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## **S&T Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3928)**

### **FULFILMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING**

#### **FULFILMENT OF ALL RESUMPTION GUIDANCE**

The Board is pleased to inform its shareholders and potential investors that as at the date of this announcement, the Company has fulfilled all the Resumption Guidance.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 4 January 2021. As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 25 April 2022 on the Stock Exchange.

This announcement is made by the board (the "**Board**") of directors of S&T Holdings Limited (the "**Company**") and, together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcements of the Company dated 31 December 2020, 4 January 2021, 12 January 2021, 14 January 2021, 19 January 2021, 25 January 2021, 29 January 2021, 8 April 2021, 30 April 2021, 12 May 2021, 26 May 2021, 30 June 2021, 2 August 2021, 30 September 2021, 1 November 2021, 26 November 2021, 20 December 2021, 31 December 2021, 4 January 2022, 7 January 2022, 25 January 2022, 8 February 2022, 31 March 2022 and 13 April 2022 (collectively, the “**Announcements**”) in relation to, among others, (i) publication of the unaudited annual results for the financial year ended 30 September 2020; (ii) the suspension of trading in the shares of the Company on the Stock Exchange; (iii) Resumption Guidance; (iv) the proposed meeting of the Board for approval of the 2020 Audited Annual Results; (v) the engagement of BTCGL (the “**Independent Reviewer**”) to conduct the Independent Review; (vi) further delay in publication of the 2020 Audited Annual Results; (vii) delay in despatch of the 2020 Annual Report; (viii) quarterly updates on suspension of trading; (ix) change of auditor of the Company; (x) the proposed meeting of the Board for approval of the 2021 Interim Results; (xi) delay in publication of the 2021 Interim Results and despatch of the 2021 Interim Report; (xii) update on progress of resumption; (xiii) additional Resumption Guidance; (xiv) change of executive Director, chief executive officer and change in composition of Board committee; (xv) the proposed meeting of the Board for approval of the 2020 Audited Annual Results, the 2021 Interim Results and the 2021 Audited Annual Results; (xvi) publication of the key findings of the Independent Review and the Independent Internal Control Review; (xvii) postponement of board meetings; (xviii) further delay in publication of the 2020 Audited Annual Results and the 2021 Interim Results; (xix) publication of the 2020 Audited Annual Results; (xx) further delay in the publication of the 2021 Interim Results; (xxi) publication of the 2021 Interim Results; and (xxii) publication of the 2021 Audited Annual Results. Unless otherwise stated, the capitalised terms used herein shall have the same meaning as defined in the Announcements.

## **BACKGROUND**

As disclosed in the Company’s announcement dated 31 December 2020, Deloitte & Touche LLP (the “**Former Auditor**”), the former auditor of the Company, raised the audit findings in relation to: (i) certain payment certificates (“**PCs**”) being used for accrual of subcontract costs as at 30 September 2019 were subsequently revised to a lower certified value (the “**Over-Accrual**”) (the “**Audit Finding 1**”); and (ii) the commercial substance and recoverability of the advance payments of approximately S\$4.7 million (the “**Advance Payments**”) to certain subcontractors (the “**Subcontractors**”) (the “**Audit Finding 2**”) (Audit Finding 1 and Audit Finding 2 are collectively referred to as the “**Audit Findings**”). In relation to Audit Finding 1, the Company has made prior year adjustments in respect of the consolidated financial statements for the year ended 30 September 2019 (“**PYA**”).

At the request of the Company, trading in the shares of the Company (the “**Shares**”) on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 4 January 2021.

## RESUMPTION GUIDANCE

As disclosed in the announcements of the Company dated 12 January 2021 and 1 November 2021, the Stock Exchange has set out the following Resumption Guidance for the Company:

- (a) conduct an appropriate independent investigation in relation to the Audit Findings, announce the investigation findings and take appropriate remedial actions (“**Resumption Guidance 1**”);
- (b) address the Audit Findings (“**Resumption Guidance 2**”);
- (c) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance 3**”);
- (d) demonstrate its compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance 4**”);
- (e) announce all material information for the Company’s shareholders and investors to appraise the Company’s position (“**Resumption Guidance 5**”); and
- (f) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules (“**Resumption Guidance 6**”).

## FULFILMENT OF RESUMPTION GUIDANCE

The Board is pleased to inform the Company’s shareholders and potential investors that as at the date of this announcement, the Company has fulfilled all the requirements set out in the Resumption Guidance.

Details of the fulfilment of the Resumption Guidance are set out below:

1. **Resumption Guidance 1 and 6 – conduct an appropriate independent investigation in relation to the Audit Findings, announce the investigation findings and take appropriate remedial actions; and conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules**

As disclosed in the Company’s announcement dated 19 January 2021, the Company engaged the Independent Reviewer to conduct the Independent Review on the Audit Findings.

As disclosed in the Company's announcement dated 30 April 2021, the Former Auditor resigned as the auditor of the Company and HLB Hodgson Impey Cheng Limited ("**HLB**") was appointed as the new auditor of the Company. Following the appointment of HLB, the Independent Reviewer conducted an independent follow-up review (the "**Independent Follow-Up Review**") at the request of HLB. Subsequently, the Independent Reviewer conducted the internal control follow-up review (the "**Internal Control Follow-up Review**") to ascertain the status of implementation of the recommendations by the Independent Reviewer in respect of the Auditing Findings.

The key scope and major procedures of the Independent Review and Independent Follow-Up Review include the following:

***Overall***

- (1) Discuss with the key management of the Company to understand the Audit Findings as well as the concerns raised by the Former Auditor and HLB;
- (2) Identify possible deficiencies in the Company's internal policies, procedures and controls relating to the Audit Findings;
- (3) Report the findings to the Audit Committee, including:
  - (a) The root cause of errors for each of the initial PCs and reasons of revision for each of the revised PCs including how, when, by whom the errors in the initial PCs were discovered and the revised PCs were issued; and
  - (b) Conclusion on whether there is any management override of controls, noncompliance or irregularities (e.g., if there is any clear indication or concrete information that suggests collusion among the parties or fraudulence of the documents) that may need to be further investigated; and
- (4) Identify the responsible persons for Audit Findings as to whether the responsible persons were fully complying with the Group's policy and procedures.

***Audit Finding 1***

- (5) Understand and evaluate the policies, procedures and controls for the Company to process and approve the PCs and record accrual of subcontract costs, including the operating and approval procedures as well as accounting entries of the transactions;
- (6) Conduct walk-through and testing of the revision of PCs and the recording of Over-Accrual of subcontract costs, and investigate whether there was any deviation from the Group's policies, procedures and controls in (5) above;

- (7) Investigate the reason(s) and backgrounds relating to all the initial PCs and the revised PCs which resulted in the PYA, covering:
  - (a) Each of the revised PCs that resulted in the PYA; and
  - (b) Each of the initial PCs, including the root cause (the cause of the errors in the initial PCs) and the reason that the initial PCs were prepared to serve for accounting purpose only and were not sent out to the subcontractors;
- (8) Ascertain the management's involvement/awareness in these initial PCs and revised PCs and the subsequent reversal of Over-Accrual as a result of the revision of the initial PCs; and
- (9) Interview certain personnel (including the executive Directors, the members of senior management, project quantity surveyors ("PQSs") who prepared the initial and revised PCs, key personal of the accrual team and settlement team of the finance department, and the selected subcontractors which the revised PCs were related).

#### ***Audit Finding 2***

- (10) Understand and evaluate the policies, procedures and controls of the Company to source and engage subcontractors and making payments (including advances) to subcontractors, including the operating, approval and follow-up/monitoring procedures and accounting entries of transactions;
- (11) Conduct walk-through and testing of the Advance Payments and investigate whether there was any deviation from the Group's policies, procedures and controls in (10) above and any deviation from advances to other subcontractors;
- (12) Evaluate the commercial rationale and information (and documents involved) relating to the Advance Payments;
- (13) Review the Group's practice to ascertain if the provisions of Advance Payments by the Group to its subcontractors were common or not; and
- (14) Follow up the status of recovery of Advance Payments due by the Subcontractors.

#### ***Internal Control Follow-Up Review***

- (15) Follow up the status of implementation of the recommendations proposed by the Independent Reviewer;

- (16) Advise whether the Over-Accrual had any impact to the remuneration (e.g. performance bonus) of the involved personnel, who might be motivated to make the Over-Accrual; and
- (17) Advise the reasons why the Company failed to provide the Former Auditor with all the latest PCs throughout their audit.

The Company has published an announcement on the key findings of the Independent Review, the Independent Internal Control Review and the Internal Control Follow-Up Review on 31 December 2021 (the “**Key Findings Announcement**”).

In respect of Audit Finding 1, the Independent Reviewer had the following key findings:

- (a) The Over-Accrual appeared to be due to a chain of deficiencies among the staff from various functions. The PQSs who initiated the amount of accruals produced poor quality of work. The inaccurate accrual was then processed by the finance department, which was not provided with sufficient supporting documents to independently verify the amount of accruals. This issue was coupled with erroneous accounting treatment executed by the finance department in performing year-end accruals for subcontract costs that were not reversed when the actual or revised payment claims were prepared. Adding to the above deficiencies, there was insufficient management oversight and poor detective controls exercised by the contract manager, the project engineer, the general manager and the executive Directors.
- (b) The Over-Accrual resulted from one of or a combination of the following:
  - (i) Cause 1: Accruals were made without reference to subcontractor claims, resulting in inaccurate amounts.
  - (ii) Cause 2: Accruals were made without supporting documents and drawings in sufficient details.
  - (iii) Cause 3: Accruals in respect of the initial PCs were made for the wrong period.
  - (iv) Cause 4: Changes to the arrangement of procurement of materials or progress milestones were made subsequent to accrual of the costs.
- (c) There was no evidence to suggest that the Over-Accrual was directed by the executive Directors or the senior management. The Independent Reviewer concluded that nothing has come to its attention to suggest that there is evidence of: (i) management override of controls, and (ii) collusion among management and employees of the Group.

- (d) The Independent Reviewer is aware that the Over-Accrual overstated the revenue and profit for the year ended 30 September 2019. However, based the work performed, there was no evidence to suggest that the Over-Accrual was motivated by discretionary bonus. Based on the Company's annual report for the year ended 30 September 2019, the Independent Reviewer understands that (i) discretionary bonus may be awarded to employees according to the assessment of individual performance and market situation; and (ii) the discretionary bonus for the executive Directors was determined by reference to the duties and responsibilities of the relevant individuals within the Group and the Group's operating performance. In addition, the Independent Reviewer was advised that the emoluments of the Directors have been reviewed by the remuneration committee of the Company, by reference to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board. Furthermore, the Group's operating performance is not the only criterion for determining the discretionary bonus. As mentioned above, the Over-Accrual involved a combination of internal control deficiencies among the PQSs, the finance department and the executive Directors. Since the Independent Reviewer found no evidence of management override of controls and collusion among management and employees of the Group, the Independent Reviewer concluded that nothing has come to its attention that the Over-Accrual was motivated by discretionary bonus.
- (e) The Independent Reviewer noted that the revised PCs were not provided to the Former Auditor due to inadvertent communication between the Group and the Former Auditor. However, the Independent Reviewer found no evidence to suggest that the Company deliberately concealed the accrual adjustments from the Former Auditor. In particular, the Independent Reviewer noted that during the audit for the year ended 30 September 2019, the Company had provided the monthly management accounts for October 2019 and November 2019 (the "**Subsequent Management Accounts**") to the Former Auditor prior to the audit completion as requested by the Former Auditor. The Independent Reviewer further noted that (i) the Subsequent Management Accounts took into account the adjustments of accruals based on the then available revised PCs; and (ii) the Subsequent Management Accounts contained the general ledgers which showed that the Company put through some adjustments in October and November 2019 in relation to the accrued subcontract cost as at 30 September 2019 (whereas the accrued subcontract cost as at 30 September 2019 was then determined based on the initial PCs).

In respect of Audit Finding 2, the Independent Reviewer had the following key findings:

- (a) the Advance Payments to the Subcontractors appeared to be due to the confluence of the following factors:
- (i) lack of supporting documents to substantiate performance of tendering/ quotation procedures by the Company for the contracts pertaining to the Advance Payments to the Subcontractors;

- (ii) evaluation of the work performance and financial standing of the Subcontractors not performed on a timely basis;
  - (iii) lack of delegation of authority by the Board for substantial amounts of payments, as the Independent Reviewer was informed by the executive Directors that there was currently no delegation of authority stipulated by the Board. As a result, the executive Directors were not required to seek for the approval of the Board for the disbursement of funds, regardless of the amount and nature (be it advances or otherwise);
  - (iv) internal control policy and procedures for payments were not strictly adhered to; and
  - (v) inadequate monitoring by the finance department during the course of processing the Advance Payments without reviewing and checking the relevant supporting documents.
- (b) The Independent Reviewer is of the opinion that there is an indicator of management override of controls by Mr. Teo Teck Thye (“**Mr. Teo**”), the then executive Director, for the approval of the Advance Payments. The Independent Reviewer further noted that the Company made an announcement on 26 November 2021 which states that Mr. Teo resigned as an executive Director and the chief executive officer of the Company with effect from 26 November 2021.
- (c) The Independent Reviewer noted that all the Advance Payments of approximately S\$4.7 million had been repaid by the Subcontractors.
- (d) The Independent Reviewer noted that under the operating circumstances at the material time, it was the Company’s commercial decision to provide the Advance Payments to the Subcontractors. In particular, the management represented that (i) the management had grounds to be confident that the relevant projects to which the Advance Payments were related (the “**Relevant Projects**”) would be awarded, having considered factors including the expertise and experience of the Group from the previous projects with similar scope and the positive feedback on the work quality of the Group from the previous projects with the customers of the Relevant Projects; (ii) Mr. Teo had grounds to believe that it was necessary to provide sufficient funds to the Subcontractors before the Group securing the Relevant Projects in order for the Subcontractors to prepare for the project upfront costs, having considered factors including the shortage of quality subcontractors due to the blooming Singapore construction industry and the Group’s resources at the material time, the size of the Relevant Projects, the Group’s previous positive feedback on the work quality of the Subcontractors and the expertise and experience of the Subcontractors; and (iii) making such Advance Payments would be in the best interest of the Company and of the shareholders of the Company in view of the prospect of the Relevant Projects. The management further represented

that the Group did not enter into written agreement with the Subcontractors as the Group generally adopted a back-to-back contracting arrangement, in that the Group generally would not enter into written agreement with its subcontractors before the Group enters into written agreement with the main contractor or the customers. In addition, at the material time, owing to the uncertainty brought about by the COVID-19 pandemic, the Group continuously evaluated the contracting arrangement as to whether to subcontract the works. The original understanding between the Group and the Subcontractors was that the repayment of the Advance Payments shall be by way of setting off against the subcontracting fees payable by the Group to the Subcontractors, however, if the Group and the Subcontractors fail to execute the subcontracting agreement, then the Subcontractors shall make repayment of the full amount of the Advance Payments. The Group was eventually awarded with the Relevant Projects but did not engage the Subcontractors due to the outbreak of COVID-19 in Singapore and in view of the control measures implemented by the Singapore government.

- (e) The Independent Reviewer (i) did not note any conclusive evidence of fraud committed by management of the Company; and (ii) concluded that nothing has come to its attention which suggests that there was evidence of collusion among management and employees of the Group as well as the Subcontractors.

The Independent Review identified certain key internal control weaknesses in relation to the Audit Findings and made recommendations for rectification.

The key internal control weaknesses identified, the corresponding recommendations for rectification and the remediation status are summarised as follows:

Main issues identified	Remedial actions recommended	Status of implementation of remedial actions
<i>Audit Finding 1</i>		
1. Initial PCs not reviewed in detail	The Group should ensure that all PCs are prepared in line with the applicable financial reporting standards with adequate supporting documentation including details of computation of costs prior to the review and approval by the responsible personnel.	The management has implemented the recommendation by the Independent Reviewer.  The Independent Reviewer found that the PCs were prepared with adequate supporting documentation including details of computation of costs prepared by the PQSs and subcontractors' claims prior to the review and approval by the contract manager, assistant general manager, general manager and executive Director.
2. Insufficient management oversight as to the total amount of subcontractor claims	The Group should assign designated responsible personnel who should maintain control and oversight of the entirety of the subcontract costs on a regular basis. A monthly project progress report, which includes the total certified claims for each project and the paid amount by each subcontractor, should be prepared, and reviewed by the contract manager, project engineer/project manager, general manager and executive Director.	The management has implemented the Independent Reviewer's recommendation. The responsible PQSs for each project was responsible for maintaining a monthly project progress report which lists out the total contract sum, total certified claim amount and current payable amount, and is subsequently submitted to assistant general manager (for verification), general manager (for review) and executive Director (for approval).

Main issues identified	Remedial actions recommended	Status of implementation of remedial actions
3. Absence of sufficient supporting documents other than the payment response forms submitted to the finance department	The Independent Reviewer recommends that the finance department only performs cost accruals based on the full set of supporting documents, including the subcontractor claims, etc., attached to the Payment Response forms which have been approved by the contract manager, the project engineer/project manager and the executive Director. Also, to ensure correctness of cost accruals, in case revised PCs were subsequently required to be prepared and verified before the year-end accounts closing process, the finance department should amend the accrual amount based on the latest updated PCs, and inform the external auditor about the change in the accrual amount.	The management has implemented the recommendation by the Independent Reviewer.  The approved payment response forms were submitted together with the subcontractor claims and/or independent consultant's interim certificates to the finance department for cost accrual.
4. Lack of comprehensive written policy to formalise the procedures for accruals recognition	The Group should set up a comprehensive written policy to formalise the procedures for accruals recognition. The policy and procedures for accruals recognition should be properly communicated to the relevant employees to ensure that there is a set of rules to be followed and relied upon by the responsible staff so as to minimise discrepancies of project cost accruals.	The management has implemented the Independent Reviewer's recommendation by establishing the Group's standard operating procedures, which were effective from 1 September 2021 to ensure that project cost accruals are properly recognised, and the relevant internal procedures were made known to relevant staff.

Main issues identified	Remedial actions recommended	Status of implementation of remedial actions
<i>Audit Finding 2</i>		
1. Absence of authorisation matrix for approval over contract management	The Group should set up formal written authorisation matrix for contract management.	The management has implemented the Independent Reviewer's recommendations by updating the Group's standard operating procedures which were effective from 1 November 2021 and were made known to relevant staff.
2. Absence of authorisation matrix over budgeting and cost control management	The Group should set up formal written authorisation matrix for budgeting and cost control management.	The management has implemented the Independent Reviewer's recommendations by updating the Group's standard operating procedures which were effective from 1 November 2021 and were made known to relevant staff.
3. Absence of policies and procedures on advance payments to subcontractors	The Group should set up formal written policy and procedures by laying down details of the advance payment requisition process, the authorisation matrix for the cash advances and the monitoring mechanism as for the follow-up of recovery of the advance payments.	The management has implemented the Independent Reviewer's recommendations by updating the Group's standard operating procedures which were effective from 1 November 2021 and were made known to relevant staff.

Main issues identified	Remedial actions recommended	Status of implementation of remedial actions
<i>Internal Control</i>		
1. Poor execution of stipulated internal controls	<p>There were deviations from the procedures of the accruing of subcontract costs and the provision of Advance Payments to the Subcontractors.</p> <p>The Group should ensure that reinforcement training be conducted for its staff.</p>	<p>The management has implemented the Independent Reviewer's recommendation by establishing a set of comprehensive standard operating procedures, with respect to accrued subcontracting fee, advance payment, contract management, budgetary control, suppliers/subcontractors' management, and cheque collection, etc., to govern the daily operations and the relevant standard operating procedures were made known to its staff.</p>
2. Absence of performance of annual financial budget and corresponding monthly budgetary variance analysis	<p>It is recommended that an annual financial budget should be prepared for the Company. Moreover, corresponding monthly budgetary variance analysis relating to the financial budget and actual operating results should be conducted and reviewed by management.</p>	<p>The management has implemented the Independent Reviewer's recommendation by preparing annual financial budget for the Group for the year ending 30 September 2022. Also, the relevant internal procedure has been updated, whereby the corresponding budgetary variance analysis relating to the financial budget and the actual operating results would be prepared quarterly and reviewed by the executive Directors.</p>

Based on the work on the Internal Control Follow-Up Review, the Independent Reviewer noted that the Group has already implemented its recommendations in regard to accruals of subcontracting costs and advances to subcontractors. Having considered the report issued by the Independent Reviewer and the remediated actions taken by the Group, the Audit Committee and the Board are of the view that the remedial and improvement measures implemented by the Company are adequate and sufficient to address the internal control weaknesses identified in light of the Audit Findings and that the improved internal controls provide reasonable assurance that the root causes leading to the Audit Findings will not recur.

For details of the key findings of the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review, please refer to the Key Findings Announcement.

## **2. Resumption Guidance 2 – address the Audit Findings**

As disclosed in the Company's announcement dated 25 January 2022 for publishing the 2020 Audited Annual Results, both HLB and the Audit Committee are of view that the Audit Findings have been fully addressed.

In response to the Audit Findings, HLB had performed the following audit procedures, including but not limited to:

1. Reviewed and discussed the Audit Findings with the management of the Company;
2. Reviewed and considered the scope of the Independent Review and methodologies adopted by the Independent Reviewer;
3. Assisted Independent Reviewer during the Independent Review process in relation to the Audit Findings;
4. Considered the findings and results of the Independent Review performed by the Independent Reviewer;
5. Conducted background search on the relevant companies;
6. Interviewed the Group's senior management or relevant staffs; and
7. Selected and checked the corresponding relevant documents mentioned in the Audit Findings.

HLB had also performed the following additional audit procedures (the “**Additional Audit Procedures**”), which HLB considered necessary for addressing the Audit Findings and the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review as below:

1. Obtained an understanding of the key internal control deficiencies issues identified in relation to the Audit Findings and evaluated the policies, procedures and controls subsequently implemented by the Company in relation to the Audit Findings and the relevant accounting entries of the transactions;
2. Obtained management’s latest budgets for the construction contracts and related percentage-of-completion schedules prepared by the management of the Company and assessed the reasonableness of these budgets and on justifications to any changes made to the original budgets, and compared to actual costs incurred to determine its appropriateness;
3. Tested supplier invoices and other relevant supporting documents throughout the reporting period to ascertain the validity of actual costs incurred;
4. Recomputed the percentage-of-completion determined by the Group for revenue recognition based on actual costs incurred to-date against budgeted costs;
5. Vouched and tested subcontractors’ claims before and after reporting period to ascertain that costs are correctly taken up in the relevant reporting period;
6. Challenged the validity and recoverability of significant variation of scope of work recognised by the management of the Company in the percentage-of-completion schedules;
7. Performed site visit and discussed the status of on-going constructions projects with management, finance personnel and project manager to assess the status of the construction projects. Obtained an understanding of the relevant key internal controls surrounding accounting for construction contracts;
8. Compared and checked the total contract sum of the signed contracts and variation orders; and
9. Performed retrospective review by comparing the total actual contract costs incurred against the total budgeted contract costs and assessed the reasonableness of the total budgeted costs estimated by the management of the Company.

Based on the findings of the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review, HLB agreed with the findings and analysis of the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review, and is of the view that the Audit Findings have been properly

addressed. In addition, upon reviewing the report in respect of the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review and together with the Additional Audit Procedures performed as mentioned above, the consolidated financial statements in respect of the year ended 30 September 2019 have been restated to correct those errors identified.

The Audit Committee is of view that the Audit Findings have been fully addressed, having considered the following:

- (a) The Audit Committee noted that, as at the date of this announcement, HLB completed the audit for the years ended 30 September 2020 and 2021 and has issued unmodified audit opinions for both the years ended 30 September 2020 and 2021.
- (b) The Audit Committee has reviewed the audit procedures performed by HLB to address the Auditing Findings, and understood that HLB did not identify material exceptions.
- (c) Based on its review of the report in respect of the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review and discussion with the Company and the Independent Reviewer, the Audit Committee noted that the Company has implemented the internal control measures in response to the recommendations by the Independent Reviewer.
- (d) In relation to Audit Finding 1, the Independent Review concluded that there was no management override of controls and no collusion among the management of employees of the Group.
- (e) In relation to Audit Finding 2, the Independent Review and the Independent Follow-Up Review concluded that there was no fraud committed by the management of the Company. In addition, Mr. Teo resigned as the executive Director of the Company with effect from 26 November 2021 and he is no longer involved in the Group's business operation. In addition, the Audit Committee understood that the management has reviewed the supporting documents for payments approved by Mr. Teo.

**3. Resumption Guidance 3 – publish all outstanding financial results required under the Listing Rules and address any audit modifications**

As of the date of this announcement, the Company has:

- (a) published the 2020 Audited Annual Results on 25 January 2022;
- (b) published the 2021 Interim Results on 8 February 2022; and
- (c) published the 2021 Audited Annual Results on 13 April 2022.

There is no audit modification in relation to the 2020 Audited Annual Results and the 2021 Audited Annual Results. As of the date of this announcement, the Company has no outstanding financial results required under the Listing Rules to be published.

#### **4. Resumption Guidance 4 – demonstrate its compliance with Rule 13.24 of the Listing Rules**

##### *Sufficient Operations*

The Group is principally engaged in construction services and property investment business in Singapore. In particular, the Group's revenue is substantially contributed by the provision of construction services.

The Company considers that it continues to have sufficient level of operation, taking into account:

- (a) There has been no change of business model by the Group with each of the two business segments at the time of the Listing maintained the same, and there has been no disposal of existing business since the Listing.
- (b) There has been no revocation or suspension to the licences maintained by the Group at the time of the Listing.
- (c) The Group has maintained a stable number of projects in its project portfolio at 41, 42 and 40 as at 30 September 2020, 30 September 2021 and 31 December 2021, respectively.
- (d) The Group's value of backlog increased from approximately S\$102.4 million as at 30 September 2020 to approximately S\$175.9 million as at 30 September 2021, and remained stable at approximately S\$170.6 million as at 31 December 2021.
- (e) The Group's outstanding original contract value increased from approximately S\$253.0 million as at 30 September 2020 to approximately S\$320.6 million as at 30 September 2021. Due to project completion, the Group's outstanding original contract value slightly decreased to approximately S\$304.4 million as at 31 December 2021.
- (f) The ratio of project staff to number of projects on hand remained stable at approximately 5.2, 4.6 and 4.7 as at 30 September 2020, 30 September 2021 and 31 December 2021, respectively.

- (g) The Group's revenue increased from approximately S\$41.5 million for the year ended 30 September 2020 (audited) to approximately S\$47.4 million for the year ended 30 September 2021 (audited). Furthermore, based on the management accounts, the Group's revenue increased from approximately S\$10.5 million for the three months ended 31 December 2020 (unaudited) to approximately S\$16.0 million for the three months ended 31 December 2021 (unaudited).

For further details of the Group's financial performance, please refer to the announcements of the 2020 Audited Annual Results, the 2021 Interim Results and the 2021 Audited Annual Results dated 25 January 2022, 8 February 2022 and 13 April 2022, respectively.

As at the date of this announcement, the business operations of the Group are continuing as usual in all material respects.

### ***Sufficient Assets***

The Company is of the view it has continued to have sufficient assets of sufficient value to support its operations, having considered the Group's significant assets:

- (a) The Group's property, plant and equipment amounted to approximately S\$20.4 million, S\$17.7 million and S\$16.9 million as at 30 September 2020 (audited), 30 September 2021 (audited) and 31 December 2021 (unaudited), respectively. The decrease was mainly due to depreciation.
- (b) The Group's investment properties remained stable at approximately S\$9.2 million, S\$9.7 million and S\$9.7 million as at 30 September 2020 (audited), 30 September 2021 (audited) and 31 December 2021 (unaudited), respectively.
- (c) The Group's investment properties held under joint operations remained stable at approximately S\$6.8 million, S\$6.2 million and S\$6.2 million as at 30 September 2020 (audited), 30 September 2021 (audited) and 31 December 2021 (unaudited), respectively.
- (d) The Group's trade receivables increased from approximately S\$6.7 million as at 30 September 2020 (audited) to approximately S\$8.3 million as at 30 September 2021 (audited), and remained stable at S\$8.5 million as at 31 December 2021 (unaudited).
- (e) The Group's contract assets remained stable at approximately S\$19.7 million, S\$19.7 million and S\$18.7 million as at 30 September 2020 (audited), 30 September 2021 (audited) and 31 December 2021 (unaudited), respectively.

- (f) The Group's bank balances and cash amounted to approximately S\$10.1 million, S\$9.3 million and S\$8.3 million as at 30 September 2020 (audited), 30 September 2021 (audited) and 31 December 2021 (unaudited), respectively. The decrease was mainly due to repayment of bank borrowings and lease liabilities and general working capital purposes.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements under Rule 13.24 of the Listing Rules and warrant the continued listing of the Shares on the Stock Exchange.

#### **5. Resumption Guidance 5 – announce all material information for the Company's shareholders and investors to appraise the Company's position**

Since its trading suspension on 4 January 2021, the Company has continued to disclose material information in connection with, among others, the observations and issues raised by Former Auditor in its resignation letter, the key findings of the Independent Review, the Independent Follow-Up Review and the Internal Control Follow-Up Review and the status on fulfilment of the Resumption Guidance to the public by issuing announcements in a timely manner.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and potential investors to appraise the Company's position.

#### **RESUMPTION OF TRADING**

For the reasons set out above, the Company is of the view that it has remedied the issues causing the trading suspension and that it has fulfilled all the requirements set out in the Resumption Guidance and fully complied with the Listing Rules to the Stock Exchange's satisfaction.

At the request of the Company, trading in the Shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 4 January 2021. As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 25 April 2022 on the Stock Exchange.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**S&T Holdings Limited**  
**Poon Soon Huat**  
*Chairman and Executive Director*

Hong Kong, 22 April 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Poon Soon Huat and Mr. Koh Chew Chiang (alias Xu Zhouchang) (formerly known as Faris Koh); and three independent non-executive Directors, namely Mr. Chan Kwok Wing Kelvin, Mr. Tam Hon Fai and Mr. Wong Ka Bo Jimmy.*