



SYMA HOLDINGS LIMITED

Company Registration No: 201207614H
(Incorporated in the Republic of Singapore on 28 March 2012)
2 Balestier Road, #03-669, Balestier Hill Shopping Centre, Singapore 320002
Tel: 6256 2288 (4 lines) Fax: 6152 4156
Email: sysma@sysma.com.sg

-
- (1) **ACQUISITION OF KH ENGINEERING LIMITED AND ITS SUBSIDIARIES AND KH INSTRUMENTATION PTE. LTD. – AMENDMENT OF THE SHARE PURCHASE AGREEMENTS (“SPA”) WITH YAP CHIN LEONG (“MR. YAP”) AND SYED IBRAHIM SHAIK DAWOOD (“MR. DAWOOD”)**
- (2) **CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS IN SUBSIDIARIES RESULTING IN A PROPOSED DISPOSAL OF ASSETS**
-

Unless otherwise defined, capitalised terms not defined herein shall bear the same meanings ascribed to them in the announcement issued on 2 December 2019 and 11 February 2020 in relation to the proposed acquisition of KH Engineering Limited and its subsidiaries and KH Instrumentation Pte. Ltd. (collectively the “SPA Announcements” and each a “SPA Announcement”).

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Sysma Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the SPA Announcements in relation to the acquisition of KH Engineering Limited (“**KHEL**”) and its subsidiaries and KH Instrumentation Pte. Ltd (“**KHIPL**”).

Subsequent to the SPA Announcements, the Board wishes to announce that on 22 April 2021, Sysma Jade Pte. Ltd. (“**Sysma Jade**”), a direct wholly-owned subsidiary of the Company, has entered into side letters with each of Mr. Yap and Mr. Dawood to amend and supplement the relevant SPAs entered into by Sysma Jade with each of Mr. Yap and Mr. Dawood on 2 December 2019 (each a “**SPA Side Letter**” and collectively, the “**SPA Side Letters**”).

In addition to the above, the Board wishes to announce that:

- (a) the share capital of KHEL will be increased from 3,000 to 3,750 ordinary shares (“**KHEL Shares**”) by way of the issue and allotment of additional 750 KHEL Shares in favour of Mr. Yap pursuant to his SPA and his employment letter with KHEL (“**Proposed KHEL Share Issuance**”). As a result of the Proposed KHEL Share Issuance, the Company’s shareholding percentage in KHEL will be reduced from 100% to 80%;

- (b) the share capital of KHIPL will be increased from 30,000 to 33,333 ordinary shares (“**KHIPL Shares**”) by way of the issue and allotment of additional 3,333 KHIPL Shares in favour of Mr. Dawood pursuant to his SPA (“**Proposed KHIPL Share Issuance**”). As a result of the Proposed KHIPL Share Issuance, KHEL’s shareholding percentage in KHIPL will be reduced from 100% to 90%;
- (c) in view of the above, KHEL and KHIPL will cease to be wholly-owned subsidiaries of the Company; and
- (d) as the reduction in the Company’s shareholding percentages in KHEL and KHIPL results in a disposal of assets by the Company (the “**Proposed Disposal**”), the Proposed Disposal constitutes a disclosable transaction as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalyst (the “**Catalist Rules**”), the details of which are set out in paragraph 6 below.

The organisational chart of the KH Group prior to and post completion of the Proposed Disposal is set out in Appendix A to this Announcement.

2. INFORMATION ON KHEL, KHIPL AND MR. YAP’S EMPLOYMENT LETTER

Information on KHEL

KHEL is a company limited by shares incorporated under the laws of the British Virgin Islands on 13 February 2018 with an issued share capital of US\$3,000 consisting of 3,000 KHEL Shares. KHEL, with its principal activity in investment holding, holds 100% shareholding interest in Kian Hock Engineering Pte. Ltd., Kian Hock Piling Pte. Ltd. and KHIPL (collectively the “**KH Group**”).

Information on KHIPL

KHIPL is a company limited by shares incorporated under the laws of Singapore on 22 April 2010 with an issued share capital of S\$30,000 consisting of 30,000 KHIPL Shares. The principal activities of KHIPL are in soil investigation, treatment and stabilisation (including grouting and instrumentation).

Information on Mr. Yap’s Employment Letter

Following Sysma Jade’s acquisition of the KH Group, Mr. Yap has continued his employment with the KH Group in accordance with the terms of his new employment contract entered into with KHEL on the Completion Date (“**Employment Letter**”). As announced in the SPA Announcement, Mr. Yap is entitled to, *inter alia*, a customary business generation incentive (“**Business Generation Incentive**”) under his Employment Letter.

Save for his appointment as the Managing Director of the KH Group, Mr. Yap is not related to any of the Company’s directors, controlling shareholders, chief executive officer or their respective associates.

3. **SAILENT TERMS OF THE SPA SIDE LETTERS**

3.1 **Consideration**

Pursuant to Clause 4.2.4 of the SPA, the payment of the 3rd Tranche Consideration shall be paid by Sysma Jade to Mr. Yap and Mr. Dawood (as the case may be) on the date falling two (2) years from the Completion Date. In addition, pursuant to Clause 4.5 of the SPA, Sysma Jade may at its sole discretion elect to have the 3rd Tranche Consideration satisfied in cash or by way of the issue and allotment of such number of new KHEL Shares or KHIPL Shares (as the case may be) based on terms to be mutually agreed between Sysma Jade and Mr. Yap and Mr. Dawood (as the case may be) and subject to compliance with the Catalist Rules.

As disclosed in the SPA Announcement issued on 2 December 2019, the Total Consideration (which includes the 3rd Tranche Consideration) was based on arm's length negotiations and was arrived at after taking into account, *inter alia*, significant cash reserves of the KH Group, the operating and historical profits track record of the KH Group, profitability mainly from existing outstanding orders secured together with the business prospects and challenges within the construction industry, payable in the manner as described in the SPA Announcement.

3.2 **Amendment of the Share Purchase Agreements**

Given the above, Sysma Jade and Mr. Yap have entered into the SPA Side Letter to amend and supplement the relevant SPA as follows:

- (a) the 3rd Tranche Payment Date shall be revised from 10 February 2022 to a date before the expiry of 1 August 2021 (to be determined by Sysma Jade in its absolute discretion and notified in writing to Mr. Yap and Mr. Dawood) ("**Revised 3rd Tranche Payment Date**");
- (b) the 3rd Tranche Consideration shall be satisfied by way of the issue and allotment of 375 new KHEL Shares ("**3rd Tranche Consideration Shares**") on the Revised 3rd Tranche Payment Date;
- (c) the Business Generation Incentive shall be satisfied by KHEL by way of the issue and allotment of 375 new KHEL Shares ("**BGI Shares**") on the Revised 3rd Tranche Payment Date in accordance with a side letter to the Employment Letter entered into between KHEL and Mr. Yap on the date of this Announcement ("**Employment Letter Side Letter**");
- (d) the 3rd Tranche Consideration Shares and the BGI Shares shall on allotment, be issued fully-paid and free from any encumbrances, and shall rank *pari passu* in all respects with all issued KHEL Shares and have such rights and restrictions as set out in the constitution of KHEL; and

- (e) the issue and allotment of the 3rd Tranche Consideration Shares by KHEL to Mr. Yap shall be deemed as full and final payment of the Consideration to be paid by Sysma Jade to Mr. Yap under the SPA Side Letter and the SPA and thereafter, the Sysma Jade has no other obligation to pay any other amounts to or on behalf of Mr. Yap under the SPA Side Letter and the SPA.

- 3.3 Similarly, Sysma Jade and Mr. Dawood have also entered into the SPA Side Letter to amend and supplement the relevant SPA to provide that the 3rd Tranche Consideration shall be satisfied by way of the issue and allotment of 3,333 new KHIPL Shares on the Revised 3rd Tranche Payment Date.

4. **RATIONALE FOR THE PROPOSED DISPOSAL**

The Proposed Disposal enables the Group to preserve its financial resources and re-allocate such resources to its existing or new projects. Accordingly, the Board believes that the Proposed Disposal will enhance the long-term interests of the Company and its shareholders.

5. **INCREASE IN SHARE CAPITAL AND REDUCTION OF THE COMPANY'S SHAREHOLDING PERCENTAGE IN KHEL AND KHEL'S SHAREHOLDING PERCENTAGE IN KHIPL**

The Board wishes to announce that in light of the above, the total number of issued KHEL Shares and KHIPL Shares will be increased from 3,000 to 3,750 and 30,000 to 33,333 respectively. Consequently, the Company's shareholding percentage in KHEL will be reduced from 100% to 80% and KHEL's shareholding percentage in KHIPL will be reduced from 100% to 90%.

There are no sale proceeds pursuant to the Proposed Disposal as the new KHEL Shares and KHIPL Shares are issued to satisfy the 3rd Tranche Consideration and the Business Generation Incentive (as the case may be) due to Mr. Yap and Mr. Dawood. In addition, there will be no gain or loss on disposal.

6. **RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES**

- 6.1 The relative figures for the Proposed Disposal are computed based on the latest announced unaudited consolidated half year financial statements of the Group ended 31 January 2021 and the unaudited consolidated half year financial statements of the KH Group ended 31 January 2021.

The relative figures computed based on Rule 1006 of the Catalist Rules are as follow: -

Rule 1006 of the Catalist Rules	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value;	9.43% ⁽¹⁾
(b)	The net profits to the assets to be disposed of, compared with the Group's net profits;	39.33% ⁽²⁾

(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares;	9.56% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue;	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) is calculated based on figures representing 20% and 10% of the net asset value of the KH Group and KHIPL respectively for the unaudited half-year financial period ended 31 January 2021, compared with the Group's net asset value for the unaudited half-year financial period ended 31 January 2021. For the avoidance of doubt, the references to 20% and 10% of the net assets value correspond to the change in percentages in the share capital of KHEL and KHIPL respectively pursuant to the Proposed Disposal.
- (2) Rule 1006(b) is calculated based on figures representing 20% and 10% of the net profits attributable to the KH Group and KHIPL respectively for unaudited half-year financial period ended 31 January 2021, compared with the Group's net profits for the unaudited half-year financial period ended 31 January 2021. For the avoidance of doubt, the references to 20% and 10% of the net profits correspond to the change in percentages in the share capital of KHEL and KHIPL respectively pursuant to the Proposed Disposal.
- (3) The aggregate 3rd Tranche Consideration under Mr. Yap's and Mr. Dawood's SPAs is S\$3,040,000. The Company's market capitalisation was approximately S\$31,795,924 as calculated by multiplying 252,348,600 ordinary shares in issue by the volume-weighted average price per share of S\$0.1260 as at 21 April 2021 (being the last full market day preceding the date of the SPA Side Letter).
- (4) Not applicable as the Proposed Disposal is not an acquisition.
- (5) Not applicable as the Proposed Disposal is not a disposal of mineral, oil and gas assets.

6.2 As the relative figures computed on the bases set out in Rules 1006(a) to (c) of the Catalyst Rules exceed 5% but do not exceed 75%, the Proposed Disposal constitutes a "Disclosable Transaction" as defined under Chapter 10 of the Catalyst Rules.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Disposal.

The following financial effects of the Proposed Disposal are computed based on the Group's audited consolidated financial statements for the financial year ended 31 July

2020 and the following bases and assumptions:

- (a) the financial effects of the Proposed Disposal on the net tangible assets (“NTA”) of the Company are computed based on the assumption that the Proposed KHEL Share Issuance is completed on 31 July 2020; and
- (b) the financial effects of the Proposed Disposal on the earnings per share (“EPS”) of the Company are computed based on the assumption that the Proposed KHEL Share Issuance is completed on 1 August 2019.

NTA Per Share

As at 31 July 2020	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	52,159	55,182
Number of shares in the Company	252,348,600	252,348,600
NTA per share (Singapore cents)	20.67	21.87

EPS

FY2020	Before the Proposed Disposal	After the Proposed Disposal
Profits attributable to owners of the Company (S\$'000)	1,184	1,167
Number of shares in the Company	252,348,600	252,348,600
Profits per share (Singapore cents)	0.47	0.46

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors (so far as they are aware) or the controlling shareholders of the Company has any interest, direct or indirect (other than through their respective directorships and shareholdings in the Company), in the abovementioned transactions.

10. DIRECTORS' SERVICE CONTRACTS

Save for the appointment of Mr. Yap and Mr. Dawood as directors of KHEL and KHIPL respectively as announced in the SPA Announcement issued on 2 December 2019, no person has been proposed to be appointed as a Director in connection with the Proposed Disposal.

Accordingly, save for the employment letters with Mr. Yap and Mr. Dawood and the Employment Letter Side Letter, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA Side Letters and SPAs will be made available for inspection at the Company's registered office at 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002 during normal business hours for a period of 3 months from the date of this announcement.

By the Order of the Board
Sysma Holdings Limited
Sin Soon Teng
Executive Chairman and Group Chief Executive Officer

Date: 22 April 2021

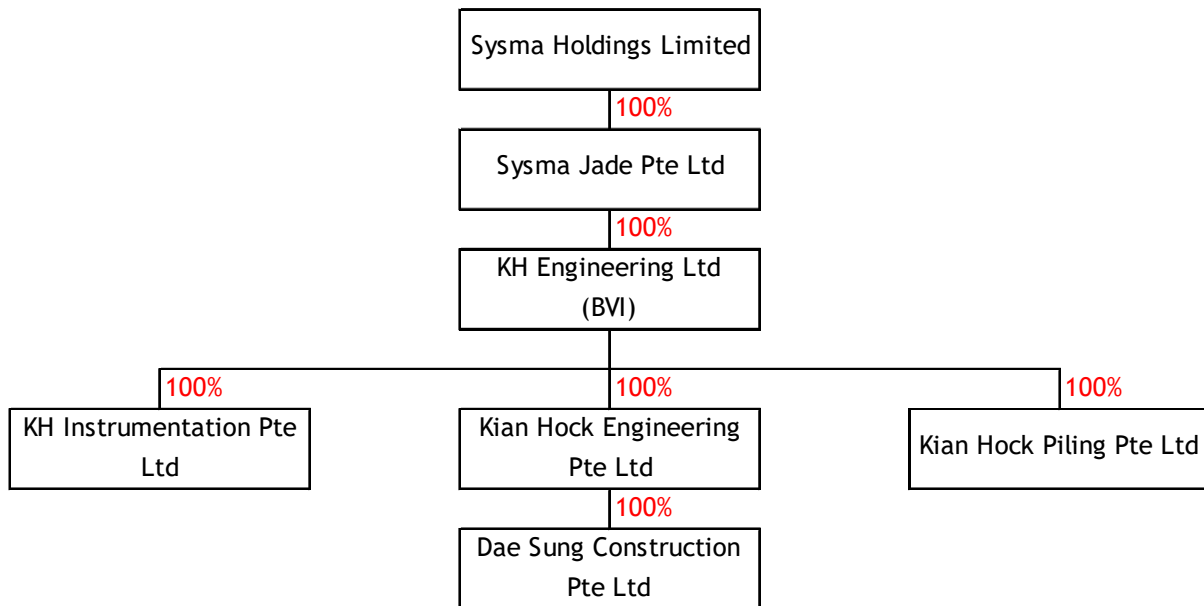
This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document,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

The contact person for the Sponsor is Ms. Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

APPENDIX A

Organisational chart of the KH Group prior to and post completion of the Proposed Disposal

A. Prior to Completion of the Proposed Disposal



B. Post Completion of the Proposed Disposal

