



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Figtree Holdings Limited

Stock code: 5F4

Meeting details:

Date: 29 June 2023

Time: 10.00 a.m.

Venue: 8 Jalan Kilang Barat, #03-01 Central Link, Singapore 159351

Q1. With global economic activities picking up pace as the COVID-19 pandemic transitioned into an endemic phase in 2022, the group's revenue increased to \$42.6 million in FY2022 from \$15.3 million in the previous year.

The group completed the OJJ Foods facility in Singapore and recognised revenue from the D&B works for two renewable energy facilities in China. Both Phase 1 and Phase 2 of the Changshu Fervent High Tech Industrial Park in China remain fully occupied although the group is in a legal proceeding with its 20%-owned associate Vibrant Pucheng Logistics (Chongqing) Co., Ltd ("Vibrant Pucheng"), with the latter defaulting on its RMB5 million instalment due 30 April 2023 (which is part of a RMB67.3 million judgement against Vibrant Pucheng).

The group also carries out property investment and development in Australia and design and build (D&B) activities in Singapore and China.

Net loss attributable to owners amounted to \$(8.4) million in 2022 compared to the \$(5.1) million loss a year ago.

- (i) **D&B:** The segment loss before tax was \$(2.76) million in 2022 (2021: \$(4.81) million). **Can management help shareholders better understand the competitive advantages of the group, if any, in D&B in Singapore and China? What are the management's strategies and priorities to improve the profitability of the D&B segment going forward? In addition, what are the underlying reasons for the \$150,000 write-off in bad debt and \$1.85 million impairment of trade receivables and contract assets in the D&B segment (page 113; Note 33 Segment information)?**
- (ii) **Vibrant Pucheng:** How much oversight, influence and control does the group have over the 20%-owned associate?
- (iii) **DCA | PIER:** What is the current capacity of the colocation data centre and what was the occupancy rate in 2022? Similarly, what is management's level of influence and ability to direct the day-to-day operations of the data centre? How does the group value-add to the data centre operations?

Q2. On 19 May 2023, the company announced that the court has ordered Vibrant Pucheng to pay 中铁建工集团有限公司, the Plaintiff, the amount owed to the Plaintiff, being the sum of (i) RMB 59,385,282 (equivalent to approximately S\$11,283,2041) and (ii) interest accrued on such principal amount within 10 days from the effective date of judgment.

The company further stated the following:

- *Due to Vibrant Pucheng's failure to comply with the terms of the Court order in connection with the Claim, the Plaintiff has applied to Court to enforce its rights against Vibrant Pucheng on its immovable property.*
- *The group is currently unable to quantify the financial impact, if any, arising from the latest development in view of the uncertainty of the outcome of the notice.*

- (i) **What is the follow-up by the board/management with regard to 中铁建工集团有限公司 (the plaintiff) applying to the court to enforce its rights?**
- (ii) **Has the board evaluated its options with regard to Vibrant Pucheng to safeguard the group's interests, for instance, by also applying to the court to enforce the rights of Figtree Projects (Shanghai) Co., Ltd (斐格瑞项目管理 (上海) 有限公司) which is owed RMB 67.3 million by Vibrant Pucheng?**

Management has also stated that it is currently unable to quantify the financial impact, if any, arising from the latest development in view of the uncertainty of the outcome¹.

- (iii) **Given that the company is unable to quantify the financial impact, has the board, especially the independent directors, reviewed if the continued trading of the company's shares can be carried out in a fair, orderly and transparent manner? If not, would it be prudent to suspend the trading of the company's shares? (See also Q3 on the disclaimer of opinion by the independent auditors)**

¹ <https://links.sgx.com/FileOpen/FHL%20-%20Update%20on%20Legal%20Proceedings%20by%20Pucheng.ashx?App=Announcement&FileID=759821>

Q3. On 14 June 2023, the company also announced that there are material variances between the unaudited financial statements and the audited financial statements for the financial year ended 31 December 2022 following the finalisation of audit².

The announcement on the unaudited financial results was first released via SGXNet on 1 March 2023. The announcement of material differences came nearly 3.5 months after the company first announced the unaudited financial statements.

Following the finalisation of audit, revenue for the year was 28.8% higher from \$33.1 million to \$42.6 million along with a \$8.3 million (27.2%) increase in cost of sales. General and administrative expenses increased by \$2.31 million (or 25.5%). Contract assets and Trade and other payables were higher by \$10.1 million (174%) and \$8.8 million (54.3%) respectively. Loss before tax increased to \$(8.2) million (17%).

Some of the reasons for the changes include:

- omission of revenue recognised and cost of sales due to projects in China
- further impairment of trade receivables and contract assets and further impairment of an associate
- further impairment of associates
- further adjustments to associates' share of reserves

Notwithstanding that there are material variances between the unaudited and audited financial statements, the company's independent auditor had also issued a disclaimer of opinion for the group's audited consolidated financial statements for FY2022 in its independent auditor's report dated 14 June 2023.

This was due to:

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

The disclaimer of opinion can be located on pages 53 and 54 of the annual report. In addition, the standalone announcement can be accessed through the following link:

https://links.sgx.com/FileOpen/FHL%20-%20Announcement%20-%20Disclaimer%20of%20Opinion%20by%20Auditors_Final_14June2023.ashx?App=Announcement&FileID=762466

- (i) **Can the audit committee (AC) help shareholders better understand the underlying reasons for the material variances, such as the omission of the revenue and costs associated to the Pano and Lepton projects in China?**

² https://links.sgx.com/FileOpen/FHL%20-%20Announcement%20-%20Adjustment%20to%20Financial%20Results_Final_14June2023.ashx?App=Announcement&FileID=762466

- (ii) **What are the challenges faced by the company's finance and accounting staff in meeting the Singapore Financial Reporting Standards (International) (SFRS(I))? Specifically, what is the experience of the team in China/overseeing the group's financial reporting in China?**

The AC comprises the following three independent directors: Lee Kim Huat (chairman), Lee Choong Hiong and Pong Chen Yih.

- (iii) **Can the directors in the AC help shareholders understand the (individual and collective) roles played by each AC member in the preparation and audit of the financial statements? Was it adequate?**
- (iv) **How adequate and how effective are the group's internal controls, including financial, operational and compliance, information technology controls and risk management?**
- (v) **What changes have been made/will be made to the group's financial reporting systems and processes?**

Separately, with regard to the going concern assumption as highlighted by the independent auditor in their disclaimer of opinion:

- (vi) **What are the significant sources of cash inflow that support management's continued use of the going concern assumption (refer to page 66)?**
- (vii) **What options are currently being explored and evaluated by the board and management to secure additional working capital?**
- (viii) **How do the independent directors ensure that shareholders, especially minority shareholders, are not unduly diluted in any equity fundraising activities?**

(See also Q2(iii) on the continued trading of the company's shares)

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](#)

Join our mailing list [here](#) to receive latest news and upcoming events.



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

CONNECT WITH US

