

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN AND EMPHASIS OF MATTER
FOR THE AUDITED 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 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, PKF-CAP LLP (the “**Independent Auditor**”), has in its Independent Auditor’s Report dated 11 April 2024 (the “**Independent Auditor’s Report**”), included an unmodified opinion with Material Uncertainty Related to Going Concern and Emphasis Of Matter for the Group’s audited financial statements for the financial year ended 31 December 2023.

The Independent Auditor’s Report together with an extract of the relevant notes to the financial statements of FY2023, are attached to this announcement as Appendix 1 and Appendix 2 respectively, for Shareholders’ reference. Please refer to Note 2 in Appendix 2 for Directors’ basis on the going concern assumption.

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

Opinion

We have audited the 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 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes of equity of the Company for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes of 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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 2 of the financial statements. The Group incurred a net loss of S\$4,053,000 and net operating cash outflows of S\$197,000 for the financial year ended 31 December 2023 and as at that date, the Group's and the Company's net current liabilities are S\$3,255,000 and S\$918,000 respectively. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Assistance in investigating by the Commercial Affairs Department ("CAD") and the Money Authority of Singapore ("MAS")

We draw your attention to Note 39 to the financial statements which describes the Company providing assistance in investigation by the CAD and the MAS.

Our opinion 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 FY2023, 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

Lawrence Chen Tse Chau
Independent Director and Non-Executive Chairman
11 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 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sevens Atelier Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes of equity of the Company for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes of 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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 2 of the financial statements. The Group incurred a net loss of \$4,053,000 and net operating cash outflows of \$197,000 for the financial year ended 31 December 2023 and as at that date, the Group’s and the Company’s net current liabilities are S\$3,255,000 and S\$918,000 respectively. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Assistance in investigating by the Commercial Affairs Department (“CAD”) and the Money Authority of Singapore (“MAS”)

We draw your attention to Note 39 to the financial statements which describes the Company providing assistance in investigation by the CAD and the MAS.

Our opinion is not modified in respect of this matter.

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.

- Accounting for construction and renovation contracts

Refer to Note 3(c) for the relevant accounting policy, Note 4(d) on critical judgements, assumptions and estimation uncertainties and Note 5 on revenue.

For the financial year ended 31 December 2023, construction and renovation contracts recognised on a percentage of completion (“POC”) method amounted to \$14,330,000 as disclosed in Note 5 to the financial statements and represented 100% of the Group’s total revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. Material uncertainty related to going concern

The Group incurred a net loss of \$4,053,000 for the year ended 31 December 2023. As at the end of the financial year, the Group's and Company's current liabilities exceeded their current assets by \$3,255,000 and \$918,000 respectively. These factors indicate 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 \$1,692,000 as at the reporting year ended 31 December 2023; and
- The Group expects contracts secured to-date and potential new contracts to be secured will generate sufficient cashflows to support its operating expenses in the next 12 months from the date of approval of these financial statements, 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.

3. Material accounting policies

(a) Basis of Preparation

The financial statements have been drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (\$), which is the Company's functional currency. All financial information have been rounded to the nearest thousand (\$'000), except when otherwise indicated.

The financial statements of the Company have been prepared on the basis that it will continue to operate as a going concern.

Application of new and revised SFRS(I)s and SFRS(I) INTs

On 1 January 2023, the Group and the Company adopted all the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's and Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.