

DLF HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201726076W)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of DLF Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, Foo Kon Tan LLP has without modifying their opinion, included a Material Uncertainty Related to Going Concern section in their report (the “**Independent Auditor’s Report**”) on the audited financial statements of the Group for financial year ended 31 December 2019 (“**FY2019**”) (the “**Audited Financial Statements**”).

The Independent Auditor’s Report and the Audited Financial Statements will form part of the Company’s Annual Report for FY2019 (the “**FY2019 Annual Report**”) which will be uploaded to the SGXNet today. Shareholders of the Company (“**Shareholders**”) are advised to read the Audited Financial Statements which will be issued as part of FY2019 Annual Report.

Relevant extracts from the FY2019 Annual Report are as below:

Material Uncertainty Related to Going Concern

- Independent Auditor’s Report on Page 33 of FY2019 Annual Report

We draw attention to Note 2(a) to the financial statements. The Group incurred a net loss of \$3,678,236 and reported net operating cash outflows of \$1,423,971 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company had a deficit in equity of \$2,914,071 and \$2,784,886, and net current liabilities \$3,790,396 and \$2,284,886, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern and for its listing status to be maintained.

If the Group and the Company were unable to continue in operational existence, the Group and the Company may be unable to discharge their 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 statement of financial position. In addition, the Group and the Company may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements. Our opinion is not modified in respect of this matter.

Going Concern assumption

- Note 2(a) of the Audited Financial Statements on Page 43 of FY2019 Annual Report

The Group incurred a net loss of \$3,678,236 and reported net operating cash outflows of \$1,423,971 for the financial year ended 31 December 2019. As at 31 December 2019, the Group and the Company had a deficit in equity of \$2,914,071 and \$2,784,886, and net current liabilities \$3,790,396 and \$2,284,886, respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern and for its listing status to be maintained.

Notwithstanding the above, it was considered appropriate to prepare these financial statements on a going concern basis after considering the following:

- (a) The directors believe that the Group is able to generate sufficient cash flows from operations with cost containment measures, enhancement of project initiation and management process, and undertaking of new businesses.*
- (b) The Group has embarked on plans to dispose of non-core and non-income generating assets in 2020. Subsequent to year end, as part of this exercise, the Group disposed of two motor vehicles for cash of \$248,353.*
- (c) Subsequent to year end, the Company received an advance of \$1 million from a customer pursuant to a contract to provide software development and the associated project management services in 2020. The fulfilment cost of the contract of \$850,000 payable to a related company is not due until May 2021.*
- (d) The holding company, QRC Pte Ltd ("QRC"), has given an undertaking to provide financial support to the Group as and when a need arises.*
- (e) On 28 February 2020, the Company entered into a loan agreement with QRC, pursuant to which QRC has agreed to grant the Company an interest-free loan of \$500,000 with a repayment term after 1 May 2021. QRC granted the Company an interest-free loan of \$200,000 (Note 17) during the year ended 31 December 2019.*

Based on the above, the Board is of the view that the Group will be able to continue as a going concern, and that the Audited Financial Statements have been prepared on that basis. The Board is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner and confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

BY ORDER OF THE BOARD

Fan Chee Seng
Executive Chairman
15 April 2020

DLF Holdings Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 25 July 2018. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).