as the same may be amended and supplemented by the supplemental letter dated 3 November 2009). The aforesaid service agreement shall continue unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

In determining the remuneration of the Non-executive Directors, the RC ensures that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Non-executive Directors. The RC ensures that Non-executive Directors are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of Non-executive Directors. The Board will recommend the remuneration of the Non-executive Directors for approval at the AGM.

With regard to the remuneration of other key executives, the RC, together with Management, reviews proposals which are made by the Executive Directors. The remuneration policy for the key management executives takes into consideration the Group's performance, as well as the responsibility and performance of individual key management executives. The latter is measured by goals and objectives set for each key management executive in congruence with the Group's overall goals and objectives. In addition, the Group is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The RC administers the T T J ESOS. The T T J ESOS was approved by Shareholders at an extraordinary general meeting on 15 January 2010 for an initial duration of up to a maximum period of ten (10) years. The initial duration of the T T J ESOS will expire on 14 January 2020. The Company intends to seek the approval of Shareholders at this forthcoming AGM to renew the T T J ESOS. No share options were granted under the T T J ESOS for FY2019. The T T J ESOS provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better. Further details about the T T J ESOS is set out on pages 36 and 37 of this annual report and the Letter to Shareholders dated 4 November 2019.

In FY2019, the Company did not use any vesting schedules.

Disclosure on Remuneration

Principle 9: ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

Details of remuneration paid to the Directors and the Group's top one (1) key executive in FY2019 are set out below:

Remuneration Band and Name	Fees	Salary	Bonus	Others	Total
Directors who are paid between S\$500,000 to S\$600,000					
Teo Hock Chwee	–	90%	8%	2%	100%
Directors who are paid between S\$200,000 to S\$300,000					
Chiong Su Been	–	80%	7%	13%	100%
Directors who are paid below S\$100,000					
Lim Yian Poh(1)	100%	–	–	–	100%
Ling Chien Yien(2)	100%	–	–	–	100%
Leong Yee Yew(3)	100%	–	–	–	100%
Key Executives who are paid between S\$200,000 to S\$300,000					
Elavarasu Somasundaram	–	78%	6%	16%	100%

Notes:

(1) Mr Lim Yian Poh's total remuneration for FY2019 in the form of Directors' fees amounts to S$52,500.

(2) Mr Ling Chien Yien's total remuneration for FY2019 in the form of Directors' fees amounts to S$47,250.

(3) Mr Leong Yee Yew's total remuneration for FY2019 in the form of Directors' fees amounts to S$47,250.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. As such, the aggregate amounts of remuneration paid/accrued to Directors and key management personnel for the financial year ended 31 July 2019 are not disclosed in this report but are disclosed in bands of S$100,000.

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2019. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the following qualitative and quantitative components comprised of:

1. Leadership
2. Teamwork
3. People development
4. Responsibilities and commitment
5. Profitability performance of the Group

The performance conditions were met in FY2019.

There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors and key executives.

None of the employees in the Company or any of its principal subsidiaries whose remuneration exceed S$50,000 during the year is a relative of a Director or substantial shareholder of the Company or any of its principal subsidiaries.

The Company adopted the T T J Employee Share Options Scheme which will provide eligible participants with an opportunity to participate in the equity of the Company so as to motivate them, to higher standards of performance through increased dedication and loyalty, and to give recognition to those who have contributed significantly to the growth and performance of the Group. Further details of the T T J Employee Share Options Scheme are set out on pages 36 and 37 of this annual report and the Letter to Shareholders dated 4 November 2019.

(C) ACCOUNTABILITY, AUDIT AND RISK MANAGEMENT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company announces its financial results on a quarterly basis and other information via SGXNET in accordance with the rules of the SGX-ST Listing Manual. The Company aims to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

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

Risk Management and Internal Control

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board determines the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the Group's risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities, as 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.

The Board regularly reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The Board has also received the following assurance from the Group's Chairman and MD 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) the Group's risk management and internal controls system are adequate and effective.

The Audit Committee reviews the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

Based on the internal controls established and maintained by the Group, work performed by the external auditors as well as the internal auditors, and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems put in place by Management is adequate and effective to address the financial, operational, compliance and information technology risks of the Group.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all the significant control policies and procedures and highlight all significant findings to the Directors and the Audit Committee.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises Non-executive Independent Directors, Mr Lim Yian Poh as the Chairman, and Mr Ling Chien Yien and Mr Leong Yee Yew as members. Mr Lim Yian Poh has financial management experience and Mr Leong Yee Yew has recent and relevant accounting expertise and experience. Accordingly, the AC is appropriately qualified to discharge its responsibilities. The AC will assist the Board in discharging its responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, Management and the external auditors of the Group on matters relating to audit.

The Board has approved the written terms of reference of the AC. Specifically, the AC's duties include the following:

(a) review the Group's financial and results of operations and accounting policies;

(b) review the Group's external auditors' and the internal auditors' audit plans, their scope of work and the results of the external auditors' examination and the internal auditors' evaluation of the Group's internal accounting control systems;

(c) review the Group's annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;

(d) review the financial statements of the Company and the Group before the submission to the Board for approval and prior to the Group's announcement of the results at the end of each reporting period;

(e) review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response in relation thereto;

(f) review the co-operation given by the Group's Management and officers to the external auditors;

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

(h) review and evaluate the Group's administrative, operating and internal accounting controls and procedures;

(i) review the Group's procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

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

(k) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) review any potential conflicts of interests;

(m) consider and recommend to the Board proposals to the shareholders on the appointment and re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(n) review the appointments of and (on an annual basis) review the remuneration of persons occupying managerial positions who are related to a Director, MD or a substantial shareholder of the Company;

(o) generally undertake such other functions and duties which may be required by statute or the rules of the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

(p) ensure that all internal control weaknesses are satisfactorily and properly rectified;

(q) evaluate the independence of the external auditors;

(r) review the adequacy and effectiveness of the internal audit function and ensuring that a clear reporting structure is in place between the AC and the internal auditors;

(s) review the Group's key financial risk areas; the outcome of the aforesaid reviews which shall be disclosed in the Company's annual report (or in instances where the findings are material, make appropriate disclosures via SGXNET immediately);

(t) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's results of operations and/or financial position;

(u) commission and review the annual internal controls audit until such time the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses; and

(v) review and report to the Board on the Group's system of internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational and compliance risks.

The AC is authorised to conduct or authorise investigations into any matter within its terms of reference, and has full access to Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Executive Director or Executive Officer to attend its meetings.

The AC has reviewed the Group's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the Group's financial statements and financial reporting resources and the performance of the Group's finance department.

The AC has also reviewed the policy and arrangements by which the employees of the Group and any other persons may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are put in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken as and when the need arises. As at the date of this Annual Report, the Group has put in place a whistle-blowing policy for this purpose. Copies of the "Whistle Blowing" policy have been circulated to the employees and are also available at the Company's registered office.

The Group's existing auditors, RSM Chio Lim LLP, have been the external auditors of the Group since 19 August 2002 and Ms Chua Ling Ling is the current audit partner in charge effective from financial year ended 31 July 2018. During FY2019, the aggregate amount of fees paid to the external auditors was S$166,000.00 (exclusive of GST) with audit related work carried out by the external auditors amounting to fees of S$130,000.00 and non-audit related work carried out by the external auditors amounting to fees of S$36,000.00 (exclusive of GST). The AC is satisfied that the external auditors' independence has not been impaired.

The AC also has full access to the external auditors without the presence of Management and is authorised to have full and unrestricted access to Management and all personnel, records, operations, properties and other informational sources of the Group as required or desirable to properly discharge its responsibilities.

The AC meets with the internal auditors and external auditors separately, at least once a year, without the presence of the Management.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Group's auditing obligations. The Company thereby complies with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The AC recommends to the Board the nomination of RSM Chio Lim LLP for re-appointment as external auditors at the forthcoming AGM of the Company.

None of the AC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 12 months or (ii) holds any financial interest in the auditing firm or auditing corporation.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal auditors' primary line of reporting is to the AC Chairman although the internal auditors would also report administratively to the MD. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC also ensures that the internal audit function is independent, effective and adequately resourced and has appropriate standing within the Group.

The Group's internal audit function team is staffed with persons with the relevant qualifications and experience and 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 Company has outsourced its internal audit function to Paul Wan & Co. Paul Wan & Co has conducted its internal audit for the Group in FY2019 and reported directly to the AC on its finding. There were no major internal control weaknesses highlighted by Paul Wan & Co for the attention of the AC for FY2019. The AC has reviewed Paul Wan & Co's report on internal controls and processes and is satisfied with the independence, effectiveness and adequacy of the same. The AC will annually assess and ensure the adequacy of the internal audit function.

(D) SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company facilitates the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

The Constitution of the Company currently allows a shareholder of the Company to appoint up to two proxies to attend and vote in his stead at general meetings, and shareholders who are a "relevant intermediary" (as defined under section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Companies Act, the Board's policy is to ensure that shareholders are informed of all major developments that impact the Group. The Company has an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, the Company will be as descriptive, detailed and forthcoming as possible and avoid boilerplate disclosures.

Information is communicated to shareholders on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as promptly as possible. The Board has established regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports include all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;

- notices of and explanatory memoranda for AGMs and extraordinary general meetings;
- press and results briefings for the Group's annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's website at www.ttj.com.sg at which shareholders can access information on the Group. The website provides, inter alia, information on the Group's products and the corporate profile of the Group.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of the shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard general meetings of the shareholders as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

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

The notice of general meetings of shareholders is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings of shareholders. All the Directors normally attend the general meetings of shareholders. The Chairmen of the AC, RC and NC are normally available at the meeting to answer those questions relating to the work of these Committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders.

The Company Secretary 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 thereto. These minutes are made available to shareholders upon their request.

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting to avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

(E) DEALING IN SECURITIES

The Company adopts the following policies in relation to dealings in its securities:

- Officers are not to deal in its securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial statements and one (1) month before the announcement of the Group's financial statements for the full year, and ending on the date of the announcement of the relevant results.
- In addition, the Company reminds its officers to observe the laws on insider trading at all times, even when dealing in its securities within the permitted trading period.
- The Company's internal compliance code requires that its officer should not deal in the Company's securities on short term considerations.

The Board confirms that the Company has complied with Rule 1207(19) of the SGX-ST Listing Rules.

(F) MATERIAL CONTRACTS

Save for the service agreement between the Group's Chairman and MD, Mr Teo Hock Chwee, and the Company, there were no other material contracts of the Company or its subsidiary involving the interest of any Director or controlling shareholders subsisting at the end of the reporting year ended 31 July 2019.

(G) INTERESTED PERSON TRANSACTIONS

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

The Company has not obtained any general mandate pursuant to Rule 920 of the Listing Manual. There were no interested person transactions entered into during the financial year under review (excluding transactions less than S$100,000).

STATUS UPDATE ON SUSTAINABILITY REPORTING

Sustainability Reporting

T T J endeavours to uphold the highest possible standards of sustainable and eco-friendly business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability for future generations.

As a responsible corporate citizen that takes pride in providing high-quality steel fabricating and manufacturing services, we have always prioritised health and safety. We regularly review our steel works and manufacturing processes to ensure that our processes strictly comply with industrial regulations.

The Group has assigned a Sustainability Task Force to oversee sustainability reporting, monitor our sustainability performance and implement our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
• Indirect Economic Impacts	• Materials • Effluents and Waste • Environmental Compliance • Supplier Environmental Assessment	• Employment • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Customer Health and Safety • Socioeconomic Compliance

More information on the Group's efforts on sustainability management in FY2019 can be found in its 2019 Sustainability Report, which will be published in December 2019.

FINANCIAL REPORTS

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 July 2019.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

2. Directors

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

Teo Hock Chwee
Chiong Su Been
Lim Yian Poh
Ling Chien Yien
Leong Yee Yew

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	Direct interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**
The Company – T T J Holdings Limited	**Number of shares of no par value**	
Teo Hock Chwee	39,900,000	179,900,000
Chiong Su Been	1,115,000	1,115,000

	Deemed interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**
The Company – T T J Holdings Limited	**Number of shares of no par value**	
Teo Hock Chwee	255,000,000	115,000,000

3. Directors' interests in shares and debentures (cont'd)

By virtue of section 7 of the Act, Mr Teo Hock Chwee with interests is deemed to have an interest in the Company and in all the related body corporate of the Company.

The directors' interests as at 21 August 2019 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

The T T J Employee Share Option Scheme (the "Scheme") for selected directors and full-time employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting in January 2010.

The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its well-being and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better.

Under the rules of the Scheme, selected directors and full-time employees of the Group are eligible to participate in the Scheme. Controlling shareholders or their associates are however not eligible to participate in the Scheme.

The Scheme is administered by the Remuneration Committee whose members are:

Leong Yee Yew (Chairman)
Lim Yian Poh
Ling Chien Yien

The number of options to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank and responsibilities with the Group, performance, years of service and potential for future development of the employee, and the performance of the Group. Of the total number of shares available under the Scheme and the aggregate number of shares which may be offered to each participant, no participant shall be entitled to more than 10% of the shares available under the Scheme.

The total number of options to be granted by the Remuneration Committee in any one reporting year shall not exceed 40% of the total number of options which may be granted under the Scheme.

5. Options (cont'd)

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Yian Poh	(Chairman of Audit Committee)
Ling Chien Yien	(Independent director)
Leong Yee Yew	(Independent director)

The Audit Committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next Annual General Meeting of the Company.

STATEMENT BY DIRECTORS

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the Audit Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 July 2019.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 September 2019, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

Teo Hock Chwee
Director

Chiong Su Been
Director

27 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of T T J Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 July 2019, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

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 31 July 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting 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 company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting 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.

Construction contracts

Please refer to Note 2A on significant accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties, and Note 5 on revenue.

Revenue recognition from construction contracts based on the percentage of completion method, is the key revenue stream of the Group. The stage of completion is determined by dividing the cumulative costs incurred as at the end of the reporting year by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. Significant judgements are required to estimate the total budgeted contract costs as well as variations in contract works. Any changes to the total budgeted contract costs or variations recognised will impact the amounts of revenue and profits recognised.

We performed audit procedures on individually significant projects, including discussions with project managers, and evaluated management's assumptions and estimates in the determination of amongst others the percentage of completion of a project, estimates of cost to complete, and estimates of variation orders that can be recognised. Where relevant, we agreed to third party contracts for work contracted or to supporting documents. We also recalculated the stage of completion based on the total costs incurred to date compared to the total budgeted costs and performed recomputation on revenue to be recognised for the year.

Key audit matters (cont'd)

Impairment of investment in subsidiaries and trade and other receivables from T T J Green Energy Pte. Ltd. ("TTJGE") and Technics Steel Pte. Ltd. ("TSPL")

Refer to Note 2C on critical judgements, assumptions and estimation uncertainties for the measurement of impairment of subsidiaries and allowance for trade and other receivables in relation to TTJGE and TSPL and Notes 16, 17 and 21 for the breakdown in investment in subsidiaries and trade and other receivables of the Company respectively.

The carrying amount of the investment in subsidiaries amounted to $1,003,000 and the trade and other receivables amounted to $18,038,000.

Both entities are loss-making and in a net tangible liability position for the reporting year ended 31 July 2019.

Management prepared discounted cash flow models to determine the recoverable amounts of the cash-generating unit ("CGU"). The value-in-use calculation requires management of the entity to estimate the future cash flows expected to arise from the CGU as well as a suitable discount rate in order to calculate present value. In estimating the future cash flows of the CGU, management forecasted the revenue, growth rates, profit margins based on presently available information.

Our audit procedures focused on evaluating and challenging the key assumptions used by management in its impairment review.

We tested management's assumptions used in the value-in-use calculation and challenged management's forecasted revenues, growth rates, profit margins and discount rates based on their historical performance and market factors. This included obtaining an understanding of and assessing management's planned strategies and reviewing of committed contracts and purchase orders from customers that support the projected revenue growth.

We involved our internal specialists to review key assumptions used in the impairment analysis, in particular the discount rate. We performed sensitivity analysis with regards to the discount rate and growth rates as these are the two significant key assumptions in the impairment model.

Based on our procedures, we noted management's key assumptions were within a reasonable range of our expectations. We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

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

Other information

Management is responsible for the other information. The other information comprises the information included in the Statement by Directors and annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available for us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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, 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 the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF T T J HOLDINGS LIMITED (REGISTRATION NO: 199204617M)

Auditor's responsibilities for the audit of the financial statements (cont'd)

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 period 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 Chua Ling Ling.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

27 September 2019

Engagement partner - effective from year ended 31 July 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 JULY 2019

	Notes	Group 2019 $'000	Group 2018 $'000
Revenue	5	76,562	92,541
Cost of sales		(64,521)	(73,541)
Gross profit		12,041	19,000
Interest income	6	583	511
Other income and gains	7	2,411	1,870
Administrative expenses	8	(9,304)	(9,422)
Finance costs	10	(374)	(97)
Other losses	7	(1,156)	(1,223)
Profit before tax from continuing operations		4,201	10,639
Income tax expense	11	(864)	(2,312)
Profit from continuing operations, net of tax		3,337	8,327
Other comprehensive (loss) / income:			
Item that will not be reclassified to profit or loss:			
Fair value changes on equity shares at FVTOCI, net of tax	18	(34)	180
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(88)	873
Other comprehensive (loss) / income for the year, net of tax		(122)	1,053
Total comprehensive income		3,215	9,380
Profit attributable to owners of the parent, net of tax		3,790	8,923
Loss attributable to non-controlling interests, net of tax		(453)	(596)
Profit net of tax		3,337	8,327
Total comprehensive income attributable to owners of the parent		3,668	9,979
Total comprehensive loss attributable to non-controlling interests		(453)	(599)
Total comprehensive income		3,215	9,380
Earnings per share			
Earnings per share currency unit		**Cents**	**Cents**
Basic and diluted	13	1.08	2.55

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2019

	Notes	Group 2019 $'000	(Restated) 31 July 2018 $'000	(Restated) 1 August 2017 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	72,821	42,660	22,530
Intangible assets	15	–	283	283
Other financial assets	18	2,997	2,985	2,752
Other non-financial assets	19	895	3,921	2,191
Total non-current assets		76,713	49,849	27,756
Current assets				
Inventories	20	583	738	552
Trade and other receivables	21	21,129	40,400	26,655
Contract assets	22	35,063	18,535	15,997
Other non-financial assets	23	351	400	437
Cash and cash equivalents	24	39,329	56,754	82,383
Total current assets		96,455	116,827	126,024
Total assets		173,168	166,676	153,780
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	25	22,890	22,890	22,890
Retained earnings		117,400	116,091	109,615
Other reserves	26	(312)	(190)	(1,246)
Equity, attributable to owners of the parent		139,978	138,791	131,259
Non-controlling interests		3,229	254	626
Total equity		143,207	139,045	131,885
Non-current liabilities				
Deferred tax liabilities	11	1,367	1,462	1,159
Finance leases	27	10	83	115
Other financial liabilities	28	6,623	–	2,594
Total non-current liabilities		8,000	1,545	3,868
Current liabilities				
Income tax payable		650	1,766	1,524
Trade and other payables	29	19,123	18,961	16,173
Finance leases	27	13	32	32
Other financial liabilities	28	1,389	3,971	139
Contract liabilities	22	786	1,356	159
Total current liabilities		21,961	26,086	18,027
Total liabilities		29,961	27,631	21,895
Total equity and liabilities		173,168	166,676	153,780

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2019

	Notes	Company 2019 $'000	31 July 2018 $'000	1 August 2017 $'000
ASSETS				
Non-current assets				
Investments in subsidiaries	16	6,923	6,923	6,790
Other receivables	17	32,758	7,750	375
Other financial assets	18	2,997	2,985	2,752
Total non-current assets		42,678	17,658	9,917
Current assets				
Trade and other receivables	21	1,544	9,950	2,776
Other non-financial assets	23	28	37	27
Cash and cash equivalents	24	13,142	31,587	48,266
Total current assets		14,714	41,574	51,069
Total assets		57,392	59,232	60,986
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	25	22,890	22,890	22,890
Retained earnings		33,531	34,870	36,642
Other reserves	26	715	749	569
Total equity		57,136	58,509	60,101
Current liabilities				
Income tax payable		128	40	82
Trade and other payables	29	128	683	803
Total current liabilities		256	723	885
Total liabilities		256	723	885
Total equity and liabilities		57,392	59,232	60,986

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 JULY 2019

Group	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000	Non-controlling interests $'000
Current year:						
Opening balance at 1 August 2018	139,045	138,791	22,890	116,091	(190)	254
Changes in equity:						
Total comprehensive income for the year	3,215	3,668	–	3,790	(122)	(453)
Dividends paid (Note 12)	(2,447)	(2,447)	–	(2,447)	–	–
Acquisition of non-controlling interest without a change in control	(60)	(34)	–	(34)	–	(26)
Issuance of ordinary shares to non-controlling interest in subsidiaries	3,454	–	–	–	–	3,454
Closing balance at 31 July 2019	143,207	139,978	22,890	117,400	(312)	3,229
Previous year:						
Opening balance at 1 August 2017	131,885	131,259	22,890	109,615	(1,246)	626
Changes in equity:						
Total comprehensive income for the year	9,380	9,979	–	8,923	1,056	(599)
Dividends paid (Note 12)	(2,447)	(2,447)	–	(2,447)	–	–
Issuance of ordinary shares to non-controlling interest in subsidiaries	227	–	–	–	–	227
Closing balance at 31 July 2018	139,045	138,791	22,890	116,091	(190)	254

Company	Total equity $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000
Current year:				
Opening balance at 1 August 2018	58,509	22,890	34,870	749
Changes in equity:				
Total comprehensive income for the year	1,074	–	1,108	(34)
Dividends paid (Note 12)	(2,447)	–	(2,447)	–
Closing balance at 31 July 2019	57,136	22,890	33,531	715
Previous year:				
Opening balance at 1 August 2017	60,101	22,890	36,642	569
Changes in equity:				
Total comprehensive income for the year	855	–	675	180
Dividends paid (Note 12)	(2,447)	–	(2,447)	–
Closing balance at 31 July 2018	58,509	22,890	34,870	749

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 JULY 2019

	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities		
Profit before tax	4,201	10,639
Adjustments for:		
Interest expense	374	97
Interest income	(583)	(511)
Amortisation of lease premium	26	22
Intangible assets written off	283	–
Depreciation of property, plant and equipment	3,071	2,152
Dividend income	(123)	(102)
Gain on disposal of plant and equipment	(135)	(10)
Property, plant and equipment written off	80	367
Operating cash flows before changes in working capital	7,194	12,654
Trade and other receivables and contract assets	2,741	(15,747)
Inventories	152	(188)
Trade and other payables and contract liabilities	(385)	3,787
Net cash flows from operations	9,702	506
Income taxes paid	(2,205)	(1,794)
Income taxes refund	136	3
Net cash flows from / (used in) operating activities	7,633	(1,285)
Cash flows from investing activities		
Dividends received	78	49
Advance payment for purchase of property, plant and equipment	–	(3,000)
Purchase of property, plant and equipment	(30,146)	(20,837)
Proceeds from disposal of plant and equipment	208	17
Acquisition of non-controlling interest in a subsidiary	(60)	–
Interest received	583	511
Net cash flows used in investing activities	(29,337)	(23,260)
Cash flows from financing activities		
Cash restricted in use	–	157
(Decrease) / increase in bills payables	(1,023)	1,221
Interest paid	(374)	(97)
Proceeds from borrowings	7,690	–
Issuance of ordinary shares to non-controlling interests in subsidiaries	3,454	227
Repayment of borrowings	(2,788)	(136)
Repayment of finance lease obligations	(92)	(32)
Dividend paid to equity owners	(2,447)	(2,447)
Net cash flows from / (used in) financing activities	4,420	(1,107)
Net decrease in cash and cash equivalents	(17,284)	(25,652)
Cash and cash equivalents, statement of cash flows, beginning balance	56,601	82,226
Net effect of exchange rate changes on cash and cash equivalents	12	27
Cash and cash equivalents, statement of cash flows, ending balance (Note 24A)	39,329	56,601

The accompanying notes form an integral part of these financial statements.

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the Company (referred to as "parent") and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the Statement by Directors.

The Company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the subsidiaries are described in the Notes to the financial statements below.

The registered office is: 57 Pioneer Road, Singapore 628508. The Company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at Note 2C, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

1. General (cont'd)

Basis of presentation (cont'd)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Distinct goods or services created over time – For long-term service contracts and projects for constructing, manufacturing or developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method. For the input method the revenue is recognised on the basis of the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected inputs to the satisfaction of that performance obligation.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Dividend from equity instruments – Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Other income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Interest income is recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax.

Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Construction work-in-progress	–	Not depreciated
Freehold land	–	Not depreciated
Freehold property and improvements	–	3.70%
Leasehold land	–	Over the terms of lease that is 3.33%
Leasehold property and improvements	–	Over the terms of lease that are from 1.67% to 23.30%
Plant, fixtures and equipment	–	10% to 20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. 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.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (first in first out method or weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) 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. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include bank and cash balances, on demand deposits and any highly liquid debt asset instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Revenue recognised over time:

The entity has revenue where the performance obligation is satisfied over time. Revenue is recognised over time by measuring the progress toward complete satisfaction of that performance obligation. A single method is applied consistently for measuring progress for each performance obligation satisfied over time. Judgment is required when selecting a method (output or input methods) for measuring progress toward complete satisfaction of a performance obligation. Assessing the satisfaction of performance obligations over time requires judgment and the consideration of many criteria that should be met to qualify such as whether the customer presently is obligated to pay for an asset, whether the customer has legal title, whether the entity has transferred physical possession of the asset, whether the customer has assumed the significant risks and rewards of ownership of the asset, and whether the customer has accepted the asset. Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material. The related account balances at the end of the reporting year are disclosed in the Notes 5 and 22 on revenues and contract assets and contract liabilities.

Contract modifications:

A contract with a customer is accounted for as a separate contract if (1) the scope of the contract increases because of the addition of promised goods or services that are distinct and (2) the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services. In order to faithfully depict the entity's rights and obligations arising from a modified contract, the modifications may be accounted for some prospectively and others on a cumulative catch-up basis. The accounting for the modification depends on whether the additional promised goods or services are distinct. The accounting for contract modification requires judgement. In addition, if the entity has not yet determined the price, management has to estimate the change to the transaction price arising from the contract modification using the variable consideration guidance in the financial reporting standard. Contract modifications may have a significant impact on the entity's ability to record revenue. The related account balances at the end of the reporting year are disclosed in the Notes 5 and 22 on revenues and contract assets and liabilities.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is $1,003,000 (2018: $1,003,000).

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for trade and other receivables and contract assets:

Trade and other receivables and contract assets are subject to the expected credit loss model under the financial reporting standard on financial statements. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the notes on trade and other receivables and contract assets.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

Property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $3,709,000 (2018: $4,108,000).

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific assets or class of assets at the end of the reporting year affected by the assumption is $15,722,000 (2018: $6,532,000).

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Terms of lease of leasehold property:

The annual rate of depreciation for leasehold properties is charged over the terms of the respective leases. There are leasehold properties with (a) carrying value of $12,933,000 (2018: $13,134,000) with lease term of 30 years and with an option to renew for a further 30 years; (b) carrying value of $1,372,000 (2018: Nil) with lease term of 3 years and with an option to apply for a further 3 years; and (c) carrying value of $2,955,000 (2018: $3,102,000) with lease term of 4 years and with an option to renew for a further 18 years subject to fulfilling JTC Corporation's fixed investment criteria and JTC Corporation's approval. The leasehold properties have been depreciated on the assumption that the Group will exercise the options to extend the leases by another 30 years, 3 years and 18 years respectively.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr Teo Hock Chwee, a director and significant shareholder.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances.

3B. Key management compensation

	Group	
	2019	2018
	$'000	$'000
Salaries and other short-term employee benefits	1,510	2,187

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2019	2018
	$'000	$'000
Remuneration of directors of the Company	757	1,375
Fees to directors of the Company	147	147

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

3. Related party relationships and transactions (cont'd)

3C. Other receivables from related parties

Further information about the remuneration of individual directors of the Company are provided in the report on corporate governance.

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

	Company	
	Subsidiaries	
	2019	2018
	$'000	$'000
Other receivables:		
At beginning of the year	17,356	2,575
Amounts paid out and settlement of liabilities on behalf of another party	27,235	22,355
Amounts paid in and settlement of liabilities on behalf of the Company	(10,670)	(7,574)
At end of the year	33,921	17,356

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the Group is organised into two primary strategic operating segments – structural steel specialists and waste management and treatment. The results of all other activities, mainly investment holding and operation of testing centre, which are not included within the two primary segments, are included in the "other" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is the major financial indicator: earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss from continuing operations and reconciliations

Continuing operations	Structural steel $'000	Waste management and treatment $'000	Other $'000	Adjustments and eliminations $'000	Group $'000
2019					
Revenue by segment					
Sales to external parties	74,968	726	868	–	76,562
Inter-segment sales	–	–	1,418	(1,418)	–
Total revenue	74,968	726	2,286	(1,418)	76,562
Recurring EBITDA	7,632	(1,770)	1,201	–	7,063
Depreciation	(2,617)	(441)	(13)	–	(3,071)
Finance costs	(160)	(214)	–	–	(374)
Interest income	167	167	249	–	583
Profit before tax from continuing operations	5,022	(2,258)	1,437	–	4,201
Income tax expense					(864)
Profit from continuing operations					3,337
2018					
Revenue by segment					
Sales to external parties	91,471	271	799	–	92,541
Inter-segment sales	–	–	1,702	(1,702)	–
Total revenue	91,471	271	2,501	(1,702)	92,541
Recurring EBITDA	12,008	(412)	781	–	12,377
Depreciation	(2,139)	–	(13)	–	(2,152)
Finance costs	(94)	(3)	–	–	(97)
Interest income	126	–	385	–	511
Profit before tax from continuing operations	9,901	(415)	1,153	–	10,639
Income tax expense					(2,312)
Profit from continuing operations					8,327

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Structural steel $'000	Waste management and treatment $'000	Other $'000	Unallocated $'000	Group $'000
2019					
Total assets for reportable segments	124,265	31,195	17,708	–	173,168
Total Group assets	124,265	31,195	17,708	–	173,168
31 July 2018					
Total assets for reportable segments	125,610	5,028	36,038	–	166,676
Total Group assets	125,610	5,028	36,038	–	166,676
1 August 2017					
Total assets for reportable segments	99,806	437	53,537	–	153,780
Total Group assets	99,806	437	53,537	–	153,780
Expenditure for non-current assets:					
2019	3,647	29,497	2	–	33,146
2018	22,041	–	–	–	22,041

At 1 August 2017, total assets for the operating segment of "dormitory" at the value of $1,724,000 were included in "other" segment.

4. Financial information by operating segments (cont'd)

4D. Liabilities and reconciliations

	Structural steel $'000	Waste management and treatment $'000	Other $'000	Unallocated $'000	Group $'000
2019					
Total liabilities for reportable segments	19,313	8,472	159	–	27,944
Unallocated:					
Income tax payable	–	–	–	650	650
Deferred tax liabilities	–	–	–	1,367	1,367
Total Group liabilities	19,313	8,472	159	2,017	29,961
31 July 2018					
Total liabilities for reportable segments	23,594	103	706	–	24,403
Unallocated:					
Income tax payable	–	–	–	1,766	1,766
Deferred tax liabilities	–	–	–	1,462	1,462
Total Group liabilities	23,594	103	706	3,228	27,631
1 August 2017					
Total liabilities for reportable segments	18,269	7	936	–	19,212
Unallocated:					
Income tax payable	–	–	–	1,524	1,524
Deferred tax liabilities	–	–	–	1,159	1,159
Total Group liabilities	18,269	7	936	2,683	21,895

At 1 August 2017, total liabilities for the operating segment of "dormitory" at the value of $95,000 were included in "other" segment.

4. Financial information by operating segments (cont'd)

4E. Geographical information

	Revenue	
	2019	2018
	$'000	$'000
Singapore	75,836	91,774
Malaysia	–	496
Thailand	726	271
Total continuing operations	76,562	92,541

	Non-current assets	
	2019	2018
	$'000	$'000
Singapore	40,426	23,956
Malaysia	21,745	22,501
Thailand	11,432	–
India	113	124
Total continuing operations	73,716	46,581

Revenues are attributed to countries on the basis of the project's location, irrespective of the origin of the services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and intangible assets.

4F. Information about major customers

Revenue from major customers, which are individually amounting to 10% or more of the Group's revenue, is derived from the structural steel segment.

	2019	2018
	$'000	$'000
Top 1 customer	12,361	23,684
Top 2 customers	21,375	44,247
Top 3 customers	30,265	56,257

5. Revenue

5A. Revenue from contracts with customer:

	Group	
	2019	2018
	$'000	$'000
Revenue from construction contracts	74,968	91,471
Revenue from waste management and treatment	726	271
Dividend income from quoted corporations	123	102
Other revenue	745	697
Total revenue	76,562	92,541

5B. Revenue classified by duration of contract:

	Group	
	2019	2018
	$'000	$'000
Short-term contracts – less than 12 months	2,358	2,219
Long-term contracts – more than 12 months	74,204	90,322
Total revenue	76,562	92,541

5C. Revenue classified by timing of revenue recognition:

	Group	
	2019	2018
	$'000	$'000
Point in time	2,358	2,219
Over time	74,204	90,322
Total revenue	76,562	92,541

6. Interest income

	Group	
	2019	2018
	$'000	$'000
Interest income from financial institutions	412	511
Interest income from non-financial institutions	171	–
Total interest income	583	511

7. Other income and gains and (other losses)

	Group	
	2019	2018
	$'000	$'000
Allowance for impairment on trade receivables	–	(485)
Bad debts written back – trade receivables	–	16
Bad debts written off – trade receivables	(793)	–
Custom import duty and goods and services tax	–	(371)
Foreign exchange adjustments gains	91	690
Gain on disposal of plant and equipment	135	10
Gain on disposal of club membership	11	–
Government grants	153	108
Intangible assets written off	(283)	–
Labour income	24	–
Property, plant and equipment written off	(80)	(367)
Reversal of impairment loss on trade receivables	355	–
Rental income	31	43
Scrap income	702	735
Supplier rebate	714	–
Other income	195	268
Net	1,255	647
Presented in profit or loss as:		
Other income and gains	2,411	1,870
Other losses	(1,156)	(1,223)
Net	1,255	647

8. Administrative expenses

Administrative expenses include the following:

	Group	
	2019	2018
	$'000	$'000
Employee benefits expense (Note 9)	4,770	5,767

9. Employee benefits expense

	Group 2019 $'000	Group 2018 $'000
Short term employee benefits expense	19,558	21,628
Contributions to defined contribution plans	855	987
Total employee benefits expense	20,413	22,615
Allocation of the employee benefits expense:		
Cost of sales	15,643	16,848
Administrative expenses	4,770	5,767
	20,413	22,615

10. Finance costs

	Group 2019 $'000	Group 2018 $'000
Interest expense	374	97

11. Income tax

11A. Components of tax expense recognised in profit or loss include:

	Group 2019 $'000	Group 2018 $'000
Current tax expense:		
Current tax expense	945	2,098
Under / (over) adjustments in respect of prior periods	8	(64)
Subtotal	953	2,034
Deferred tax (income) / expense:		
Deferred tax (income) / expense	(86)	281
Over adjustments in respect of prior periods	(3)	(3)
Subtotal	(89)	278
Total income tax expense	864	2,312

11. Income tax (cont'd)

11A. Components of tax expense recognised in profit or loss include: (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019	2018
	$'000	$'000
Profit before tax	4,201	10,639
Income tax expense at the above rate	714	1,809
Expenses not deductible for tax purposes	403	489
Enhanced tax deductions and allowances	(230)	(65)
Stepped income tax exemption and tax rebates	(46)	(72)
Effect of different tax rates in different countries	(10)	45
Under / (over) adjustments to tax in respect of prior periods	5	(67)
Unrecognised deferred tax assets	75	123
Other items	(47)	50
Total income tax expense	864	2,312

There are no income tax consequences of dividends to owners of the Company.

11B. Deferred tax balance in the statement of financial position:

The deferred tax amounts and movements in the year are as follows:

Group	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Deferred tax liabilities:			
Excess of book over tax depreciation on plant and equipment	(1,291)	(1,301)	(1,351)
Tax losses carry forward	50	126	–
Other timing differences	(57)	(73)	240
Exchange differences recognised on translating foreign operations in other comprehensive income	6	(26)	18
Unrecognised deferred tax assets	(75)	(140)	(18)
Arising from acquisition of subsidiary in FY2017	–	(48)	(48)
Net balance	(1,367)	(1,462)	(1,159)

11. Income tax (cont'd)

11B. Deferred tax balance in the statement of financial position: (cont'd)

Group	Income / (expense) recognised in profit or loss	
	2019	2018
	$'000	$'000
Deferred tax assets / (liabilities):		
Excess of book over tax depreciation on plant and equipment	18	27
Tax losses carry forward	51	126
Other timing differences	47	(308)
Unrecognised deferred tax assets	(75)	(123)
Arising from acquisition of subsidiary in FY2017	48	–
Net balance	89	(278)

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

12. Dividends on equity shares

	Rate per share – cents		Group and Company	
	2019	2018	2019	2018
			$'000	$'000
Final tax exempt (one-tier) dividend paid	0.7	0.7	2,447	2,447

In respect of the current reporting year, the directors propose that a final dividend of 0.4 cents per share with a total of $1,398,000 be paid to shareholders after the Annual General Meeting to be held on 28 November 2019. There are no income tax consequences. This dividend is subject to approval by shareholders at the next Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences of the dividends to shareholders.

13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2019	2018
	$'000	$'000
Numerators: earnings attributable to equity:		
Profit for the year attributable to equity holders	3,790	8,923
	'000	'000
Denominators: weighted average number of equity shares		
Basic	349,500	349,500
	2019	2018
Earnings per share - cents	1.08	2.55

The weighted average number of equity shares refers to shares in circulation during the reporting period. The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares. The fully diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there were no options granted or outstanding during the reporting year.

14. Property, plant and equipment

Group	Construction work-in-progress	Freehold land	Freehold property and improvements	Leasehold land	Leasehold properties and improvements	Plant, fixtures and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At 1 August 2017	2,784	–	–	3,933	17,023	18,935	42,675
Foreign exchange adjustments	–	–	–	290	334	363	987
Additions	6,177	–	–	6,492	5,077	4,295	22,041
Reclassifications	(8,271)	–	–	–	8,271	–	–
Disposal	–	–	–	–	(400)	(395)	(795)
At 31 July 2018	690	–	–	10,715	30,305	23,198	64,908
Foreign exchange adjustments	2	115	138	(106)	(103)	124	170
Additions	1,946	2,735	3,274	–	17,552	7,639	33,146
Reclassifications	(1,624)	–	–	–	1,624	–	–
Disposals	–	–	–	–	–	(3,234)	(3,234)
At 31 July 2019	1,014	2,850	3,412	10,609	49,378	27,727	94,990
Accumulated depreciation:							
At 1 August 2017	–	–	–	762	4,053	15,330	20,145
Foreign exchange adjustments	–	–	–	45	41	286	372
Depreciation for the year	–	–	–	174	556	1,422	2,152
Disposals	–	–	–	–	(49)	(372)	(421)
At 31 July 2018	–	–	–	981	4,601	16,666	22,248
Foreign exchange adjustments	–	–	3	(9)	(9)	(53)	(68)
Depreciation for the year	–	–	85	203	985	1,798	3,071
Disposals	–	–	–	–	–	(3,082)	(3,082)
At 31 July 2019	–	–	88	1,175	5,577	15,329	22,169
Carrying value:							
At 1 August 2017	2,784	–	–	3,171	12,970	3,605	22,530
At 31 July 2018	690	–	–	9,734	25,704	6,532	42,660
At 31 July 2019	1,014	2,850	3,324	9,434	43,801	12,398	72,821

14. Property, plant and equipment (cont'd)

Allocation of the depreciation expense:

	Group	
	2019	2018
	$'000	$'000
Cost of sales	2,255	1,560
Administrative expenses	816	592
Total	3,071	2,152

As at 31 July 2019, leasehold property amounted to $17,193,000 is not depreciated as it is under development since acquisition.

Certain items are under finance lease arrangements (see Note 27).

Certain items of property, plant and equipment at a carrying value of $10,154,000 (2018: $3,102,000) are mortgaged or pledged as security for the bank facilities (see Note 28).

The leasehold land is for the land for office and factories in Malaysia.

The freehold land is for the land for office and factory in Thailand.

The leasehold properties as at 31 July 2019 are as follows:

	Location	Description	Approximate Land Area (sq m)/ Size	Tenure
(a)	57 Pioneer Road Singapore 628508	Office and factory	18,995.3	30 years leasehold commencing from 16 November 1994 and an option to renew for a further period of 30 years
(b)	70 Loyang Way Singapore 508760	Office and factory	4,003.0	4 years leasehold commencing from 15 October 2015 and an option to renew for a further period of 18 years
(c)	51 Shipyard Crescent Singapore 627809	Factory	20,000.0	30 years leasehold commencing from 1 January 2015
(d)	PLO 50, Jalan Rumbia 4, Kawasan Perindustrian Tanjung Langsat, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	Office and factory	49,310.0	60 years leasehold commencing from 24 March 2011

14. Property, plant and equipment (cont'd)

	Location	Description	Approximate Land Area (sq m)/ Size	Tenure
(e)	PLO 522, Jalan Keluli 7, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor Darul Takzim, Malaysia	Office and factory	85,990.0	60 years leasehold commencing from 8 October 1997

The freehold property as at 31 July 2019 is as follows:

	Location	Description	Approximate Land Area (sq m)/ Size
(a)	345 Moo 7, Hua Samrong Sub-district, Chachoengsao Province, Bangkok Thailand 24190	Office and factory	30,798.4

15. Intangible assets

	Group $'000
At cost:	
At 1 August 2017 and 31 July 2018	283
Written off	(283)
At 31 July 2019	–
Accumulated amortisation:	
At 1 August 2017 and 31 July 2018	–
At 31 July 2019	–
Net book value:	
At 1 August 2017 and 31 July 2018	283
At 31 July 2019	–

The intangible asset is in relation to non-compete agreement from acquisition of a subsidiary.

16. Investments in subsidiaries

	Company 2019 $'000	Company 31 July 2018 $'000	Company 1 August 2017 $'000
Total cost comprising:			
Unquoted equity shares at cost	6,923	6,923	6,790

The listing of and information on the subsidiaries is given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of Company 2019 $'000	Cost in books of Company 31 July 2018 $'000	Cost in books of Company 1 August 2017 $'000	Effective percentage of equity held 2019 %	Effective percentage of equity held 31 July 2018 %	Effective percentage of equity held 1 August 2017 %
T T J Design and Engineering Pte Ltd [(a)]	5,420	5,420	5,420	100	100	100
Singapore						
Engineering and construction contractors						
FRC Civil Engineering Pte. Ltd. [(d)]	–	–	20	–	–	100
Singapore						
Dormant						
T T J Lodge Pte. Ltd. [(a)]	500	500	500	100	100	100
Singapore						
Dormant						
T T J Investment Pte. Ltd. [(a)]	–*	–*	–*	100	100	100
Singapore						
Dormant						
T T J Green Energy Pte. Ltd. [(a)]	500	500	500	100	100	100
Singapore						
Investment holding						
Technics Steel Pte. Ltd. [(a)]	503	503	350	51	51	51
Singapore						
Engineering and construction contractors						
	6,923	6,923	6,790			

16. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries is given below: (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of Group			Effective percentage of equity held		
	2019	31 July 2018	1 August 2017	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000	%	%	%
Held through T T J Design and Engineering Pte Ltd						
MTTJ Engineering Sdn. Bhd. (b) Malaysia Metal fabrication and general engineering (ASQ PLT Chartered Accountants, Malaysia)	11,138	11,138	8,738	100	100	100
T T J Design & Engineering (India) Private Limited (c) India Engineering and construction contractors / Operation of testing centre (Suresh Surana & Associates Chartered Accountants)	220	220	220	99	99	99
Held through T T J Green Energy Pte. Ltd.						
T T J Green Energy (M) Sdn. Bhd. (b) Malaysia Dormant (ASQ PLT Chartered Accountants, Malaysia)	–*	–*	–	100	100	–
T T J Biomass Pte. Ltd. (a) Singapore Investment holding	380	320	–	95	80	–
T T J Greenfuel Pte. Ltd. (a), (e) Singapore Dormant	12,727	–	–	80	–	–

16. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of Group			Effective percentage of equity held		
	2019	31 July 2018	1 August 2017	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000	%	%	%
Held through T T J Biomass Pte. Ltd.						
T T J Green Energy (Thailand) Co., Ltd. [(c)]	3,431	329	–	99	80	–
Thailand						
Manufacture and sale of wood pellets						
(RSM Audit Services (Thailand) Limited, Thailand)						

* amount less than $500

(a) Audited by RSM Chio Lim LLP.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(c) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(d) Deregistered on 4 September 2017.

(e) Incorporated on 27 November 2018.

17. Other receivables, non-current

	Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Loan receivable from subsidiaries	32,758	7,750	375
Movements during the year:			
At beginning of the year	7,750	375	1,125
Addition	24,531	7,500	–
Settled	–	(445)	–
Restructuring of prior year's loan	597	440	–
Reclassified as current	(120)	(120)	(750)
At end of the year	32,758	7,750	375

17. Other receivables, non-current (cont'd)

The loan receivables of $32,758,000 (2018: $7,750,000) provides that it is with fixed interest of 3.00% (2018: 3.00%) per year. Loan receivables of $32,628,000 (2018: $7,500,000) are not expected to be settled in the foreseeable future, as the repayments are dependent on the cash flows of the subsidiaries. Loan receivable of $130,000 (2018: $250,000) is repayable by equal monthly instalments of $10,000 from August 2020.

The carrying amount is a reasonable approximation of fair value.

18. Other financial assets, non-current

	Group and Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Investments in equity shares at FVTOCI:			
Quoted equity shares in corporations	2,997	2,985	2,752
At end of the year	2,997	2,985	2,752
Movements during the year:			
Fair value at beginning of the year	2,985	2,752	2,072
Additions	46	53	35
(Decrease) / increase in fair value through other comprehensive income	(34)	180	645
Fair value at end of the year	2,997	2,985	2,752

18A. Disclosures relating to investments in equity shares at FVTOCI

The below information gives a summary of the significant sector concentrations within the investment portfolio which are all included under Level 1 securities:

	Group and Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Quoted equity shares in corporations			
Financial services industry - Singapore	2,696	2,682	2,449
Property industry - Singapore	109	97	111
Multi industry - Singapore	192	206	192
Total investments	2,997	2,985	2,752

18. Other financial assets, non-current (cont'd)

18A. Disclosures relating to investments in equity shares at FVTOCI (cont'd)

	Group and Company		
	2019	31 July 2018	1 August 2017
	%	%	%
Quoted equity shares in corporations:			
Financial services industry - Singapore	90	90	89
Property industry - Singapore	4	3	4
Multi industry - Singapore	6	7	7
Total investments	100	100	100

Sensitivity analysis: The effect on or other comprehensive income is not significant.

19. Other non-financial assets, non-current

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Advance payment for purchase of property, plant and equipment	–	3,000	1,204
Lease premium prepayment (Note 19A)	895	921	947
Club membership (Note 19B)	–	–	40
	895	3,921	2,191

19. Other non-financial assets, non-current (cont'd)

19A. Lease premium prepayment

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
At cost:			
At beginning and end of the year	1,016	1,016	1,016
Accumulated amortisation:			
At beginning of the year	69	43	17
Amortisation for the year	26	26	26
At end of the year	95	69	43
Balance to be amortised:			
Current portion: Not later than one year (Note 23)	26	26	26
Non-current portion	895	921	947
	921	947	973

The lease premium prepayment is for the foreshore area at 57 Pioneer Road Singapore 628508 and amortised over the period of the lease term on the straight line method. The lease is not transferable and expires in 2054.

Allocation of the amortisation expenses:

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Capitalised in construction work-in-progress under property, plant and equipment (Note 14)	–	4	26
Cost of sales	26	22	–
Total	26	26	26

19. Other non-financial assets, non-current (cont'd)

19B. Club membership

	Group 2019 $'000	31 July 2018 $'000	1 August 2017 $'000
Club membership at cost	–	–	40
Movements in above cost:			
At beginning of the year	–	40	–
Arising from acquisition of subsidiary	–	–	40
Less: payment recovered	–	(17)	–
Reclassification to other receivables	–	(23)	–
At end of the year	–	–	40

The club membership was in relation to a golf club membership. The operator of the club had ceased its operations in 2018 due to compulsory acquisition of its land by the government. The balance cost of the membership was reclassified to other receivables in 2018 in view of it being recoverable by statutory compensations. The amount was recovered during the reporting year.

20. Inventories

	Group 2019 $'000	31 July 2018 $'000	1 August 2017 $'000
Raw materials	337	476	199
Consumables and supplies	158	210	157
Fabricated materials	–	15	196
Finished goods and goods for resale	88	28	–
Work in process	–	9	–
	583	738	552

Inventories are stated after allowance. Movements in allowance:

	2019	31 July 2018	1 August 2017
At beginning of the year	15	–	–
Charge to profit or loss included in cost of sales	12	15	–
At end of the year	27	15	–
Raw materials and consumables used	26,045	27,123	29,456

There are no inventories pledged as security for liabilities.

21. Trade and other receivables

	Group		
		(Restated)	(Restated)
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Trade receivables:			
Outside parties	10,638	14,735	6,621
Less: allowance for impairment	–	(473)	(16)
Retention receivables on construction contracts	8,967	18,217	13,619
Accrued contract revenue	1,041	6,768	4,971
Net trade receivables – subtotal	20,646	39,247	25,195
Other receivables:			
Deposits to secure services	464	722	797
Other receivables	84	497	725
Less: allowance for impairment	(65)	(66)	(62)
Net other receivables – subtotal	483	1,153	1,460
Total trade and other receivables	21,129	40,400	26,655

	Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Trade receivables:			
Subsidiaries	380	339	509
Net trade receivables – subtotal	380	339	509
Other receivables:			
Subsidiaries #a	1,163	9,606	2,200
Other receivables	1	5	67
Net other receivables – subtotal	1,164	9,611	2,267
Total trade and other receivables	1,544	9,950	2,776

#a Includes loans of $1,120,000 (2018: $5,217,000).

Loan of $120,000 is repayable by equal monthly instalments of $10,000 from August 2019. Loan of $1,000,000 is repayable by December 2019. Fixed interest at 3.00% per annum is charged on these loan amounts.

21. Trade and other receivables (cont'd)

In 2018, (i) loans of $4,000,000 and $120,000 were repayable by equal monthly instalments of $1,000,000 and $10,000 from September 2018 and August 2018 respectively. Loan of $500,000 was repayable by November 2018. The loans of $4,620,000 were settled during the reporting year ended 31 July 2019; and (ii) loan of $597,000 was repayable on demand and was reclassified to non-current due to changes in repayment term during the reporting year. Fixed interest at 3.00% per annum was charged on these loan amounts.

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Movements in above allowance:			
At beginning of the year	539	78	101
(Reversed) / charged for trade receivables to profit or loss included in other (gains) / losses	(355)	469	(10)
Used / bad debts written off	(111)	(16)	(10)
Foreign exchange adjustments	(8)	8	(3)
At end of the year	65	539	78

The trade receivables and contract assets are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period ranging from 12 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. No loss allowance is necessary.

There are no collateral held as security and other credit enhancements for the trade receivables held by the Group and the Company.

	Gross amount			Loss allowance		
		(Restated)	(Restated)			
Group	2019	31 July 2018	1 August 2017	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables:						
Current	10,664	29,137	19,597	–	–	–
Less than 30 days past due	6,170	5,254	3,557	–	–	–
31 to 60 days past due	544	3,979	680	–	–	–
61 to 90 days past due	709	–	100	–	–	–
Over 91 days past due	2,559	1,350	1,277	–	(473)	(16)
Total	20,646	39,720	25,211	–	(473)	(16)

21. Trade and other receivables (cont'd)

Company		Gross Amount	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Trade receivables:			
Current	330	262	504
31 to 60 days past due	27	37	2
61 to 90 days past due	23	40	3
Total	380	339	509

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivables customers is about 30 to 60 days (2018: 30 to 60 days). However, some customers may take a longer period to settle the amounts.

Concentration of trade receivable customers as at the end of the reporting year:

		Group	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Top 1 customer	2,689	3,979	3,044
Top 2 customers	4,395	7,203	3,597
Top 3 customers	5,165	10,101	4,063

		Company	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Top 1 customer	230	192	410
Top 2 customers	370	338	509
Top 3 customers	380	339	509

21. Trade and other receivables (cont'd)

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

22. Contract assets and contract liabilities

		Group	
		(Restated)	(Restated)
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Contract assets	35,063	18,535	15,997
Contract liabilities	(786)	(1,356)	(159)

The contract assets are for entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers. The entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

Significant changes in contract assets and contract liabilities are explained as follows:

		Group	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Contract asset reclassified to receivables	18,214	15,997	14,271
Revenue recognised that was included in contract liabilities balance at beginning of the year	(1,336)	(159)	(961)

Transaction price allocated to the remaining performance obligations (over time method): Management expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 31 July 2019 is approximately $180,470,000 will be recognised as revenue as the company continue to perform to complete the contracts, which is expected to occur over the next 3 years. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

22. Contract assets and contract liabilities (cont'd)

The Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

a) The performance obligation is part of a contract that has an original expected duration for one year or less, or

b) The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

The Group has also applied the practical expedient not to disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amounts as revenue for the previous reporting year.

23. Other non-financial assets, current

		Group	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Advance payments	41	20	149
Prepayments	284	354	262
Lease premium prepayment (Note 19A)	26	26	26
	351	400	437

		Company	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Prepayments	28	37	27

24. Cash and cash equivalents

		Group	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Not restricted in use	39,329	56,754	82,226
Cash pledged for bank facilities	–	–	157
	39,329	56,754	82,383

24. Cash and cash equivalents (cont'd)

	Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Not restricted in use	13,142	31,587	48,266
	13,142	31,587	48,266

The rate of interest for the cash on interest earning balances ranged between 0.1% and 1.96% (2018: 0.3% and 1.65%).

24A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2019	2018
	$'000	$'000
Amount as shown above	39,329	56,754
Bank overdrafts (Note 28)	–	(153)
Cash and cash equivalents for statement of cash flows purposes at end of the year	39,329	56,601

24B. Reconciliation of liabilities arising from financing activities:

			Non-cash changes	
	1 August 2018	Cash flows	Foreign exchange movement	31 July 2019
	$'000	$'000	$'000	$'000
Borrowings	2,597	4,902	315	7,814
Finance lease obligations	115	(92)	–	23
Bills payables	1,221	(1,023)	–	198
Total liabilities from financing activities	3,933	3,787	315	8,035

	1 August 2017	Cash flows	31 July 2018
	$'000	$'000	$'000
Borrowings	2,733	(136)	2,597
Finance lease obligations	147	(32)	115
Bills payables	–	1,221	1,221
Cash pledged for bank facilities	(157)	157	–
Total liabilities from financing activities	2,723	1,210	3,933

25. Share capital

Group and Company	Number of shares issued	Share capital	Treasury shares	Total
	'000	$'000	$'000	$'000
Ordinary shares of no par value:				
At beginning of the year 1 August 2017 and end of the year 31 July 2018 and 2019	349,500	23,054	(164)	22,890

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

	Number of treasury shares		Fair value	
	2019	2018	2019	2018
	'000	'000	$'000	$'000
At beginning of the year	500	500	155	213
At end of the year	500	500	118	155

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

There are significant borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

26. Other reserves

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Foreign currency translation reserve (Note 26A)	(1,027)	(939)	(1,815)
Equity shares at FVTOCI reserve (Note 26B)	715	749	569
Total at end of the year	(312)	(190)	(1,246)

	Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Equity shares at FVTOCI reserve (Note 26B)	715	749	569
Total at end of the year	715	749	569

All reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

26A. Foreign currency translation reserve

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
At beginning of the year	(939)	(1,815)	(1,636)
Exchange differences on translating foreign operations	(88)	876	(179)
At end of the year	(1,027)	(939)	(1,815)

The currency translation reserve accumulates all foreign exchange differences.

26. Other reserves (cont'd)

26B. Equity shares at FVTOCI reserve

	Group and Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
At beginning of the year	749	569	(76)
(Losses) / gains on the fair value changes on equity shares at FVTOCI	(34)	180	645
At end of the year	715	749	569

27. Finance leases

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2019			
Minimum lease payments payable:			
Due within one year	15	(2)	13
Due within two to five years	12	(2)	10
Total	27	(4)	23
Net book value of plant and equipment under finance leases			25
31 July 2018			
Minimum lease payments payable:			
Due within one year	38	(6)	32
Due within two to five years	98	(15)	83
Total	136	(21)	115
Net book value of plant and equipment under finance leases			140
1 August 2017			
Minimum lease payments payable:			
Due within one year	38	(6)	32
Due within two to five years	136	(21)	115
Total	174	(27)	147
Net book value of plant and equipment under finance leases			181

27. Finance leases (cont'd)

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. The lease term is 5 years (2018: average lease term is 5 to 7 years).

The range of fixed rate interest rates paid are from 2.8% to 3.3% (2018: 2.8% to 3.3%) per year.

28. Other financial liabilities

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Non-current			
Financial instruments with floating interest rates:			
Bank loan 1	3,618	–	–
Bank loan 2	3,005	–	–
Bank loan 3	–	–	2,594
Total non-current portion	6,623	–	2,594
Current			
Financial instruments with floating interest rates:			
Bank loan 1	390	–	–
Bank loan 2	801	–	–
Bank loan 3	–	2,597	139
Bank overdraft	–	153	–
Financial instruments with fixed interest rates:			
Trust receipts and bills payable to bank (secured)	198	1,221	–
Total current portion	1,389	3,971	139
Total non-current and current	8,012	3,971	2,733
The non-current portion is repayable as follows:			
Due within 2 to 5 years	5,677	–	752
After 5 years	946	–	1,842
Total non-current portion	6,623	–	2,594

28. Other financial liabilities (cont'd)

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
The range of floating rate interest rates paid were as follows:			
Bank loans (secured)	3.0% to 6.25%	2.3% to 3.0%	2.0% to 2.3%
Bank overdraft	6.25%	6.25%	–
The range of fixed rate interest rates paid were as follows:			
Trust receipts and bills payable to banks (secured)	2.9% to 4.06%	2.9% to 3.4%	–

The bank agreement for the bank loans 1 and 2 and the credit facilities provides among other matters for the following:

1. Corporate guarantee from the Company.
2. A legal mortgage over a freehold land, freehold property and plant and machinery (Note 14).

Bank loan 1 is repayable by monthly instalments over 6 years commencing from January 2020 and bank loan 2 is repayable by monthly instalments over 5 years from May 2019.

The bank agreement for bank loan 3 provides among other matters for the following:

1. Corporate guarantee from the Company.
2. A legal mortgage over a leasehold property (Note 14).

The bank loan 3 was fully settled during the reporting year ended 31 July 2019. In 2018, there was a breach of financial covenant by a subsidiary in relation to the bank facility granted. The loan amount of $2,458,000 has been subsequently reclassified to "current liabilities" in accordance with the Singapore Financial Reporting Standard 1 Presentation of Financial Statements. The lender has not made a demand for accelerated repayment.

29. Trade and other payables

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Trade payables:			
Outside parties and accrued liabilities	18,847	18,420	15,913
Other payables:			
Deposits received	38	45	58
Other payables	238	496	202
Other payables – subtotal	276	541	260
Total trade and other payables	19,123	18,961	16,173

	Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Trade payables:			
Outside parties and accrued liabilities	128	683	803
Total trade payables	128	683	803

30. Contingent liabilities

The Group's subsidiary, MTTJ Engineering Sdn. Bhd. ("MTTJ") was granted the Licensed Manufacturing Warehouse status, where customs import duty exemptions are given to all raw materials and components used directly in the manufacturing process of approved finished products for export. MTTJ has also applied to the Royal Malaysian Customs Department ("the relevant authority") that these customs import duty (local sales) exemptions are extended to MTTJ's certain local projects and was informed that they were eligible to the exemptions for a local project in 2016. However in 2017, MTTJ received a letter issued by the Royal Malaysian Customs Department requesting for payment of customs import duty (local sales) and goods and services tax (GST) based on the billings issued to the customer. MTTJ has accordingly accrued for the amount of approximately RM3,419,000 (S$1,103,000) in respect of the said claim by the relevant authority despite lodging an appeal to the relevant authority. In 2018, MTTJ has further accrued approximately RM1,120,000 (included in profit or loss as other losses of S$371,000) in respect of the customs duty and GST based on the contract value agreed with the customer.

No further provision for penalty or other related costs have been made due to the uncertainty on the outcome of this matter.

31. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Commitments to purchase of property, plant and equipment	11,584	3,998	12,556

32. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Not later than one year	989	1,000	732
Later than one year and not later than five years	3,105	1,578	1,568
Later than five years	12,266	8,845	9,843
Rental expense for the year	1,061	1,380	2,629

Operating lease payments are for rentals payable by the Company's subsidiaries for certain leasehold properties, office premises, office equipment and dormitory. The lease rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

The rental expense is charged as follows:

	Group	
	2019	2018
	$'000	$'000
Cost of sales	625	882
Administrative expenses	436	498
Total	1,061	1,380

33. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Not later than one year	12	31	29
Later than one year and not later than five years	–	12	–
Rental income for the year	31	32	6,034

Operating lease income commitments are for rentals receivable for certain office premises. The lease rental income terms were negotiated for a term of one to three years.

34. Financial instruments: information on financial risks

34A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Financial assets:			
Financial assets at amortised cost	60,458	97,154	109,038
Financial assets that is equity shares at fair value through other comprehensive income	2,997	2,985	2,752
At end of the year	63,455	100,139	111,790
Financial liabilities:			
Financial liabilities at amortised cost	27,158	23,047	19,053
At end of the year	27,158	23,047	19,053

34. Financial instruments: information on financial risks (cont'd)

34A. Categories of financial assets and liabilities (cont'd)

	Company		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Financial assets:			
Financial assets at amortised cost	47,444	49,287	51,417
Financial assets that is equity shares at fair value through other comprehensive income	2,997	2,985	2,752
At end of the year	50,441	52,272	54,169
Financial liabilities:			
Financial liabilities at amortised cost	128	683	803
At end of the year	128	683	803

Further quantitative disclosures are included throughout these financial statements.

34B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior staff.
4. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

34C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

34. Financial instruments: information on financial risks (cont'd)

34D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 24 discloses the maturity of the cash and cash equivalents balances represent amounts with less than 90 days maturity. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

34E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2019				
Gross borrowings commitments	1,757	6,638	985	9,380
Gross finance lease obligations	15	12	–	27
Trade and other payables	19,123	–	–	19,123
	20,895	6,650	985	28,530
31 July 2018				
Gross borrowings commitments	5,037	–	–	5,037
Gross finance lease obligations	38	98	–	136
Trade and other payables	18,961	–	–	18,961
	24,036	98	–	24,134
1 August 2017				
Gross borrowings commitments	141	817	2,291	3,249
Gross finance lease obligations	38	136	–	174
Trade and other payables	16,173	–	–	16,173
	16,352	953	2,291	19,596

34. Financial instruments: information on financial risks (cont'd)

34E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2018: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2019				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	8,033	10,427	4,063	22,523
31 July 2018				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	10,250	7,022	3,740	21,012
1 August 2017				
Corporate guarantees in favour of financial institutions for facilities extended to subsidiaries	7,945	7,157	2,291	17,393

	Group		
	2019 $'000	31 July 2018 $'000	1 August 2017 $'000
Bank facilities:			
Undrawn borrowing facilities	24,550	22,250	21,352
Unused bank guarantees	13,563	14,757	6,854

34. Financial instruments: information on financial risks (cont'd)

34E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

34F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rates and floating interest rates and it mainly concerns financial liabilities. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

		Group	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Financial assets with interest:			
Fixed rates	17,066	35,071	60,223
Floating rates	3,357	2,265	2,960
Total at end of the year	20,423	37,336	63,183
Financial liabilities with interest:			
Fixed rates	221	1,336	147
Floating rates	7,814	2,750	2,733
Total at end of the year	8,035	4,086	2,880

		Company	
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Financial assets with interest:			
Fixed rates	9,403	41,735	47,185
Total at end of the year	9,403	41,735	47,185

Sensitivity analysis: The effect on pre-tax profit is not significant.

34. Financial instruments: information on financial risks (cont'd)

34G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency:

Group	Philippines Peso	India Rupee	United States Dollar	Vietnam Dong	Euro Dollar	Singapore Dollar	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Financial assets:							
Cash	192	–	1,665	–	–	861	2,718
Trade and other receivables – third parties	–	25	2,514	–	–	–	2,539
Trade and other receivables – intragroup	–	1	–	–	–	–	1
Total financial assets	192	26	4,179	–	–	861	5,258
Financial liabilities:							
Trade and other payables – third parties	–	–	3,314	3	6	2,447	5,770
Trade and other payables – intragroup	–	–	–	–	–	13,608	13,608
Borrowings	–	–	73	–	–	24	97
Total financial liabilities	–	–	3,387	3	6	16,079	19,475
Net financial assets / (liabilities) at end of the year	192	26	792	(3)	(6)	(15,218)	(14,217)

34. Financial instruments: information on financial risks (cont'd)

34G. Foreign currency risks (cont'd)

Group	Philippines Peso $'000	British Pound $'000	United States Dollar $'000	Vietnam Dong $'000	Euro Dollar $'000	Singapore Dollar $'000	Total $'000
31 July 2018							
Financial assets:							
Cash	49	–	1,396	2	–	601	2,048
Trade and other receivables – third parties	–	–	2,359	–	–	747	3,106
Trade and other receivables – intragroup	–	–	–	–	–	3,576	3,576
Total financial assets	49	–	3,755	2	–	4,924	8,730
Financial liabilities:							
Trade and other payables – third parties	–	38	558	–	6	277	879
Trade and other payables – intragroup	–	–	–	–	–	11,752	11,752
Total financial liabilities	–	38	558	–	6	12,029	12,631
Net financial assets / (liabilities) at end of the year	49	(38)	3,197	2	(6)	(7,105)	(3,901)

34. Financial instruments: information on financial risks (cont'd)

34G. Foreign currency risks (cont'd)

Group	Japanese Yen	British Pound	United States Dollar	Vietnam Dong	Euro Dollar	Singapore Dollar	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
1 August 2017							
Financial assets:							
Cash	–	–	601	2	–	145	748
Loans and receivables – third parties	–	–	382	4	–	–	386
Loans and receivables – intragroup	–	–	–	–	–	1,308	1,308
Total financial assets	–	–	983	6	–	1,453	2,442
Financial liabilities:							
Trade and other payables – third parties	40	30	559	–	2	2,282	2,913
Trade and other payables – intragroup	–	–	–	–	–	1,358	1,358
Total financial liabilities	40	30	559	–	2	3,640	4,271
Net financial (liabilities) / assets at end of the year	(40)	(30)	424	6	(2)	(2,187)	(1,829)

The Company's financial assets and financial liabilities are denominated in its functional currency.

There is exposure to foreign currency risk as part of the Group's normal business.

Sensitivity analysis: The effect on pre-tax profit is not significant.

34H. Equity price risk

There are investments in equity shares. As a result, such investments are exposed to market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets are disclosed in Note 18.

35. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group		
	2019	31 July 2018	1 August 2017
	$'000	$'000	$'000
Audit fees to the independent auditors of the Company	130	117	125
Audit fees to the other independent auditors	34	23	22
Other fees to the independent auditors of the Company	36	120	21
Other fees to the other independent auditors	13	6	6

36. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Adoption of the applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement as disclosed in Note 38.

SFRS(I) No.	Title
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration

37. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 16	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)	1 Jan 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 Jan 2019
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs	1 Jan 2019
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations	1 Jan 2019

SFRS(I) 16 Leases

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and its related interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments as at 31 July 2019 shown in Note 32, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. As disclosed in Note 32, the Group's future minimum lease payments under non-cancellable operating lease for its leasehold properties, office premises, office equipment and dormitory amounted to $16,360,000 as at 31 July 2019. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once SFRS(I) 16 is adopted. The amounts will be adjusted for the effects of discounting and transition reliefs available to the Group.

38. Changes in accounting policies and restatements of comparative figures

Effective from beginning of the current reporting year certain new or revised financial reporting standards were adopted as mentioned in Note 36. Adoption of those policies and any other changes have resulted in some changes in the application of the accounting policies and some modifications to financial statement presentation and these changes are summarised below.

Group		After restatement $'000	Before restatement $'000	Difference $'000
31 July 2018				
Statement of financial position:				
Trade and other receivables	#A	40,400	58,935	(18,535)
Contract assets	#A	18,535	–	18,535
Other non-financial liabilities	#A	–	1,356	(1,356)
Contract liabilities	#A	1,356	–	1,356
1 August 2017				
Statement of financial position:				
Trade and other receivables	#A	26,655	42,652	(15,997)
Contract assets	#A	15,997	–	15,997
Other non-financial liabilities	#A	–	159	(159)
Contract liabilities	#A	159	–	159

#A. The restatement was made so as to enhance comparability with current year's balance in the financial statement. There are no changes to other components of the financial statements.

STATISTICS OF SHAREHOLDINGS

AS AT 18 OCTOBER 2019

Number of Issued Shares (excluding Treasury Shares)	:	349,500,000
Number/Percentage of Treasury Shares	:	500,000 (0.14%)
Class of Equity Security	:	Ordinary shares
Voting Rights of Ordinary Shareholders	:	One vote per share
Number of subsidiary holdings held and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	60	7.88	39,300	0.01
1,001 - 10,000	321	42.18	2,001,100	0.58
10,001 - 1,000,000	366	48.10	26,813,500	7.67
1,000,001 and above	14	1.84	320,646,100	91.74
Total	761	100.00	349,500,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

As at 18 October 2019, approximately 14.5% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	Teo Hock Chwee	179,900,000	51.47
2	Hong Leong Finance Nominees Pte Ltd	50,000,000	14.31
3	CGS-CIMB Securities (Singapore) Pte Ltd	35,380,000	10.12
4	DB Nominees (Singapore) Pte Ltd	30,030,000	8.59
5	HSBC (Singapore) Nominees Pte Ltd	4,944,700	1.42
6	DBS Nominees Pte Ltd	4,446,900	1.27
7	Raffles Nominees (Pte) Limited	4,150,700	1.19
8	UOB Kay Hian Pte Ltd	3,115,900	0.89
9	Ng Kwong Chong or Liu Oi Fui Ivy	2,258,000	0.65
10	Phillip Securities Pte Ltd	1,708,900	0.49
11	Goh Han Peng (Wu Hanping)	1,301,400	0.37
12	Citibank Nominees Singapore Pte Ltd	1,194,600	0.34
13	Chiong Su Been	1,115,000	0.32
14	Elavarasu Somasundaram	1,100,000	0.31
15	Teo Teck Heong	965,000	0.28
16	Maybank Kim Eng Securities Pte Ltd	765,200	0.22
17	See Beng Lian Janice	630,000	0.18
18	Ng Yiaw Heong	601,000	0.17
19	Buddharaju Sriramaraju	600,000	0.17
20	Yee Lat Shing	600,000	0.17
		324,807,300	92.93

STATISTICS OF SHAREHOLDINGS

AS AT 18 OCTOBER 2019

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 18 October 2019

	Direct Interst		Deemed Interest	
Name of Substantial Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Teo Hock Chwee	179,900,000	51.47%	115,000,000	32.90%

Note:

Mr Teo Hock Chwee's deemed interest in T T J Holdings Limited arises from the shares held in his securities accounts with sub-depository agents as his nominees.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of T T J Holdings Limited will be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 28 November 2019 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the reporting year ended 31 July 2019 together with the Statement by Directors and the Auditors' Report. **(Resolution 1)**

2. To declare a first and final dividend of 0.4 Singapore cent per ordinary share (tax exempt one-tier) for the reporting year ended 31 July 2019. **(Resolution 2)**

3. To re-elect Ms Chiong Su Been who is retiring pursuant to Regulation 90 of the Constitution of the Company. **(Resolution 3)**

   [See Explanatory Note (i)]

4. To re-elect Mr Lim Yian Poh who is retiring pursuant to Regulation 90 of the Constitution of the Company. **(Resolution 4)**

   [See Explanatory Note (ii)]

5. To re-elect Mr Teo Hock Chwee who is retiring pursuant to Regulation 90 of the Constitution of the Company. **(Resolution 5)**

   [See Explanatory Note (iii)]

6. To approve the payment of Directors' fees of S$147,000 to the Directors of the Company for the reporting year ending 31 July 2020. **(Resolution 6)**

7. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

   "Resolved that

   (a) pursuant to Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company 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 that the aggregate number of shares and convertibles securities to be issued pursuant to this Resolution does not exceed more than 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings);

(b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of issued share capital is based on the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares; and

(c) unless revoked or varied by the Company in general meeting, such authority 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 the earlier." **(Resolution 8)**

[See Explanatory Note (iv)]

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, (the "Companies Act"), the exercise by the Directors of all powers of the Company to purchase or otherwise acquire Shares, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchase(s) (each a "Market Purchase") transacted on the SGX-ST through the ready market or as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through 1 or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

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

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the number of issued Shares as at the date of passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined) of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 115% of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowable under the Companies Act.

(e) the Directors and each 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 or he may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution." **(Resolution 9)**

[See Explanatory Note (v)]

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"That:

(a) the extension of the duration of the "T T J Employee Share Option Scheme" (the "**T T J ESOS**") for a period of ten (10) years from 15 January 2020 to 14 January 2030 (both dates inclusive) be and is hereby approved;

(b) the T T J ESOS, the details and rules of which are set out in Annex A of the Letter to Shareholders dated 4 November 2019, under which options (the "**Options**") over Shares may be granted to selected employees of the Company and its subsidiaries and other selected participants, be and is hereby approved;

(c) the Directors be and are hereby authorised to establish and administer the T T J ESOS and to modify, amend and/or supplement the T T J ESOS from time to time, provided that such modification, amendment and/or supplement is effected in accordance with the provisions of the T T J ESOS, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the T T J ESOS; and

(d) the Directors be and are hereby authorised and empowered to grant Options in accordance with the provisions of the Scheme and to allot and issue from time to time such number of Shares in capital of the Company as may be required to be issued pursuant to the exercise of Options under the T T J ESOS, provided that the aggregate nominal amount of shares over which the Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under the T T J ESOS (and any other share-based incentive scheme of the Company), shall not exceed 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date." **(Resolution 10)**

[See Explanatory Note (vi)]

12. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"That subject to and contingent upon the passing of Ordinary Resolution 10 being approved, approval be given for Options to be granted under the T T J ESOS for the subscription of Shares at subscription prices which may, at the discretion of the committee administering the T T J ESOS, be subject to a discount to the market price for the Shares prevailing at the date of grant of the respective Options (such market price to be determined in accordance with the Rules of the T T J ESOS), provided that the maximum discount which may be given shall not exceed 20% of the relevant market price for the Shares applicable to that Option." **(Resolution 11)**

By Order of the Board

Tan Swee Gek
Company Secretary

4 November 2019

Explanatory Notes:

(i) Ms Chiong Su Been, upon re-election, will remain as an Executive Director and the Chief Financial Officer of the Group.

(ii) Mr Lim Yian Poh, upon re-election, will remain as the Lead Independent Director, the Chairman of the Audit Committee, a member of the Nominating Committee, a member of the Remuneration Committee, and will be considered independent of the Management.

(iii) Mr Teo Hock Chwee, upon re-election, will remain as the Chairman and Managing Director of the Group.

(iv) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% of the issued share capital of the Company (excluding treasury shares); at the time of passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares which may be issued, the percentage of share capital shall be based on the Company's issued share capital (excluding treasury shares) at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed and (c) any subsequent consolidation or subdivision of shares.

(v) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter to Shareholders dated 4 November 2019.

(vi) Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors to grant Options under the T T J ESOS and to allot and issue shares as may be required to be issued pursuant to the exercise of Options under the T T J ESOS, provided that the aggregate nominal amount of shares over which the Committee may grant Options on any date, when added to the number of shares issued and issuable in respect of all Options granted under the T T J ESOS (and any other share-based incentive scheme of the Company), shall not exceed 10% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date.

Notes:

1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Annual General Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two (2) proxies to attend, speak, and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3) The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 57 Pioneer Road, Singapore 628508 not less than 72 hours before the time appointed for holding the Annual General Meeting.

5) A depositor shall not be regarded as a member of a Company entitled to attend, speak, and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or 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) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the Annual General Meeting (including any adjournment thereof) and the preparation, compilation and publication 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) 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), 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) 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Chiong Su Been, Mr Lim Yian Poh and Mr Teo Hock Chwee are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 November 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
Date of Appointment	7 April 2008	5 July 1996	28 August 1992
Date of last re-appointment (if applicable)	30 November 2017	30 November 2017	Not Applicable
Age	47	73	64
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Ms Chiong Su Been for re-appointment as an Executive Director and Chief Financial Officer of the Company. The Board has reviewed and concluded that Ms Chiong Su Been possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Lim Yian Poh for re-appointment as the Lead Independent Director of the Company as well as the Chairman of the Audit Committee and a member of each of the Nominating Committee and Remuneration Committee and will be considered independent of the Management. The Board has reviewed and concluded that Mr Lim Yian Poh possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Teo Hock Chwee for re-appointment as the Chairman and Managing Director of the Company. The Board has reviewed and concluded that Mr Teo Hock Chwee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
Whether appointment is executive, and if so, the area of responsibility	Executive; responsible for the full spectrum of financial and taxation functions in the Group	Non-Executive	Executive; responsible for the overall business strategy and management of the Group's business
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Financial Officer	Lead Independent Director, Chairman of the Audit Committee and a member of each of the Nominating Committee and Remuneration Committee	Executive Chairman and Managing Director
Professional qualifications and working experience and occupation(s) during the past 10 years	Ms Chiong is presently an Executive Director and Chief Financial Officer of the Company. Member of the Association of Chartered Certified Accounts and a provisional member of the Institute of Singapore Chartered Accountants.	Bachelor of Science Degree, Nanyang University Master of Science Degree, University of Hull, England Mr Lim has more than 20 years of experience in the banking and finance industry and is presently the Non-Executive Chairman and Independent Director of Casa Holdings Limited as well as an Independent Director of Zicom Group Limited. Please refer to other principal commitments.	Mr Teo is presently an Executive Chairman and Managing Director of the Company. Mr Teo has more than 45 years of experience in the structural steelworks industry.
Shareholding interest in the listed issuer and its subsidiaries	1,115,000 shares	None	294,900,000 shares
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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the past 5 years): Not Applicable Present: Directorships in the Group's subsidiaries	Past (for the past 5 years): Not Applicable Present: T T J Holdings Limited Zicom Group Limited Casa Holdings Limited	Past (for the past 5 years): Not Applicable Present: Directorships in the Group's subsidiaries

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(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	No	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	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
(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	No	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	No	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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
(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	No	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	No	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	No	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	No	No	No

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
(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?			
(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	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	CHIONG SU BEEN	LIM YIAN POH	TEO HOCK CHWEE
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).	Not Applicable	Not Applicable	Not Applicable

T T J HOLDINGS LIMITED

Company Registration No.: 199204617M
(Incorporated in the Republic of Singapore)

PROXY FORM

Annual General Meeting

IMPORTANT:
1. For Investors who have used their CPF monies to buy ordinary shares in the capital of T T J Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
2. This Proxy Form is not valid for use by such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

I/We ____ (Name)

of ____ (Address)

being a member/members of T T J Holdings Limited (the "Company") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/our shareholding	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our shareholding	
			No. of shares	%

failing which, the Chairman of the Annual General Meeting (the "Meeting"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Meeting, to be held at 8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095 on 28 November 2019 at 2.30 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Statement by Directors and Audited Financial Statements for reporting year ended 31 July 2019		
2.	To declare a final dividend of 0.4 Singapore cent per ordinary share (tax exempt one-tier) for the reporting year ended 31 July 2019		
3.	Re-election of Ms Chiong Su Been as Director		
4.	Re-election of Mr Lim Yian Poh as Director		
5.	Re-election of Mr Teo Hock Chwee as Director		
6.	Approval of Directors' Fees for the reporting year ending 31 July 2020		
7.	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
	Special Business		
8.	Authority to allot and issue new shares		
9.	Renewal of Share Purchase Mandate		
10.	Renewal of the "T T J Employee Share Option Scheme" ("T T J ESOS")		
11.	Contingent upon the passing of Ordinary Resolution 10, to approve the proposed grant of options under the T T J ESOS at a discount		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this __________ day of ________________ 2019.

Total number of Shares held

____
Signature of Member(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak, and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 57 Pioneer Road, Singapore 628508 at least 72 hours before the time of the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

6. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. 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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

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 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal Data Privacy:

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

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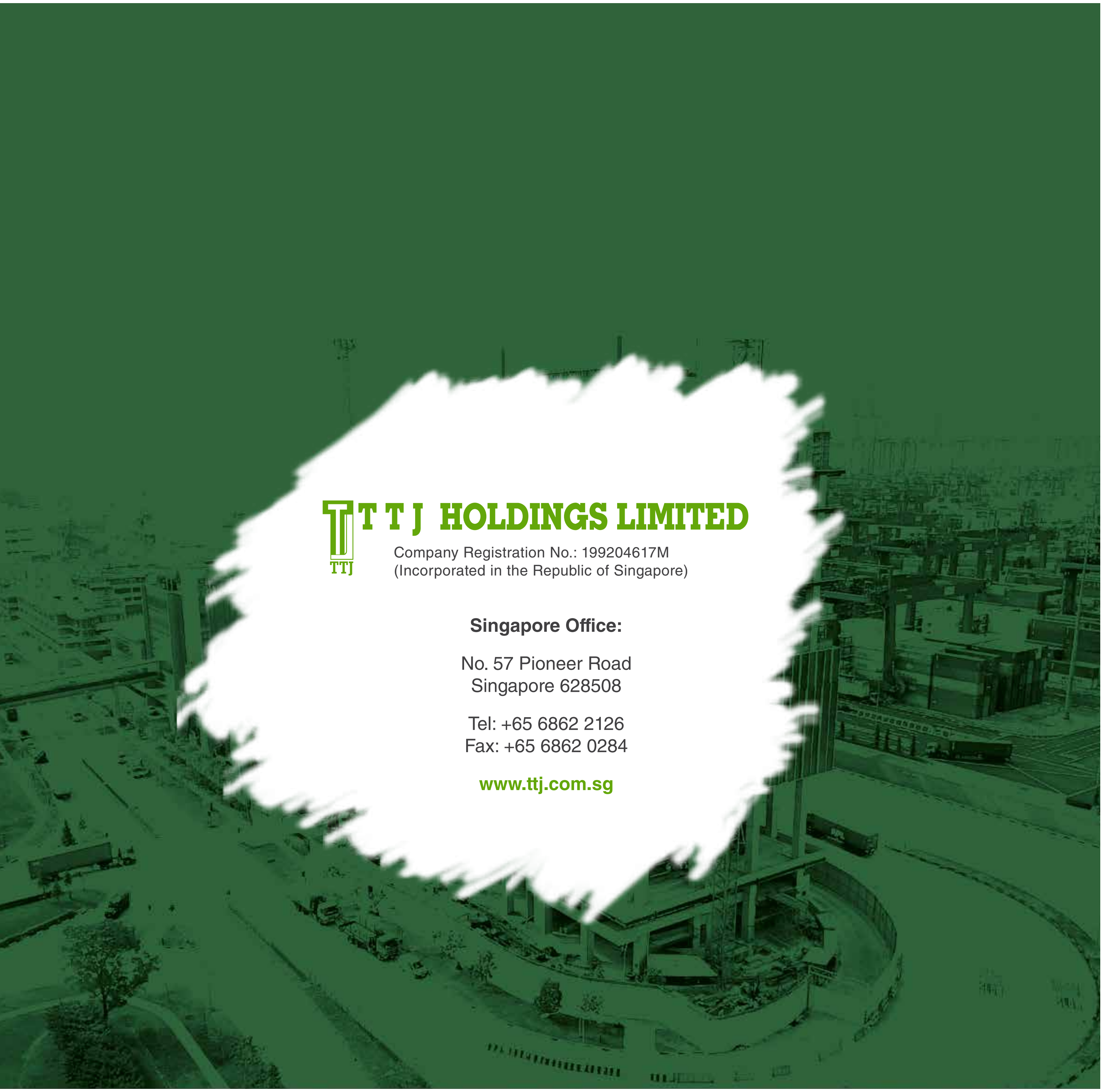

T T J HOLDINGS LIMITED

Company Registration No.: 199204617M
(Incorporated in the Republic of Singapore)

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