

**Issuer:** Sysma Holdings Limited  
**Security:** Sysma Holdings Limited

**Meeting details:**

Date: 18 November 2016

Time: 10:00AM

Venue: Kensington Ballroom 2, Heliconia Wing Level 2, Serangoon Gardens Country Club, 22 Kensington Park Road, Singapore 557271

**Company Description**

Sysma Holdings Limited, an investment holding company, provides building construction services to the private sector in Singapore. It operates through Building Construction and Property Development segments. The company offers construction services for residential projects, such as landed housings, condominiums, and apartment buildings; commercial projects, including office buildings, car showrooms, shopping malls, hotels, spas, and country clubs; conservation projects comprising heritage and conservation buildings; institutional projects consisting of bus stops and places of religious worship; industrial projects, including factories and warehouses; and educational institutions, such as schools and institutes of higher learning. It also engages in the development of private residential projects. The company was founded in 1986 and is based in Singapore. Sysma Holdings Limited is a subsidiary of Xiang Investment Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5UO](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5UO))

**Q1.** Apart from the construction business, the group has diversified into real estate development and has successfully launched three private residential projects, namely 28 RC Suite, 8M Residences and Charlton 18. With more than \$100 million of the group's total asset of \$144 million already invested in the property development segment (page 70 – Segment Information), the performance of this segment will be a key driver for the group. Shareholders would like to get better visibility into the performance of the property development segment.

**(a)** In Notes 10 and 11 (pages 55-56), the group has provided the basic details of the development projects. **To help shareholders understand the sales performance, please provide a concise summary table with all the pertinent information, including project name, location, tenure, type of development, effective ownership, percentage of completion, TOP status/date, number of units (sold/total) , gross floor area (sold/total), average selling price etc.**

**(b)** Can management let shareholders know if the unsold units will be subjected to extension fees related to Qualifying Certificate (QC)?

**Q2.** In Note 4, under “Liquidity risk management” (page 50), it was disclosed that “management is of the view that the Group has sufficient funds to meet all its potential liabilities as they fall due”. As at 31 July 2016, the group has current liabilities of \$96 million, of which \$62 million are bank borrowings and \$33 million are trade and other payables. The group has \$35 million in cash and cash equivalents.

**(a)** Can the board provide further elaboration on how the group plans to repay the bank borrowings when they fall due?

**(b)** In Note 17(b) (page 62 – Bank borrowings), it was disclosed that “as at 31 July 2016, the Group did not maintain certain level of security maintenance ratio as required in the bank loan agreement”. **Can shareholders know the security maintenance ratio and how this might affect any refinancing for the group in the future?**

**(c)** How much sale proceeds are expected from 28 RC Suites upon TOP? Would that be sufficient to help the group to meet its financial obligations as they fall due and restore the security maintenance ratio?

**Q3.** In the Chairman's Statement (page 3), the chairman noted that the Good Class Bungalows (GCB) segment “continues to be resilient” but the group will also be “exploring opportunities for expansion through strategic investments that leverage our core competencies in construction and property development”. Given that there is no existing landbank and that there are unsold units carried by the group (e.g. \$30 million of unsold inventory in 8M Residences), **can the board help shareholders understand how can the group navigate the difficult market conditions and create value for shareholders? In this very competitive environment, what expertise can management leverage on to distinguish the group from other developers?**