

Issuer: Sysma Holdings Limited

Security: Sysma Holdings Limited

Meeting details:

Date: 17 November 2017

Time: 10:00 a.m.

Venue: Casuarina Room, Level 1 Main Lobby, 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 comprising factories and warehouses; and educational institutions, such as schools and institutes of higher learning. It also develops residential and commercial 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)

Q1. As noted in the Chairman’s Statement (page 3 of the annual report), the group’s three property development projects, namely 28 RC Suites, 8M Residences and Charlton 18, have received their respective Temporary Occupation Permits (TOPs) and the overall sales have improved from 74% to 87% (by units) as at 31 July 2017.

- a) **Since the profile of the three development projects differ greatly, can the company provide shareholders with better visibility on the sales progress of each project?**
- b) **What is the group’s strategy to maximise the return on the remaining units as the group continues to actively market them?**

It was also said that the group will “explore local and overseas property development projects with suitable partners and strategic investors, so as to further expand the Group’s portfolio in the property development business”.

- c) **Can management help shareholders understand how it intends to replenish its local land bank given that the three development projects have all received their TOPs?**
- d) **In terms of overseas projects, what are the cities/countries being considered? What experience is there in the management team to allow the group to carry out property development in foreign markets successfully?**

Q2. The group reported a net profit of S\$7.9 million in FY2017 “primarily due to stronger sales in the property development business which generated a write back of a net provision of foreseeable losses of approximately S\$4.3 million in FY2017”.

Based on his service agreement, Mr. Sin Soon Teng is eligible to be paid an incentive bonus, if the profit before tax less minority interests of the Group (“Adjusted PBT”) exceeds S\$5.0 million based on the audited financial statements, equivalent to 4% of the Adjusted PBT. If the Adjusted PBT exceeds S\$7.0 million based on the audited financial statements, equivalent to 6% of the Adjusted PBT. Based on the audited financial statements for FY2017, an incentive bonus of S\$0.7 million would be paid to Mr. Sin Soon Teng.

(Source: Company annual report)

Based on the service agreement (on page 18 and reproduced above), Mr. Sin Soon Teng has a tiered incentive bonus system where the bonus is 4% if the profit before tax less minority interests of the Group (“Adjusted PBT”) exceeds S\$5.0 million, and 6% if the adjusted PBT exceeds S\$7.0 million.

As disclosed in the footnote, Mr. Sin Soon Teng’s incentive bonus is S\$0.7 million based on the audited financial statements for FY2017.

- a) **Can the Remuneration Committee help shareholders understand the impact on the bonus of the Executive directors from the provision of foreseeable losses in prior financial years and the write back of the provision of foreseeable losses of approximately S\$4.3 million in FY2017?**

Q3. Guideline 9.4 of the 2012 Code of Corporate Governance issued by the Monetary Authority of Singapore requires companies to disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. To improve the level of transparency on remuneration matters, the guideline states that the disclosure should be made in incremental bands of S\$50,000 and done on a named basis with clear indication of the employee’s relationship with the relevant director or the CEO.

On page 18, in the company’s Corporate Governance Report, the remuneration of Mr. Sin Ee Wuen is disclosed in the band of \$250,001 to \$500,000.

Remuneration Bands and Name	Fees (%)	Salary (%)	Variable or Performance related income bonus (%)	Others (%)	Total (%)
Immediate family member of Executive Chairman and Group CEO					
\$250,001 to \$500,000					
Sin Ee Wuen ⁽³⁾	-	77	19	4	100

(Source: Company annual report)

Footnote (3) further adds that Mr Sin Ee Wuen is the son of Mr Sin Soon Teng, the Executive Chairman and Group CEO. He was appointed as Deputy Chief Executive Officer with effect from 2 October 2017.

a) To comply with Guideline 9.4, please disclose the remuneration of Mr. Sin Ee Wuen in incremental bands of S\$50,000.

A copy of the questions for the Annual Report for the financial year ended 31 July 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Sysma%20Holdings%20Ltd>

The company's response could be found here: -----