FIGTREE HOLDINGS LIMITED
Company Registration No. 201315211G

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023")

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited, the Board of Directors (the "**Board**") of Figtree Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, Foo Kon Tan LLP (the "**Independent Auditor**"), has in its Independent Auditor's Report dated 12 July 2024 (the "**Independent Auditor's Report**"), issued a disclaimer of opinion ("**Disclaimer of Opinion**") for the Group's audited consolidated financial statements for FY2023 ("**Financial Statements**") in relation to:

1) Use of the going concern assumption; and
2) Impairment of investments in and loans to associates, and impairment and classification of amounts due from subsidiaries.

The Independent Auditor's Report, together with an extract of the relevant note to the Financial Statements, are attached to this announcement as Appendix 1 and Appendix 2 respectively. They can also be found in the Annual Report for FY2023 on pages 51 to 56 and pages 62 to 63 respectively. Shareholders and potential investors of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Financial Statements which are included in the Company's Annual Report for FY2023, of which the Company has released via SGXNet on the same day as this announcement, in its entirety.

The Board is of the view that sufficient information has been disclosed herein and previously, for trading of the Company's securities to continue in an orderly manner, and confirms that all material information in relation to the Group has been provided for trading of the Company's shares to continue.

With reference to item (1) above, the Board is of the view that Rule 1303(3)(c) of the Catalist Rules does not apply to the Company's present situation as the Group and Company will be able to operate as a going concern, taking into account the Group's ability to generate sufficient positive cash flow and raise the necessary fundings to meet its obligations as and when they fall due. Accordingly, the Board is of the view that no suspension of trading of the Company's shares pursuant to Rule 1303(3)(c) of the Catalist Rules is required as there are no other material information that Shareholders should be aware of.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

BY ORDER OF THE BOARD

Siaw Ken Ket @ Danny Siaw
Managing Director
12 July 2024

About Figtree Holdings Limited

*Founded in 2009, Figtree Holdings Limited ("**Figtree**" or the "**Company**", and together with its subsidiaries and associates, the "**Group**"), is a provider of commercial and industrial real estate solutions. The Group typically acts as the main contractor for its projects in Singapore, covering new construction, A&A works on existing buildings as well as refurbishment and upgrading of existing buildings. In China and Malaysia, the Group provides design, project and construction management consulting services.*

The Group has established a strong presence in China in the property development sector with a diverse portfolio of residential, commercial and industrial properties. The Group continues to explore suitable property development and investment opportunities in Australia.

Figtree was listed on SGX Catalist on 11 November 2013.

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*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange 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.*

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

APPENDIX 1

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Figtree Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the accompanying consolidated financial statements of the Group and statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The financial statements for the financial year ended 31 December 2022 were audited by another auditor who expressed a disclaimer of opinion on those financial statements due to the following matters:

(i) Use of going concern assumption; and
(ii) Impairment of investments in and loans to associates, and impairment and classification of amounts due from subsidiaries

An update of the above matters is as follows:

(i) Use of the going concern assumption

Note 2.1 to the financial statements provides more information on the going concern basis of preparation of the financial statements, and the material uncertainties which may cast doubt on the ability of the Group and the Company to continue as a going concern.

The Group incurred a net loss after tax of $3,317,443 and recorded net operating cash outflows of $1,480,469 for the financial year ended 31 December 2023. As at that date, the Group’s total borrowings amounted to $12,110,609, of which $11,404,153 were classified as current liabilities. Subsequent to the balance sheet date, the Group has approached a corporate shareholder for short-term funding for working capital purposes. As at 31 December 2023, the Company’s current liabilities of $1,410,169 had also exceeded the Company’s cash and cash equivalents of $14,224. These factors indicated the existence of material uncertainties that may cast significant doubt on the Group’s and the Company’s ability to continue as going concerns.

Notwithstanding the above, management has prepared the financial statements on a going concern basis for reasons disclosed in Note 2.1.

However, based on the information available to us, we were not able to obtain sufficient appropriate audit evidence to satisfy ourselves whether the use of the going concern assumption in the preparation of these financial statements was appropriate because the ability of the Group and the Company to remain as going concerns and meet its liabilities as and when they fall due are dependent on certain assumptions that are premised on future events stated in Note 2.1, the outcome of which are inherently uncertain and could also affect the timing of anticipated cash flows.

If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments might have to be made to reflect the situation that assets might need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they were recorded in the balance sheet. In addition, the Group and the Company might have to reclassify its non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments had been made to these financial statements.

Notwithstanding the above, management has prepared these financial statements on a going concern basis which may not be appropriate. We are, however, unable to determine the adjustments that may be necessary as a result of these uncertainties.

(ii) <u>Impairment of investments in and loans to associates, and impairment and classification of amounts due from subsidiaries</u>

(a) <u>Vibrant Pucheng Logistics (Chongqing) Co., Ltd (“Vibrant Pucheng”) (Notes 13 and 14)</u>

The net carrying amounts of the Group’s interests in and loans to Vibrant Pucheng amounted to $1,000,000 and $13,051,438, respectively, as at 31 December 2022.

In April 2022, a contractor of Vibrant Pucheng applied to the People’s Republic of China (“PRC”) Court to enforce its rights against the immovable property of Vibrant Pucheng. In order to protect the Group’s assets and legal position, the Group, together with another Singapore incorporated corporate shareholder, have similarly initiated legal proceedings against Vibrant Pucheng during the current financial year. Management had previously assessed and concluded that the carrying amount of the Group’s interest in Vibrant Pucheng and the related loans extended to Vibrant Pucheng as at 31 December 2022 were recoverable. The predecessor auditors were unable to determine the reasonableness of this basis given the inherent uncertainty arising from the ongoing legal actions involving Vibrant Pucheng.

In October 2023, the PRC Court’s appointed valuer appraised the immovable property to be RMB 407.4 million, comprising (i) land-use rights of RMB 235.2 million and (ii) construction work-in-progress of RMB 172.2 million.

As at 31 December 2023, impairment indicators continue to exist in respect of the Group’s investment in Vibrant Pucheng in accordance with SFRS(I) 1-36 – *Impairment of Assets*. Management determined the recoverable amount of its investment in Vibrant Pucheng to be $900,000 based on its Residual Net Assets Value (“RNAV”) as at 31 December 2023. Accordingly, management reversed impairment loss of $670,000 in the consolidated statement of comprehensive income in the current financial year after accounting for the Group’s share of losses and other comprehensive income of $770,000.

We were unable to ascertain (a) whether the reversal of impairment loss amounting to $670,000 which was recorded in the consolidated statement of comprehensive income in FY 2023 should instead be recognised in FY 2022 or in prior years; and (b) whether the carrying amount of the Group’s interest in Vibrant Pucheng amounting to $1 million and

$4.2 million as at 31 December 2022 and 1 January 2022, respectively, had been properly reported in the consolidated statements of financial position.

In respect of the recoverability of the loans extended to Vibrant Pucheng, as set out in the preceding paragraphs, management concluded that Vibrant Pucheng will have sufficient liquid assets on disposal of the immovable property to repay the shareholders' loan and accrued interest owing to the Group and other shareholders and settle the legal claim owing to the contractor and other liabilities at the reporting date. Accordingly, management has determined the expected credit loss on the carrying amounts of the loan and accrued interest to be $Nil as at the balance sheet date.

(b) <u>Vibrant Properties Pte Ltd ("VPPL") (Note 13)</u>

The Group's carrying amount in the interests in VPPL amounted to $7,835,492 as at 31 December 2022. VPPL has an 80% equity interest in Fervent Industrial Development (Suzhou) Co., Ltd which owns the Changshu Fervent High Technology Industrial Park ("Investment Property"). As at 31 December 2022, management recorded a group-level adjustment amounting to $1,618,371 to write down carrying amount of the Investment Property, resulting in a reduction in the Group's carrying amount in VPPL. The group-level adjustment does not appear to be made in accordance with SFRS(I) 13 – *Fair Value Measurement*. Management reversed the group-level adjustment in the consolidated statement of comprehensive income in the current financial year. Accordingly, we were unable to ascertain whether (a) the carrying amount of the Group's investment in VPPL amounting to $7,835,492 and $9,295,658 as at 31 December 2022 and 1 January 2022, respectively, were appropriate; and (b) the adjustment made in the consolidated statement of comprehensive income in FY 2023 to reverse the group-level adjustment should instead be recognised in FY 2022 or in prior years.

(c) <u>DC Alliance Pte Ltd ("DC Alliance") (Note 13)</u>

The Group's interests in DC Alliance Pte Ltd as at 31 December 2022 amounted to $2,299,417. DC Alliance is primarily an investment holding company, having a 100% equity interest in Pier DC Pty Ltd ("Pier DC"). Pier DC is a ready-for-service uptime Certified Tier III facility. In the current financial year, DC Alliance reported total comprehensive loss of $2,384,000 (FY 2022: $4,162,000). The recoverability of the Group's investment in DC Alliance is premised on the recoverable amount of the property, plant and equipment ("Fixed Assets") owned by Pier DC.

Management had previously assessed the recoverable value of its investment in DC Alliance and concluded that no impairment charge was necessary as at 31 December 2022. However, based on the limited information available to the predecessor auditors, they were unable ascertain the reasonableness of the assumptions used in the assessment of the recoverable amount. As a result, the predecessor auditors were unable to establish the appropriateness of the carrying value of the Group's interests in DC Alliance as at 31 December 2022.

During the current financial year, DC Alliance's management engaged an external valuer to perform a valuation on the Fixed Assets, prepared in accordance with the International Financial Reporting and Valuation Standards. The recoverable amount of Fixed Assets was based on the market approach using the depreciation replacement cost method which has exceeded the carrying amount of the Fixed Assets of Pier DC at the balance sheet date. However, based on the limited information available to us, we were unable to ascertain the reasonableness of the assumptions used in the assessment of the recoverable amount of the Fixed Assets and consequently, we were unable to obtain sufficient appropriate evidence on the appropriateness of the carrying value of the Group's interest in DC Alliance as at 31 December 2023.

(d) Impairment and classification of amounts due from subsidiaries (Note 16)

The amounts due from subsidiaries included advances that were utilised to fund the Group's interest in Vibrant Pucheng as set out in Note 13 to the financial statements. Due to the matters as set out in (ii)(a), the predecessor auditors were unable to assess if the recoverable amount and the classification of these amounts due from subsidiaries as "current assets" in the statement of financial position of the Company as at 31 December 2022 was appropriate.

During the current financial year, management recorded an impairment loss of $5,087,289 on the amounts due from subsidiaries that were utilised to fund the Group's interest in Vibrant Pucheng in the Company's statement of financial position, with reference to the carrying amount of the Group's interest in Vibrant Pucheng as at 31 December 2023. We were unable to ascertain whether (a) the impairment loss of $5,087,289 which was recorded in the Company's statement of comprehensive income in FY 2023 should instead be recognised in FY 2022 or in prior year; and (b) the carrying amount of the amounts due from subsidiaries amounting to $23.1 million and $23.4 million as at 31 December 2022 and 1 January 2022, respectively, had been properly reported in the Company's statement of financial position.

(e) Opening balances

In view of the disclaimer of opinion issued by the predecessor auditors in respect of the financial year ended 31 December 2022, we were unable to determine whether any adjustments are necessary in respect of the financial statements for the previous financial year ended 31 December 2022. Our opinion on the current year's consolidated statement of comprehensive income is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

Other matters

The financial statements for the financial year ended 31 December 2022 were audited by another firm of auditors whose report dated 14 June 2023 expressed a disclaimer of opinion on those financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards in Singapore (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance’s responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor’s report. However, because of the matters described in the *Basis of Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor’s report is Kong Chih Hsiang, Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

APPENDIX 2

Note 2.1 Basis of preparation

Going concern assumption

The Group incurred a net loss after tax of $3,317,443 (FY 2022: $8,052,109 (restated)) and recorded net operating cash outflows of $1,480,469 (FY 2022: $6,438,702 (restated)) for the financial year ended 31 December 2023.

As at 31 December 2023, the Group's total borrowings amounted to $12,110,609 (2022 - $13,322,498), of which $11,404,153 (2022 - $11,338,571) were classified as current liabilities. Subsequent to the balance sheet date, the Group has approached a corporate shareholder for short-term funding for working capital purposes. The Company's current liabilities of $1,410,169 (2022 - $606,378) had also exceeded the Company's cash and cash equivalents of $14,224 (2022 - $18,922). These factors indicated the existence of material uncertainties that may cast significant doubt on the Group and the Company's ability to continue as going concerns.

Notwithstanding the above, the directors are of the view that the use of going concern assumption in the preparation of the financial statements is appropriate having considered the following:

(a) The Group and the Company are still in net current assets position of $16,938,841 (2022 - $9,551,419 (restated)) and $16,899,872 (2022 - $22,570,145), respectively;

(b) Based on the cash flow forecast, the Group is able to generate positive cash flows from its operations; and

(c) The Company is evaluating various options to raise additional working capital.

(d) Subsequent to year end, a corporate shareholder of the Company provided another interest-bearing loan of $1.75 million loan for working capital purpose, and the Group has made repayments of $0.4 million. These additional loans, together with the outstanding loans due to the Company's corporate shareholder, are secured by a share charge over the Company's subsidiary's interest in an associate, who is the legal owner of an investment property in the People's Republic of China ("PRC").

The directors have reasons to believe that the Group and the Company will be able to generate sufficient positive cash flow from its operation and raise the necessary fundings to meet its obligations as and when they fall due. As such, the directors have determined that it is appropriate for the Group and the Company to adopt the going concern assumption in preparing the financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify its non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to these financial statements.