



DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”)

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, Ernst & Young LLP (the “**Independent Auditor**”), has in its Independent Auditor’s Report dated 14 June 2023 (the “**Independent Auditor’s Report**”), issued a disclaimer of opinion (“**Disclaimer of Opinion**”) for the Group’s audited consolidated financial statements for FY2022 (“**Financial Statements**”) in relation to:

- 1) The use of the going concern assumption; and
- 2) Impairment of investments in and loans to associates.

The Use of the Going Concern Assumption

The Board is of the opinion that the Group and Company will be able to operate as a going concern and the use of the going concern assumption in the preparation and presentation of the Financial Statements, on the bases set out in Note 2.1 of the notes to the Financial Statements.

Impairment of Investments in and Loans to Associates

A valuation has been conducted on the property held by our associate company, Vibrant Pucheng Logistics (Chongqing) Co., Ltd (“**Vibrant Pucheng**”), valuing the property at RMB364,050,000 (approximately S\$69,169,500) as at 21 February 2023.

The Group does not intend to dispose of the property below such value, and as such, the sale of this property will cover all debts owing by Vibrant Pucheng, which amounted to approximately RMB310,600,000 (approximately S\$59,014,000) as at 31 December 2022. Furthermore, impairment has been made in FY2022 for Vibrant Pucheng by the Group, amounting to S\$2,518,339, resulting in a carrying amount of S\$1,000,000. As such, the Board and the management of the Group (the “**Management**”) is of the view that no further impairment is required relating to the legal proceedings.

DC Alliance Pty Ltd (“**DCA**”) group’s net tangible asset (“**NTA**”) amounted to S\$8.3 million as at 31 December 2022. The Group’s 27.75% share of this NTA is therefore S\$2.3 million. The carrying amount of DCA group in the Company’s consolidated Financial Statements amounted to S\$2.3 million.

Furthermore, DCA has been expanding their customer base and has secured a few large notable customers in the last few months. This will contribute positively to its revenue for the financial year ending 2023. Operations are ongoing and DCA is actively looking for more customers. Due to the increasing digitalisation of business processes, cloud usage, and big data, demand for data centres is expected to grow and DCA is well positioned to tap into this demand.

In addition, the Board and Management has carried out an assessment of DCA, together with a valuation by an independent valuer of certain assets. Taking into account, amongst others, the findings of the independent valuer, the Board deems that impairment is not needed at this time.

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. 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 FY2022, 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. 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 will be 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
14 June 2023

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.

*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

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 balance sheets of the Group and Company as at 31 December 2022, statements of changes in equity of the Group and Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity 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

Use of the going concern assumption

The Group incurred a net loss of S\$8,359,564 and recorded net operating cash outflows of S\$6,022,292 for the financial year ended 31 December 2022. As at that date, the Group's total borrowings amounted to S\$13,322,498, of which S\$11,338,571 were classified as current liabilities. The Group's net current assets of \$9,243,964 as at 31 December 2022 includes \$4,528,303 of bank balances pledged to a financial institution (Note 18) and \$5,142,873 of unsold development properties (Note 19). The cash and cash equivalents at end of the year stands at \$729,938 and the Group has approached certain shareholders for short-term funding for working capital purpose. The Company's current liabilities of S\$606,378 have also exceeded the Company's cash and cash equivalents of S\$18,922. These factors indicate the existence of material uncertainties that may cast significant doubt on the Company and Group's ability to continue as a going concern.

Notwithstanding the above, the directors have 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 have not been 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 is appropriate because the ability of the Group and the Company to remain as going concern and meet its liabilities as when they fall due are dependent on certain assumptions that are premised on future events, the outcome of which are inherently uncertain and could also affect the timing of anticipated cash flows.

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.

Impairment of investments in and loans to associates
Impairment and classification of amounts due from subsidiaries

As disclosed in Note 38 to the financial statements, the net carrying amounts of the Group's interests in and loans to Vibrant Pucheng Logistics (Chongqing) Co., Ltd ("Vibrant Pucheng"), an associate, amounted to S\$1,000,000 and S\$13,051,438 respectively as at 31 December 2022.

As disclosed in Note 38, a contractor of Vibrant Pucheng has applied to the People's Republic of China 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 similarly initiated legal proceedings against Vibrant Pucheng subsequent to the year end. Management has assessed and concluded that the carrying value of the Group's interest in the associate and the related loans as at 31 December 2022 is recoverable. We are unable to determine the reasonableness of this basis given the inherent uncertainty arising from the ongoing legal actions involving the associate.

In addition, as disclosed in Note 12, the Group's interests in DC Alliance Pte Ltd as at 31 December 2022 amounted to S\$2,299,417. Management has assessed the recoverable value and concluded that no impairment charge is necessary as at 31 December 2022. However, based on the limited information available to us, we are unable ascertain the reasonableness of the assumptions used in the assessment of the recoverable amount. As a result, we are unable to establish the appropriateness of the carrying value of the Group's interests in this associate as at 31 December 2022.

As a result, based on the information available to us, we are unable to obtain sufficient appropriate evidence on the appropriateness of the carrying value of the Group's interests in and loans to associates and the Group's share of results of associates for the current financial year. We were unable to perform alternative audit procedures to determine if any adjustments were necessary.

Additionally, as further disclosed in Note 13, as the loans were extended to the associates via a subsidiary of the Company, we were also unable to assess if the recoverable amount and classification of the amounts due from subsidiaries as current assets in the balance sheet of the Company is appropriate due to the above matters.

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 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.

The directors' 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 Group and Company's 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 view of the significance of the matters referred 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 Mr. Ng Boon Heng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
14 June 2023

Note 2.1 Basis of preparation

Going concern assumption

The Group incurred a net loss of S\$8,359,564 and recorded net operating cash outflows of S\$6,022,292 for the financial year ended 31 December 2022. As at that date, the Group's total borrowings amounted to S\$13,322,498, of which S\$11,338,571 were classified as current liabilities. The Group's net current assets of \$9,243,964 as at 31 December 2022 includes \$4,528,303 of bank balances pledged to a financial institution (Note 18) and \$5,142,873 of unsold development properties (Note 19). The cash and cash equivalents at end of the year stands at \$729,938 and the Group has approached certain shareholders for short-term funding for working capital purpose. The Company's current liabilities of S\$606,378 have also exceeded the Company's cash and cash equivalents of S\$18,922. These factors indicate the existence of material uncertainties that may cast significant doubt on the Company and Group's ability to continue as a going concern.

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 net losses incurred by the Group of S\$8,359,564 included the following significant charges:
 - Impairment of an associate of S\$2,318,339
 - Impairment of property, plant and equipment of S\$160,000
 - Impairment of trade receivables and contract assets of S\$1,845,209
 - Depreciation of Australia dollar against Singapore dollar which resulted in a foreign exchange loss of approximately S\$1,800,812
- (b) The Group and the Company are still in net current assets of S\$9,243,964 and S\$22,570,145 respectively;
- (c) Based on the cash flow forecast, the Group is able to generate positive cash flows from its operations; and
- (d) The Company is evaluating various options to raise additional working capital.
- (e) Subsequent to year end, the Company's shareholders have provided another S\$900,000 loan for working capital purpose.

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 to adopt the going concern assumption in preparing the financial statements.

If the Group and the Company is 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 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.