



YEO HIAP SENG LIMITED
(Incorporated in Singapore)
(Company Registration No.: 195500138Z)

NET LOSS UNDERSTATEMENT OF WHOLLY-OWNED SUBSIDIARY IN MALAYSIA

The Board of Directors (the “**Board**”) of Yeo Hiap Seng Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s Annual Report 2021 and announcements dated 5 August 2022 and 12 August 2022 released on SGXNet as follows:

- (a) in the Annual Report 2021 released on 28 March 2022 containing, inter alia, the Company’s audited consolidated financial statements for the financial year ended 31 December 2021 (the “**Audited FY2021 Results**”), the Company had reported a net loss of S\$2.9 million.
- (b) in the announcement released on 5 August 2022, the Company issued a profit guidance based on a preliminary review of the Group’s unaudited results for the half year ended 30 June 2022 (the “**Unaudited 1H2022 Results**”) that the Group was expected to report a net profit, compared to a net loss for the half year ended 30 June 2021 and that the expected net profit for the half year ended 30 June 2022 was mainly attributed to performance improvement in Malaysia and Cambodia.
- (c) in the announcement released on 12 August 2022 for the Company’s Unaudited 1H2022 Results, the Company reported a net profit of S\$1.2 million.

The Board wishes to announce that it has come to the Company’s attention that due to certain accounting errors on consolidation adjustments in the Company’s wholly-owned subsidiary in Malaysia, Yeo Hiap Seng (Malaysia) Sdn Bhd.’s (“**YHSM**”) consolidated financial statements (“**accounting errors**”), there had been an understatement in the net loss in the consolidated financial statements of YHSM of S\$2.1 million for the financial year ended 31 December 2021 (the “**FY2021 Misstatement**”) and S\$1.8 million for the half year ended 30 June 2022 (the “**1H2022 Misstatement**”) (collectively, the “**FY2021 and 1H2022 Misstatements**”).

The Board, upon a review of the FY2021 Misstatement together with the Group’s external auditors, KPMG LLP, has determined, in consultation with its external auditors, that the FY2021 Misstatement does not have any material impact on the audited consolidated financial statements of the Company and YHSM, respectively, for the financial year ended 31 December 2021 (“**FY2021**”) and no restatement is necessary.

Had the accounting errors been known at the time of the Unaudited 1H2022 Results announcement, the financial results reported would have been as follows:

- (a) the Unaudited 1H2022 Results would have been a net loss of S\$0.6 million instead of a net profit of S\$1.2 million if the Company had adjusted for the 1H2022 Misstatement of S\$1.8 million; and
- (b) the Unaudited 1H2022 Results would have been a net loss of S\$2.7 million instead of a net profit of S\$1.2 million if the Company had adjusted for the FY2021 Misstatement of S\$2.1 million and the 1H2022 Misstatement of S\$1.8 million.

Based on a preliminary review by the Company and its external auditors, the FY2021 and 1H2022 Misstatements have no significant impact on the Group's net asset position and operating cash flows for the half year ended 30 June 2022. The total FY2021 and 1H2022 Misstatements of S\$3.9 million will be adjusted in the Group's financial statements for the year ending 31 December 2022.

The FY2021 and 1H2022 Misstatements were identified by the Group Finance team during the implementation of new Group management reporting tools. Management has performed a preliminary review and informed the Board that the FY2021 and 1H2022 Misstatements were the result of human error and they are not aware of any fraud.

The Board, including the Audit and Risk Committee ("**ARC**"), have carefully considered Management's preliminary findings and the views of the Company's external auditors in relation to the matter.

The Board, on the recommendation of the ARC, has engaged its external auditors to carry out certain agreed-upon procedures on YHSM's consolidated financial statements, and the Group's Internal Audit function (assisted by external consultants/service providers if deemed necessary) will review and strengthen the adequacy and effectiveness of the key internal controls relating to the Group's financial reporting processes (the "**Review**").

The Company will make further announcements as appropriate via SGXNet to update shareholders on the outcome of the Review after the Review, expected to be completed by 25 November 2022, has concluded.

In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bankers, solicitors, accountants or other professional advisors.

By Order of the Board
Tan Pek Bhee
Company Secretary
19 October 2022