



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Figtree Holdings Limited

Stock code: 5F4

Meeting details:

Date: 29 May 2020

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As shown in Note 34 (pages 110 to 112 of the annual report), the group has three reportable operating segments, namely Design and build, Property development and Corporate.

Based on its Corporate profile, the group is a provider of commercial and industrial real estate solutions, acting as the main contractor for its projects in Singapore. The group carries out new construction, A&A works on existing buildings as well as refurbishment and upgrading of existing buildings.

The group successfully scaled up its activities with two ongoing contracts (a 5-storey single user general food processing and distribution centre and a 6-storey food processing facility) in the Design and build segment. While revenue increased from \$2.4 million to \$10.8 million, segment losses increased from \$(1.68) million to \$(3.08) million.

- (i) **What were the reasons for the segment losses in the Design and build segment?**
- (ii) **How competitive is the group in the Design and build segment?**
- (iii) **How does the group differentiate itself from the competitors so as to achieve and sustain profitability in the segment?**

Q2. The group disclosed that its share of results of associates was \$(1.66) million due to the loss on disposal of the group's indirect, 24%-owned, associate DP-Master-Vibrant (Jiangyin) Real Estate Development Co., Ltd in February 2019.

The company did not provide further information on the breakdown of the share of results of associates in the Consolidated income statement (page 55) nor in the notes to the financial statement.

- (i) **Can management provide a breakdown to show how it obtained the share of results of associates?**

In fact, the company did not provide notes to the following items in the consolidated income statement that were significant:

- Cost of sales amounting to \$10.4 million
- General and administrative expenses amounting to \$5.7 million
- Share of results of associates amounting to \$1.6 million (as discussed above)

- (ii) **Would the board consider how the group could provide better clarity on the financial statements to help shareholders better understand the value drivers and the cost structure of the group?**

- (iii) **With the majority of the group's assets invested in China, what is management's level of control and influence over the day-to-day operations and the strategic direction of the operating entities?**

Q3. On 12 May 2020, the company announced that there are material variances between the unaudited results (first announced by the company on 28 February 2020) and the audited financial statements for FY2019 after the finalisation of audit.

As a result, the changes affected the consolidated income statement, consolidated statement of comprehensive income, statement of financial position and the consolidated cash flow statement.

The variances were as large as \$1.9 million. Reasons included:

- Revaluation of the investment property held by our associate, Fervent Industrial Development (Suzhou) Co., Ltd
- Share of related exchange differences on translation arising from the revaluation of the investment property held by Fervent
- Reclassification of right-of-use assets from property, plant and equipment.
- Reclassification of capital contribution of an associate from unrealised exchange (gain)/loss

- (i) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Acts and financial reporting standards?**
- (ii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?** For instance, it is unusual for the capital contribution of an associate (amounting to \$1.9 million) to be mis-classified as unrealised exchange gain.
- (iii) **What was the level of involvement by the AC in the preparation of the financial statements?**
- (iv) **Can the AC update shareholders on the improvement made/to be made to the group's financial reporting systems and processes?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)