



VCPLUS LIMITED

**VCPLUS LIMITED**

(Company Registration Number 201531549N)

(Incorporated in the Republic of Singapore)

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## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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Pursuant to Rule 704(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of VCPlus Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, Nexia Singapore PAC (the “**Auditor**”), has without qualifying its opinion, included a Material Uncertainty Related to Going Concern section in their report (the “**Independent Auditor’s Report**”) on the audited financial statements of the Group and Company for the financial year ended 31 December 2023 (“**FY2023**”) (the “**Audited Financial Statements**”).

During the financial year ended 31 December 2023, the Group incurred a net loss of S\$2,186,000. In addition, the Group recorded net cash used in operating activities of S\$1,670,000. As at 31 December 2023, the Group and the Company have net current liabilities of S\$534,000 and S\$452,000 respectively.

Notwithstanding the above, the Board in assessing the appropriateness of the going concern assumptions of the Group and the Company, is of the view that the use of going concern assumption to prepare the Audited Financial Statements are appropriate based on the reasons as set out below:

- (i) The Board of Directors have reviewed and are satisfied with the cash flow forecast prepared by Management, and are of the view that the Group and the Company will have sufficient working capital and will be able to meet its obligations as and when they fall due based on the cash flow forecast for the next 12 months;
- (ii) The Group does not have any bank borrowings as at reporting date;
- (iii) Subsequent to the financial year on 7 February 2024, the Company completed a placement of 200,000,000 new Shares at the issue price of S\$0.003 per Share, and the gross proceeds amounting to S\$600,000 have been received. The Company has granted 370,000,000 new Shares (“**Option Shares**”) for a cash consideration of S\$1,110,000 (“**Option Consideration**”) for the option exercise price of S\$0.003 per Option Shares (“**Option Exercise Price**”). The Option Shares may be exercised at any time within one year after 30 January 2024;
- (iv) APEC Solutions business is expected to continue generating positive cash flows in the next financial year;
- (v) The Group will be implementing cost control measures in the next 12 months, which includes manpower alignment in line with changing business sentiments; and
- (vi) The Group will continue to evaluate various strategies to obtain alternative sources of financing where necessary to enable the Group to meet its obligations as and when they fall due.

Further to the above, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

The Independent Auditor's Report is annexed to this announcement for information purposes. The Independent Auditor's Report and the Audited Financial Statements will form part of the Company's Annual Report for FY2023 (the "**2023 Annual Report**") which will be released to the shareholders of the Company (the "**Shareholders**") on 11 April 2024. Shareholders are advised to read the Independent Auditor's Report and the 2023 Annual Report in their entirety.

### **By Order of the Board**

Ms. Tang Zhengming  
Executive Director  
11 April 2024

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*This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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.*

*The contact person for the Sponsor is Mr. Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*

# INDEPENDENT AUDITOR'S REPORT

To the Members of VCPlus Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of VCPlus Limited (the "Company") and its subsidiaries (the "Group"), which comprise the 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.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position 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)s") 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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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 the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Group incurred a net loss of S\$2,186,000 and recorded net cash used in operating activities of S\$1,670,000 for the financial year ended 31 December 2023. As at 31 December 2023, the Group and the Company has net current liabilities of S\$534,000 and S\$452,000 respectively.

The ability of the Group and the Company to continue as going concerns and to meet its obligations for the next twelve months from the authorisation of the financial statements, is dependent on the Group's and the Company's ability to generate sufficient cash flows from its operations and other sources.

These indicates the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns and to realise its assets and discharge its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.



# INDEPENDENT AUDITOR'S REPORT

To the Members of VCPlus Limited

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in the audit
<p><b>Valuation of goodwill</b></p> <p>We refer to Note 2.3(b)(i), Note 3.4 and Note 6 to the consolidated financial statements.</p> <p>As at 31 December 2023, the carrying amount of goodwill arising from the acquisition of APEC Solutions Pte. Ltd. amounted to S\$2,127,000, which constitute to approximately 56% of the Group's total assets.</p> <p>The Group tested goodwill for impairment at the end of the reporting period. The recoverable amounts of the allocated cash-generating units have been determined based on value-in-use calculations. Based on the impairment assessment, for the current financial year no impairment loss was considered necessary.</p> <p>These calculations require the use of estimates and assumptions which involved significant judgements. Changes to the estimates and assumptions will result in changes in the carrying amount of goodwill recognised at the end of the reporting period.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>● held detailed discussions with the Group's key management on the business plans for APEC Solutions Pte. Ltd.;</li> <li>● reviewed the reasonableness of the key estimates and assumptions used in the value-in-use calculations by comparing the forecasts to historical results and current prospects of the business based on internal and external sources;</li> <li>● re-performed the calculations of the cash flows prepared by management to check the mathematical accuracy;</li> <li>● involved our independent valuation expert to review the discount rates used;</li> <li>● performed sensitivity analysis and headroom analysis based on the range of acceptable key estimates and assumptions. These included discount rate, revenue growth rates, terminal growth rates, margins and working capital assumptions used in cash flow forecasts; and</li> <li>● evaluated the adequacy of the related disclosures in the financial statements.</li> </ul> <p>Based on our audit procedures, we found the assumption estimates to be within a reasonable range of outcomes.</p>

# INDEPENDENT AUDITOR'S REPORT

To the Members of VCPlus Limited

## Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
<p><b>Valuation of investment in subsidiaries</b></p> <p>We refer to Note 2.3(b)(ii), Note 3.6 and Note 7 to the consolidated financial statements.</p> <p>As at 31 December 2023, the net carrying amount of investment in subsidiaries amounted to S\$4,282,000, which constitute to approximately 82% of the Company's total assets. The carrying amounts are stated net of accumulated impairment loss of S\$2,700,000 as at 31 December 2023.</p> <p>The Company's subsidiaries have incurred net losses during the current financial year. These are indications of impairment in investments in subsidiaries. The recoverable amounts of the allocated cash-generating units have been determined based on higher of fair value less costs of disposal and value-in-use calculations. Based on the impairment testing, an impairment loss of S\$1,200,000 was recognised in profit or loss of the Company for the financial year ended 31 December 2023.</p> <p>The determination of recoverable amounts of the allocated cash-generating units require the use of estimates and assumptions which involved significant judgements. Changes to the estimates and assumptions will result in changes in the carrying amount of investments in subsidiaries recognised at the end of the reporting period.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• held detailed discussions with the Group's key management on the business plans for the subsidiaries, APEC Solutions Pte. Ltd. and Custody Plus Pte. Ltd.;</li> <li>• reviewed the basis of deriving the recoverable amounts based on higher of fair value less costs of disposal and value-in-use calculations;</li> <li>• reviewed the reasonableness of the key estimates and assumptions used in the value-in-use calculations by comparing the forecasts to historical results and current prospects of the business based on internal and external sources;</li> <li>• re-performed the calculations of the cash flows prepared by management to check the mathematical accuracy;</li> <li>• involved our independent valuation expert to review the discount rates used;</li> <li>• performed sensitivity analysis and headroom analysis based on the range of acceptable key estimates and assumptions. These included discount rate, revenue growth rates, terminal growth rates, margins and working capital assumptions used in cash flow forecasts;</li> <li>• for investment in Custody Plus Pte. Ltd., carried out re-performance of recoverable amounts based on fair value less costs of disposal, with reference to the recent acquisition of 45% stake in the entity during the current financial year; and</li> <li>• evaluated the adequacy of the related disclosures in the financial statements.</li> </ul> <p>Based on our audit procedures, we found the assumption estimates to be within a reasonable range of outcomes.</p>

## Other Matter

The financial statements of VCPlus Limited for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 11 April 2023.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

To the Members of VCPlus Limited

## Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT AUDITOR'S REPORT

To the Members of VCPlus Limited

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries 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 Chan Rouh Ting.

**Nexia Singapore PAC**  
Public Accountants and  
Chartered Accountants

Singapore  
9 April 2024

(Engagement Partner: Chan Rouh Ting since financial year ended 31 December 2023)

