Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Sysma Holdings Limited

Stock code: 5UO

Meeting details:
Date: 18 November 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, the group has earned a reputation as a trusted builder of Good Class Bungalows (GCBs) and high-end landed properties. As at 31 July 2022, the group has an order book of $78.0 million to be delivered over the next five financial years.

As reported in the local media, the price of GCBs has jumped past $4,000 per square feet (psf) and at the end of September 2022, three GCBs at Nassim Road were listed at an average of $5,200 psf.

(i) **What is the impact on the group due to the buoyant GCB market?**

(ii) **Can management help shareholders better understand the group's unique selling point in the high-end landed properties construction segment?**

(iii) **How is the group positioning itself to win more contracts and at improved margins?**

It was also noted that, despite the gradual re-opening of international borders, the industry continues to be impacted by high construction materials costs and rising manpower costs due to labour shortage arising from border restrictions. As of 31 July 2022, the group's workforce comprised 400 employees, up from 377 in the prior year. The non-managerial headcount increased from 336 in FY2021 to 352 in FY2022 (page 19).

(iv) **Does the group have the skilled manpower it needs to support the scale of its operations?**

(v) **What is management's strategy to retain its skilled workforce?**

(vi) **Is the group able to pass on the increases in construction material costs to customers?**

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Q2. For FY2022, the group's operating expenses increased from $3.2 million to $4.0 million. This was mainly due to loss allowance of trade receivables of $0.6 million and the increase in loss on foreign exchange of $0.4 million, offset by a decrease in loss allowance of other receivables of $0.2 million (page 6 – Financial and operations review). The risk profile of trade receivables based on the group's provision matrix is shown on page 105 and reproduced below:

July 31, 2022	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL	Total
	%	$	$	$
Current (not past due)	*	2,757,229	-	2,757,229
1 to 90 days past due	*	3,551,726	(11,021)	3,540,705
91 to 180 days past due	*	516,557	(327,149)	189,408
181 to 360 days past due	74	389,994	(289,559)	100,435
More than 360 days past due	46	116,252	(53,719)	62,533
		7,331,758	(681,448)	6,650,310

July 31, 2021	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL	Total
	%	$	$	$
Current (not past due)	*	3,033,959	-	3,033,959
1 to 90 days past due	*	2,162,974	(11,523)	2,151,451
91 to 180 days past due	*	876,672	(11,492)	865,180
181 to 360 days past due	76	109,290	(83,443)	25,847
More than 360 days past due	100	880,622	(880,622)	-
		7,063,517	(987,080)	6,076,437

* The credit loss rate is assessed as negligible.

(Source: company annual report; emphasis added)

(i) **What are the reasons that trade receivables 1 to 90 days past due have increased significantly? What are the profiles of the customers with significant outstanding trade receivables?**

(ii) **Why has the lifetime ECL for trade receivables 91 to 360 days past due increased significantly?**

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Separately, as shown in Note 9 Contract assets, the carrying amount of current contract assets has increased to $9.6 million from $4.4 million (page 106). Unbilled receivables have increased to $4.2 million from $1.9 million.

9 CONTRACT ASSETS

	Group	
	2022	2021
	$	$
Retention monies on contract work	7,378,882	8,546,461
Unbilled receivables	4,169,130	1,896,615
	11,548,012	10,443,076
Analysed as:		
Current	9,601,940	4,377,807
Non-current	1,946,072	6,065,269
	11,548,012	10,443,076

(Source: company annual report)

(iii) **Can management provide shareholders greater clarity on the billings and payment schedule over the construction period?**

Q3. Would the board/management provide shareholders greater clarity on the following matters related to its investments?

(i) **Blue Planet: What are the operational and financial achievements of Blue Planet since the group's investment in October 2020? How much influence does the group have? What is the exit strategy for the group's investment in Blue Planet?**

(ii) **Pegasus Asia ("PA"): What was the level of due diligence carried out by the board prior to the group's investment into PA? How familiar is the board/management with Special purpose acquisition companies (SPACs)? Is the investment into PA aligned with the group's long-term strategy and is in the ordinary course of business of the company?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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