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**RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION  
(SINGAPORE) IN RESPECT OF THE COMPANY'S ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

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The Board of Directors (the "**Board**") of Boldtek Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions received from the Securities Investors Association (Singapore) ("**SIAS**") in respect of the Company's annual report ("**Annual Report 2022**") for the financial year ended 30 June 2022 ("**FY2022**").

The Company wishes to provide its responses to the questions from SIAS below:

**SIAS Question 1**

The company requested for a trading halt on 12 January 2023 at 11:09 am pending the release of an announcement. The company then requested for a suspension after announcing that the independent auditor had included a qualified opinion in its report on the audited financial statements of the group for the financial year ended 30 June 2022 and had indicated the existence of material uncertainties related to going concern.

An extract of the independent auditor's report on the material uncertainty related to going concern can be found here:

<https://links.sgx.com/FileOpen/Boldtek%20Ltd%20-%20SGX%20Announcement%20Material%20concern%2014%20Jan.ashx?App=Announcem ent&FileID=744157>

The company has also announced that it is now proactively:

- engaging all of its stakeholders for their continued support;
- identifying potential investors; and
- exploring the sale of the group's completed properties in Malaysia and Singapore to generate the necessary financial resources to improve the group's financial position.

- (i) **Given that a contractor has made a claim against the group in the High Court, and that the independent auditor has highlighted material uncertainty related to going concern, what is the impact, if any, on the group's operations (in general building, precast manufacturing, property development and soil investigation and treatment)? Please (re)state the current status and scale of the group's businesses.**

***Company's response***

The Group's core business segment continues to be its general building segment. As disclosed by the Group on 26 January 2023, the Group has recently been awarded a number of construction contracts, totalling \$119.1 million. The general building segment contributed 99% of the Group's total revenue for its financial year ended 30 June 2022 ("**FY2022**").

In relation to the claim announced by the Company on 14 January 2023, the Company has clarified in a subsequent announcement on 16 January 2023 that the claim is unlikely to have a material impact on the operations and/or financial position of the Group as (i) the value of the claim is equal to approximately 3.03% of the Group's latest audited net tangible assets FY2022; (ii) the amount of the claim has already been accrued for in the audited financial statements of the Group for FY2022; and (iii) the claim relates to work done in relation to an already completed term contract. In addition, as disclosed on 26 January 2023, the Company has since entered into a settlement agreement with the claimant.

The Company also wishes to clarify that the material uncertainty related to going concern highlighted by the independent auditor did not result in a modification of its opinion. For reasons stated in the Company's announcements on 14 January 2023, the Board is of the view that it is appropriate for the FY2022 financial statements to be prepared and presented on a going concern basis.

Notwithstanding this, the Group has, with the oversight of its audit committee, commenced an internal review of its operations across its various business segments in order to assess the long-term viability of its various business segments and improve the financial position of the Group. This may result in the sale of the Group's completed properties in Malaysia and Singapore to generate the necessary financial resources to improve the Group's financial position. The Company will update shareholders as and when there are material developments.

- (ii) ***Are the group's suppliers and contractors requesting for payments on the outstanding payables or have they tightened their credit terms?***

***Company's response***

As disclosed on 14 January 2023, the Company continues to proactively engage its stakeholders, including its suppliers and sub-contractors, for their continued support of the Group through these circumstances. To date, none of the Group's suppliers or sub-contractors have requested for accelerated payments or outstanding sums or tightened their credit terms.

- (iii) ***Is the board/company aware of any other claims and/or disputes with its suppliers and contractors?***

***Company's response***

To date and save for the claim that was disclosed by the Company on 14 January 2023, the Group has not received any other claims from its suppliers and contractors.

**(iv) How is management addressing the loan covenant breach?**

**Company's response**

The Company continues to proactively engage with its bankers to address the issue and make the necessary updates on the Group's developments.

**(v) What are the reasons for the significant declines in the fair values of investment properties (industrial land in Senai) from \$16.8 million to \$14.2 million and completed properties (17 units of three-storey terraced service industrial) from \$5.7 million to \$5.2 million? Have the units and land been left vacant and untenanted? What are the group's plans to monetise these assets?**

**Company's response**

The declines in fair value of investment properties (industrial land in Senai) from \$16.8 million to \$14.2 million are mainly due to decrease in demand for industrial land due to higher development costs experience in Malaysia. As a result of the higher development costs, there is a lower demand for industrial land and thus, the fair value of the land decline. The depreciation of Ringgit also contributed approximately \$0.4 million to the decline in value as well.

The completed properties (17 units of three story terraced service industrial) decline from \$5.7 million to \$5.2 million was mainly due to higher supply of industry factory in the market. As a result of the higher supply in the market, this resulted in a decline in the fair value of the completed properties. The depreciation of Ringgit also contributed approximately \$0.1 million to the decline in value as well.

Please also refer to announcement made on 14 January 2023 in relation to Material Uncertainty related to going concern.

**(vi) What are outstanding matters that need to be resolved before the company can submit an application for a resumption of trading?**

**Company's response**

As disclosed by the Company in its announcement dated 14 January 2023, the Company had only received a complete set of the workings from its independent auditors on the afternoon of 13 January 2023. Given that the Company was required to issue its annual report and despatch the notice of general meeting on or before 14 January 2023, the Company did not have sufficient to review and consider the independent auditors' working relating to their qualified opinion.

With the assistance of the audit committee, the Company continues to engage with its independent auditors and review the workings of the independent auditors and will provide an update to shareholders in due course.

- (vii) **What roles are the independent directors playing to help the group to improve its financial position and to resolve the uncertainties related to going concern and with the resumption of trading?**

**Company's response**

The independent directors had actively assisted the Executive Directors in the Company's preparation of its FY2022 financial statements, including reviewing the auditor's findings, in particular, the uncertainty related to going concern. This involved numerous meetings with the Executive Directors prior to the release of the FY2022 financial statements to review and clarifying the audit findings.

In addition, since the release of the Group's FY2022 financial statements, the Company has, with the oversight of the Company's audit committee, proactively engaging all its stakeholders, including customers and creditors for their continued support through these circumstances, identifying potential investors and exploring the sale of the Group's completed properties in Malaysia and Singapore to generate the necessary financial resources to improve its financial position.

Please also refer to the 'Material Uncertainty related to going concern on the FY2022 audited financial statements' announcement made on 14 January 2023.

**SIAS Question 2**

The basis for qualified opinion by the independent auditor can be found on pages 40 and 41 of the annual report. The extract of which is as follows:

**Contract assets and revenue recognition: (a) Construction works**

"Based on the final payment certificates issued by the customers for certain construction projects, we noted that the contract sum amount stated in these final payment certificates were lower than the original contract sums. Consequently, contract assets balances relating to these projects of \$8,577,000 as at 30 June 2022 were recorded in excess of the revised contract sum stated in the final payment certificates... Management is still in the process of negotiation with the customers to claim for these contract assets balances of \$8,577,000.... As such, we were unable to obtain sufficient appropriate audit evidence as to the recoverability of these contract assets aggregating to \$8,577,000 as at 30 June 2022. Consequently, we were unable to determine whether any adjustments to these amounts were necessary in the current and prior financial periods."

**Contract assets and revenue recognition: (b) Building and maintenance**

"... For significant projects identified by management, contract assets amounting to \$17,518,000 and revenue of \$18,806,000 were recognised under building and maintenance services in the consolidated statement of financial position as at 30 June 2022 and the consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2022 respectively in relation to work services carried out under these Term Contracts... the above-mentioned [percentage of completion ("POC")] method is expected to result in over-recognition of revenue of \$10,809,000 in respect of the prior years, and an over-recognition of revenue of \$1,116,000 during the current financial year.

**Consequently, the contract assets were also expected to be overstated by \$11,925,000 as at 30 June 2022...** In view of the above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to accuracy of the carrying amount of the Group's contract assets as at 30 June 2022 and the Group's revenue for the current and prior financial periods."

- (i) ***Can the directors, especially the audit committee, help shareholders better understand their involvement in the audit of the company's financial statements? What assistance have they rendered to the external auditors given the auditors' qualified opinion?***
- (ii) ***In particular, how did the AC carry out its review of the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements, given that the external auditors have noted the misstatements in the financial statements?***
- (iii) ***What corrective actions/remedy did the AC recommend? If none, why so?***
- (iv) ***Did the AC discharge its duties objectively?***
- (v) ***What are the AC's plans to resolve this audit issue going forward?***

***Company's response***

Full assistance by the Company's directors and the Company's audit committee, was provided to the independent auditors, including the provision of all available audit evidence to the independent auditors in the course of the audit of the financial statements.

The audit committee has also discussed with the Executive Directors and reviewed the audit plans, scope of work, audit reports and managements letters and responses and the results of the audit compiled by the Group's independent auditors.

In addition, the audit committee had met with the Company's independent auditors without the presence of management and reviewed and discussed with the Company's independent auditors the results of their respective findings and their evaluation of the Group's system of accounting and internal controls.

In the Board's view, based on the involvement of the audit committee in the course of the audit relating to the Company's financial statements for 2022, the audit committee acted at all times in interests of the Company and its minority shareholders. On this basis, the audit committee has discharged their duties objectively.

The audit committee will work closely with the management and continue to engage with the independent auditors to review the workings of the independent auditors and will provide an update to shareholders in due course.

The AC, together with Executive Directors and management, are continuously engaging with the auditors to resolve the matter.

***On page 35, in the directors' statement, the directors have declared that, in the opinion of the directors, the financial statements are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 30 June 2022 and the financial performance, changes in equity and cash flows of the group for the financial year then ended in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International).***

- (i) **Would the directors, especially the independent directors who are also audit committee members, help shareholders understand the basis of their opinion (as shown above) given the significance of the matters described in the basis for qualified opinion by the independent auditors (including overstatement of contract assets by as much as \$11,925,000 as at 30 June 2022)?**

**Company's response**

Please refer to the Company's announcement dated 14 January 2023 for the Board's comments (including the audit committee) on the independent auditor's qualified opinion.

**SIAS Question 3**

The profiles of the directors can be found on pages 4 and 5 of the annual report. In the corporate governance report, the company has stated its commitment to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. However, the company has deviated from Provision 2.3 of the Code of corporate governance 2018 which requires non-executive directors to make up a majority of the board.

***The company stated the following:***

Although the Company has deviated from Provision 2.3 of the Code, with Non-Executive Directors making up half of the Board instead of majority, the Board believes that the two Independent Directors have many years of experience and are able to serve the present needs of the Group, having served on other listed companies. In addition, the Board Committees are chaired and/or comprises Independent Directors. The Board has taken into account the scope and nature of the operations of the Company as well as the corporate transactions undertaken and considers its current size to be adequate for effective decision making. In addition, the Chairman of the Board is also an Independent Director. The composition of the Board will be reviewed regularly and changes will be made as and when appropriate. Post FY2022, Mr Sim Mong Keang Kenny was appointed as Non-Executive and Independent Director with effect from 1 September 2022. Key information regarding the Directors are set out below:

***(Source: company annual report)***

- (i) **Can the board/nominating committee (NC) help shareholders better understand the challenges in meeting Provision 2.3? What efforts, if any, were taken by the board/NC to reconstitute the board to meet Provision 2.3?**

**Company's response**

The NC and the Board continuously assess the existing board composition, taking into account the Group's business to ensure well-balanced mix of expertise and experience and taken the necessary steps to comply with the existing regulatory requirements. For example as set out in the extract above, post FY2022, Mr Sim Mong Keang Kenny was appointed as Non-Executive Independent Director, Chairman of the Nominating Committee and Remuneration Committee, member of the Audit Committee so to replace Mr Chen Timothy Teck-Leng@ Chen Teck Leng who had served as independent director on the Board for more than 9 years and stepped down on 29 June 2022.

***In addition, it is noted that the chairman has served on the board since 24 December 2012. SGX has moved to limit the tenure of independent directors serving on the boards of listed-companies to 9 years.***

***(ii) Has the NC evaluated the impact of the change on the board?***

***Company's response***

While it is the nominating committee's view that the current Board comprises individuals who are qualified with the appropriate mix of expertise, knowledge, skills and experience in areas relating to finance, accounting, legal and business strategy, given the 9-year limit on the tenure of independent directors, the nominating committee has commenced the process to identify suitable individuals for nomination to the Company's board of directors as independent directors in order to comply with the requirements under the Catalyst Rules and the Code of Corporate Governance.

***On page 21 of the annual report, the company disclosed the following:***

Set out below are the names, designations, dates of appointment and last re-election of each Director of the Company:

<b>Name</b>	<b>Designation</b>	<b>Date of First Appointment</b>	<b>Date of Last Re-Election</b>
Mr Pao Kiew Tee	Non-Executive Chairman and Independent Director	24 December 2012	20 October 2018
Mr Phua Lam Soon	Chief Executive Officer	5 October 2012	24 October 2019
Ms Ong Siew Eng	Executive Director	31 October 2012	26 November 2020
Mr Ng Kok Seng	Executive Director	31 October 2012	24 October 2019
Mr Foo Shiang Ping	Non-Executive Director	24 December 2012	26 November 2020
Mr Sim Mong Keang Kenny	Non-Executive and Independent Director	1 September 2022	-

***(Source: company annual report)***

***In the biography of Mr Pao Kiew Tee, it was also stated that:***

***[Mr. Pao] is our Non-Executive Chairman and Independent Director. He was appointed as our Director on 24 December 2012 and was last re-elected on 29 October 2018. He is also the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee of our Company.***

***(i) Can the company/director clarify if the director was last re-elected on 29 October 2018? If not, when was the last date of re-election?***

***Company's response***

Mr Pao Kiew Tee was last re-elected as a director at the Company's annual general meeting held on 30 November 2021.

- (ii) **Can the directors, especially the independent directors, help shareholders better understand their efforts in reviewing and approving the company's communications with shareholders and the capital market?**

**Company's response**

As set out in the Company's explanation in complying with Principle 12 of the Code of Corporate Governance report for FY2022, Shareholders are encouraged to attend general meetings to express their views and raise questions regarding the Group's businesses and prospects. The Company does not practice selective disclosures and ensures all relevant material and price-sensitive information are released on SGXNET in a timely and fair manner. Such announcements, prior release on SGXNET will be approved by the Board and where applicable, the Company would engage professionals (e.g. legal advisors) to advise the Company on its ongoing obligations (including its disclosure obligations) under the Catalist Rules

- (i) **Given the 9-year limit on the tenure of independent directors, what are the near-term plans for board renewal?**

**Company's response**

While it is the nominating committee's view that the current Board comprises individuals who are qualified with the appropriate mix of expertise, knowledge, skills and experience in areas relating to finance, accounting, legal and business strategy, given the 9-year limit on the tenure of independent directors, the nominating committee has commenced the process to identify suitable individuals for nomination to the Company's board of directors as independent directors in order to comply with the requirements under the Catalist Rules and the Code of Corporate Governance.

**Additional question**

**It is noted that the annual general meeting will be held on 29 January 2023, Sunday, at 10.00 a.m. Would the board help shareholders better understand the reasons for holding the shareholder meeting on Sunday?**

**Company's response**

As disclosed in the Company's announcement on 14 January 2023, management has been proactively working with the independent auditors to address all accounting issues identified by the independent auditors in the course of the audit of the FY2022 Financial Statements. This has necessitated the Company seeking two extensions of time from the Accounting and Regulatory Authority ("**ACRA**") and the Singapore Exchange Regulation ("**SGX RegCo**") to issue its annual report and convene its annual general meeting for FY2022. Under its most recent extension, and as disclosed by the Company on 20 December 2022, the Company is required to issue its annual report and the notice of annual general meeting, on or before 14 January 2023, and to hold its annual general meeting on or before 29 January 2023.



Notwithstanding this, and as disclosed by the Company on 14 January 2023, the Company only received a complete set of the workings from the independent auditors on the afternoon of 13 January 2023 and the financials portion of the Annual Report were only finalised and completed by the independent auditors on 14 January 2023. As such, management has not had the time to review and to consider the independent auditor's workings for their qualified opinion.

In the circumstances, management was also not confident that the Company would be granted a further extension of time from ACRA and SGX RegCo. As such, management decided to release the annual report and notice of annual general meeting on 14 January 2023 in order to be able to hold its annual general meeting within the timeline stipulated by ACRA and the SGX RegCo.

**By Order of the Board**

Phua Lam Soon  
Chief Executive Officer  
27 January 2023

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

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