

**SEVENS ATELIER LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 197902790N)

---

**QUALIFIED OPINION BY AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)**

---

**QUALIFIED OPINION**

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (the “**Board**”) of Sevens Atelier Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, RSM Chio Lim LLP (the “**Independent Auditor**”), has in its Independent Auditor’s Report dated 12 April 2023 (the “**Independent Auditor’s Report**”), included a qualified opinion (“**Qualified Opinion**”) for the Group’s audited financial statements for the financial year ended 31 December 2022 in relation to discontinued operations for the period from 1 January 2022 to 14 June 2022 as they have not been provided access to the related accounting records and documents.

The Independent Auditor’s Report together with an extract of the relevant notes to the financial statements of FY2022, are attached to this announcement as Appendix 1 and Appendix 2 respectively, for Shareholders’ reference.

The following section, set out in italics below, has been extracted from the Independent Auditor’s Report:

***“Qualified opinion***

*We have audited the accompanying financial statements of Sevens Atelier Limited (the “Company”) and its subsidiaries (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 2022, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.*

*In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS (I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.*

***Basis for Qualified Opinion***

*As disclosed in Note 11 to the financial statements, the Group completed the disposal of certain subsidiaries and assets on 14 June 2022. The total consideration for the disposal was \$12,000,000.*

*The divestment resulted in a loss on disposal of approximately \$2,941,000 and the results from discontinued operations up to the completion date of the disposal on 14 June 2022 is a net profit of \$540,000. We have however not been provided access to the accounting records and documents of the discontinued operations for the period from 1 January 2022 to 14 June 2022 to perform the necessary audit procedures. Accordingly, we are unable to determine if there are any*

*misstatements on the results from discontinued operations included in the financial statements for the reporting year ended 31 December 2022. Any misstatements will have an effect on the loss on disposal and a corresponding change to the results from discontinued operations in the financial statements for the reporting year ended 31 December 2022.”*

Furthermore, the Independent Auditor has included a “material uncertainty relating to going concern” section in their report as extracted below:

**“Material uncertainty relating to going concern**

*We draw your attention to Note 1 of the financial statements. The Group incurred losses from continuing operations, net of tax of \$1,188,000, for the reporting year ended 31 December 2022 and as at that date, the Group’s and the Company’s net current liabilities are \$1,975,000 and \$427,000 respectively. The ability of the Group and Company to continue as going concerns are dependent on the satisfactory conclusion of the matters disclosed in Note 1.*

*The above-mentioned events and conditions indicate the existence of material uncertainties that may cast significant doubt about the Group’s and Company’s abilities to continue as going concerns. If the going concern assumption is inappropriate, 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 statements of financial position. In addition, the Group and Company may have to provide for further liabilities that may arise. Our opinion is not further modified in respect of this matter.”*

For the avoidance of doubt, the opinion of the Auditor is not modified in respect of this matter.

**CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report and the audited financial statements which are included in the Company’s Annual Report for FY2022, of which Company has released via SGXNet on the same day as this announcement, in their entirety.

In the meantime, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

**By Order of the Board**

Jeffrey Hong Eng Leong  
Chief Executive Office and Executive Director  
13 April 2023

---

*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 document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*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.*

---

# INDEPENDENT AUDITOR'S REPORT

To the Members of Sevens Atelier Limited

## Report on audit of the financial statements

### Qualified opinion

We have audited the accompanying financial statements of Sevens Atelier Limited (the "Company") and its subsidiaries (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 2022, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS (I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

### Basis for Qualified Opinion

As disclosed in Note 11 to the financial statements, the Group completed the disposal of certain subsidiaries and assets on 14 June 2022. The total consideration for the disposal was \$12,000,000.

The divestment resulted in a loss on disposal of approximately \$2,941,000 and the results from discontinued operations up to the completion date of the disposal on 14 June 2022 is a net profit of \$540,000. We have however not been provided access to the accounting records and documents of the discontinued operations for the period from 1 January 2022 to 14 June 2022 to perform the necessary audit procedures. Accordingly, we are unable to determine if there are any misstatements on the results from discontinued operations included in the financial statements for the reporting year ended 31 December 2022. Any misstatements will have an effect on the loss on disposal and a corresponding change to the results from discontinued operations in the financial statements for the reporting year ended 31 December 2022.

### Material uncertainty relating to going concern

We draw attention to Note 1 of the financial statements. The Group incurred losses from continuing operations, net of tax of \$1,188,000, for the reporting year ended 31 December 2022 and as at that date, the Group's and the Company's net current liabilities are \$1,975,000 and \$427,000 respectively. The ability of the Group and Company to continue as going concerns are dependent on the satisfactory conclusion of the matters disclosed in Note 1.

The above-mentioned events and conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's and Company's abilities to continue as going concerns. If the going concern assumption is inappropriate, 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 statements of financial position. In addition, the Group and Company may have to provide for further liabilities that may arise. Our opinion is not further modified in respect of this matter.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

## 1. General (cont'd)

### Acquisition and disposal of business (cont'd)

Along with the above, the Company also sold its existing assets and liabilities including properties, equipment, contracts receivables and payables in relation to the disposal group businesses. On this date, control of above mentioned disposal group was passed to the acquirer.

On 14 June 2022 the Group acquired 100% of the share capital in Sevens Creation Pte. Ltd. and its subsidiaries, Sevens Build Pte Ltd and Sevens Design Pte Ltd, for a total consideration of \$12,000,000, and from that date the Group gained control of these entities.

### Material uncertainty relating to going concern

The Group incurred a loss from continuing operations, net of tax of S\$1,188,000 for the reporting year ended 31 December 2022. As at the end of the reporting year, the Group's and Company's current liabilities exceeded their current assets by \$1,975,000 and \$427,000 respectively. These factors indicate a material uncertainty about the Group's and Company's abilities to continue as going concerns. Management is however of the opinion that the use of going concern basis in the preparation of these financial statements is appropriate based on the following considerations:

- The Group has cash and cash equivalents amounting to \$2,402,000 as at the reporting year ended 31 December 2022; and
- The Group expects contracts secured to-date and potential new contracts to be secured will generate sufficient cash flows to support its operating expenses in the next 12 months from reporting year ended 31 December 2022, taking into account the improvement of the construction industry in Singapore.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group or 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 now recorded in the statements of financial position. In addition, the reporting entities may have to provide for further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

### Basis of presentation

#### Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 (the "Act") and with the International Financial Reporting Standards issued by the International Accounting Standards Board.