

**BOLDTEK HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 201224643D)

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**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE FY2022 AUDITED FINANCIAL STATEMENTS**

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The Board of Directors (the "**Board**") of Boldtek Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 14 January 2023, in relation to the qualified opinion set out in the independent auditor's report relating to its audited financial statements for the financial year ended 30 June 2022 (the "**Independent Auditor's Report**").

Pursuant to Rule 704(4) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Board wishes to announce that its independent auditor, Foo Kon Tan LLP (the "**Independent Auditor**"), has, in addition to the qualified opinion, indicated the existence of material uncertainties related to going concern (the "**Material Uncertainty**") in the Independent Auditor's Report on the FY2022 Financial Statements. The opinion of the Independent Auditor is not modified in respect of this matter.

An extract of relevant sections of the Independent Auditor's Report relating to the Material Uncertainty is set out below. The Independent Auditor's Report and the FY2022 Financial Statements will form part of the Company's Annual Report for FY2022 (the "**FY2022 Annual Report**").

Shareholders are advised to read the Independent Auditor's Report and the FY2022 Annual Report in its entirety.

**Extract of the Independent Auditor's Report**

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1.1 in the financial statements, which indicates that the Group has sustained net cash outflow from operations of \$5,304,000 and incurred a net loss of \$6,674,000 during the year ended 30 June 2022. In addition, if the misstatements on the Group's contract assets were corrected as discussed in the Basis of Qualified Opinion section of our report, the Group's current liabilities would have exceeded its current assets by \$7,630,000. As of 30 June 2022, the Group had also breached its loan covenant under certain bank loan agreements by failing to maintain a minimum tangible net worth balance or gearing ratio after considering these adjustments. As a result of this loan covenant breach, bank loan balances of \$5,259,000 had been classified within current liabilities. These events or conditions, along with other matters as set forth in Note 1.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The following is an extract of Note 1.1 to the FY2022 Financial Statements:

As at 30 June 2022, the Group incurred net cash outflow from operations of \$5,304,000 (2021 - \$7,048,000). In addition, for the financial year ended 30 June 2022, the Group had generated a net loss of \$6,674,000 (2021 - net loss of \$2,534,000 after excluding government grants of

\$3,147,000 which are non-recurring in nature). Nonetheless, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, due to the following:

- (i) As at 30 June 2022, the Group had net current assets and net assets of \$13,311,000 (2021 - \$11,789,000) and \$27,490,000 (2021 - \$25,274,000), respectively.
- (ii) One of the directors has undertaken to provide necessary financial support to the Group and would not demand repayment on the advances made by the director within the next 12 months from the reporting date if the need arises, so as to enable the Group to continue operations and meet its liabilities as and when they fall due.
- (iii) At the end of the reporting period, the Group's unfulfilled order book based on secured contracts stood at \$34.7 million. As disclosed in Note 40 to the financial statements, the Company's wholly owned subsidiary, Logistics Construction Pte. Ltd., was awarded a few contracts totalling \$3.7 million by third party customers for construction works.
- (iv) In respect of its bank borrowings, the Group has not defaulted on any interest or principal repayment and is confident of reaching an agreement with the banks to waive the covenant breach since its investment property in Malaysia could be mortgaged to the banks and the market valuation of the asset is in excess of the outstanding loan amount.
- (v) Subsequent to the financial year ended 30 June 2022, the Group had also appointed its marketing and estate agents to assist in the sourcing of potential buyers to liaise on behalf of the Group in negotiating the sales options in respect of its properties in Malaysia.

In assessing whether the Group can meet their debt obligations for at least 12 months from the end of the reporting period, management has prepared cash flow forecast for the financial year ending 30 June 2023. Based on the forecast and having regard to the above, the directors believe that the Group has sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for at least 12 months from the end of the reporting period.

In analysing the going concern position and cash flow forecast of the Group, the management of the Group is also confident in realising its investment properties and completed properties in Malaysia for cash proceeds at their prevailing market value as determined by an independent external valuer at the reporting date to generate the necessary financial resources to the Group to meet its obligations and liquidity needs. If the Group is unsuccessful in disposing its investment properties and completed properties or realise these assets at prices significantly below their market values, the Group would be unable to meet its payment obligations for its existing liabilities when they fall due. This is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

### **Board's comments**

In relation to the Material Uncertainty, the Board is of the view that it is appropriate for the FY2022 Financial Statements to be prepared and presented on a going concern basis, having regard to the reasons stated in the Independent Auditor's Report.

In addition, the Board wishes to highlight that the Company is proactively engaging all of its stakeholders including customers and creditors for their continued support of the Group through these circumstances, identifying potential investors and exploring the sale of the Group's completed properties in Malaysia and Singapore to generate the necessary financial resources to improve the Group's financial position. The Company will update shareholders as and when there are material developments.

In light of the above and the developments to-date, the Company will be requesting to convert the trading halt to a voluntary suspension with effect from 16 January 2023. The Company will make an application for a resumption of trading when it has resolved the above matters.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

**By Order of the Board**

Phua Lam Soon  
Chief Executive Officer  
14 January 2023

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

*This announcement has not been examined or approved by the 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. Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd. 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.*