



SY SMA HOLDINGS LIMITED

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(Incorporated in the Republic of Singapore on 28 March 2012)
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REPLIES TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 27 NOVEMBER 2020

The Board of Directors (the "Board") of Sysma Holdings Limited (the "Company", and together with its subsidiaries, the "Group") refers to the questions received from shareholders ahead of the Company's Annual General Meeting to be held on 27 November 2020 at 10.00 a.m. by electronic means.

All questions submitted by shareholders by 5.00 p.m. on 20 November 2020 have been responded and are published in this announcement as follows:

Page 7 of the Annual Report about "Financial and operations review". In the 2nd paragraph, at its last sentence, it was stated that "This was offset by the decrease of S\$1.0 million from the property development segment as no sales were made in the year." Is the Group ceasing property development and switching to more-stabilised assets (e.g. Elite Logistics Fund, Blue Planet Environmental Solutions) for so-called recurring income?

The Group continues to explore viable investment opportunities including in property development.

Page 7 of the Annual Report about "Financial and operations review". In the 4th paragraph, it was stated that "The increase in other income in FY2020 was mainly due to ... a net foreign exchange gain of S\$1.1 million due to favourable movement of the US dollar against the Singapore dollar." How did the "favourable movement of the US dollar against the Singapore dollar" come about? Because there wasn't any in FY2019.

The Company converted its long-held USD deposits to SGD during FY2020 resulting in exchange gain on conversion.

Page 16 of the Annual Report about "Economic performance". It was stated that "... the revenue contributed by the newly acquired KH Group, which amounted to S\$4.4 million." On the same note, what is the profit/loss after tax contributed by the newly acquired KH Group in 2020?

Due to commercial sensitivity, the Company will not disclose the amount of profit generated by KH Group for FY2020.

Page 38 of the Annual Report about "Corporate governance report", particularly "Directors and Key Management Personnel Remuneration". It was stated that "The Board confirms there are only five (5) Key Management Personnel for FY2020 and the aggregate amount of the total remuneration paid to the five (5) Key Management Personnel (who are not Directors or CEO) was approximately S\$1,136,500 in FY2020." Excluding Brian Yap Chin Leong, for comparison purpose, may I ask the Remuneration Committee was the aggregate amount of the total remuneration paid to the four Key Management Personnel higher than in FY2019 (i.e. S\$932,500) ? If so, in light of the fact that no final dividends have been paid to shareholders, can the Remuneration

Committee share what remuneration factor(s) specifically led to the increase? How much is attributable to each of these remuneration factor(s)?

The increase in key management remuneration from S\$932,000 in FY2019 to S\$1,136,500 in FY2020 was mainly attributable to increase in key management (“KMP”) headcount from 4 to 5. KMP salaries are commercially sensitive and will not be disclosed.

Page 103 of the Annual Report about “Trade and other receivables”. What was the nature of “Bond receivable from associate” of \$2.06m in 2020? How did it come about?

This Bond receivable is in connection with investment in Lascelles Park Limited. Please refer to Company’s announcement dated 8 March 2019.

Page 103 of the Annual Report about “Trade and other receivables”. Why loss allowance on trade receivables from third parties has increased by 3.3times from \$321k in 2019 to \$1.04m in 2020? What has the Audit Committee planned to do about it?

The increase in loss allowance is attributable to the addition of Trade and Other Receivables of KH Group. Management continually follow-up on the receivables and take necessary steps to recover the outstanding amounts.

Page 103 of the Annual Report about “Trade and other receivables”. Why was there loss allowance on other receivables of \$344k in 2020, when there was none in 2019? What has the Audit Committee planned to do about it?

This loss allowance was made in relation to Bond receivable from associate in connection with investment in Lascelles Park Limited. The project is still in the planning and approvals phase.

Page 110 of the Annual Report about “Goodwill”. It was stated that “The growth rates used to extrapolate the cash flows of KHE and KHI are 10% and 15% respectively”. Are these growth rates still achievable in FY2021? If not, how much goodwill will likely be impaired in FY2021?

Barring unforeseen circumstances, management is cautiously optimistic of achieving stated growth rates on the basis of orders secured and the projected pipeline. Nevertheless, the Company will carry out an assessment for impairment of goodwill for the financial year ending 31 July 2021.

Page 114 of the Annual Report about “Investment in associate”. The 30% stake in Lascelles Park Limited in UK has been written down to just \$1. What went wrong in the property development project in UK? What the Board planned to do about it?

The Equity Investment in Lascelles Park Limited was £30.00. Please refer to Company’s announcement dated 8 March 2019. The Company had written-down the value of investment to S\$1 due to share of losses taken to the Income Statement.

The property development is in the process of obtaining approval from the city council. The company will provide updates to shareholders when there are material developments.

Page 115 of the Annual Report about “Financial assets at fair value through profit or loss”. It was stated that “There have been no changes in the fair value of financial assets at fair value in 2020.” For FY2020, what is the Group’s share of Net Property Income of the “assets in the logistics sector in the United Kingdom and European Union, particularly in Poland”? Shouldn’t there be dividend of about 12%pa on this S\$10.2m investment in Elite Logistics Fund?

As at 31 July 2020, the company was not in receipt of dividend income from Elite Logistics Fund.

Page 116 of the Annual Report about “Trade and other payables”. Why “Other payables to third parties” increased by 15.5times from \$394k in 2019 to \$6.13m in 2020?

The increase was mainly due to accrual of second and third tranche consideration payments due to vendors of KH Group. Please refer to Company’s announcement dated 2 December 2019.

Page 121 of the Annual Report about “Finance costs”. What was the nature of “Unwinding of discount on non-current payables” of \$142k in 2020? How did it come about? Because there wasn’t any in 2019.

Unwinding of discount on non-current payables is in relation to the second and third tranche payments due to vendors of KH Group which was present valued on date of acquisition.

Page 130 of the Annual Report about “Event after the reporting period”. It was stated that “On October 13, 2020, the Group entered into a share subscription agreement with Blue Planet Environmental Solutions Pte Ltd for the subscription of 2,287,111 ordinary shares (which will represent 7.3% of the enlarged share capital of Blue Planet Environmental Solutions Pte Ltd) for a consideration of USD10 million.” What kind of “end to end solutions for waste management” does Blue Planet Environmental Solutions Pte Ltd provide? Specifically, what are its major revenue-generating segments?

Information about Blue Planet Environmental Solutions is publicly available at <https://www.blue-planet.com/>

What kind of headwinds are the Group experiencing in the construction of Good Class Bungalows & high-end landed housing in Singapore? How is the demand trend currently like?

The Group sees a rise in construction costs and overheads when government support ends along with increased COVID risks, which may lead to another round of restricted business activities once borders reopen. We continue to exercise prudence in accepting jobs with the aim of delivering a high quality product to our customer within the contract time frame.

What is the budgeted capex over the next 2-3 years? How will it be funded?

These are regarded as commercially sensitive information which will not be disclosed.

By Order of the Board
SYSMA HOLDINGS LIMITED

Sin Soon Teng
Executive Chairman and Group Chief Executive Officer

25 November 2020

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

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