

YINDA INFOCOMM LIMITED
(Company Registration No.: 201506891C)
(Incorporated in the Republic of Singapore)

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021**

The Board of Directors (the “**Board**”) of Yinda Infocomm Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement on the unaudited full-year financial statements for the financial year ended 31 May 2021 (“**FY2021**”) released on 29 July 2021 (the “**Unaudited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board wishes to highlight that there are material variances between the Unaudited Financial Statements and the audited financial statements for FY2021 (“**Audited Financial Statements**”) following the finalisation of the audit by the external auditors, Baker Tilly TFW LLP.

Shareholders are advised to read this announcement in conjunction with the Independent Auditors’ Report and the Audited Financial Statements that will form part of the annual report of the Company for FY2021 (“**Annual Report 2021**”) which is released in a separate announcement on SGXNet on 15 September 2021.

A comparison of the Audited Financial Statements and Unaudited Financial Statements with the relevant notes are shown below:

Statement of Financial Position of the Group as at 31 May 2021

	Audited Results	Unaudited Results	Difference	Note
	\$’000	\$’000	\$’000	
Trade and other receivables (Non-current)	496	277	219	(i)
Inventories	641	520	121	(ii)
Trade and other receivables (Current)	1,739	2,090	(351)	(iii)
Contract liabilities	179	-	179	(iv)
Lease liabilities (Non-current)	1,407	1,060	347	(v)
Lease liabilities (Current)	619	930	(311)	
Borrowings	3,714	4,324	(610)	(vi)

The variances to the Statement of Financial Position of the Group for FY2021 were mainly due to the:

- i) Reclassification of current trade and other receivables to non-current trade and other receivables amounting to \$219,000;
- ii) Increase in inventories mainly due to overprovision of inventory obsolescence for inventories held in the Philippines operations;
- iii) Other than the reclassification of \$219,000 mentioned in (i) above, amount of \$127,000 related adjustment on other receivables;
- iv) Contract liabilities was reclassified from trade and other payables amounting to \$179,000
- v) Adjustments for recognition of additional lease liabilities amounting to approximately \$36,000 and reclassification from current to non-current lease liabilities; and
- vi) Borrowings reduced by \$610,000 mainly due to reclassification of interest payable related to the loan and borrowings to trade and other payables.

Statement of Comprehensive Income of the Group for FY2021

	Audited Results	Unaudited Results	Difference	Note
	\$'000	\$'000	\$'000	
Revenue	6,072	6,770	(698)	(i)
Changes in inventories, materials consumed and sub-contractor costs	(1,708)	(3,018)	1,310	(ii)
Staff costs – Project related	(3,503)	(2,284)	(1,219)	
Net impairment losses of financial and contract assets	1	(512)	513	(iii)
Contract assets written off	(372)	-	(372)	
Other expenses	(993)	(893)	(100)	(iv)

The variances to the Statement of Comprehensive Income of the Group for FY2021 were mainly due to the following:

- i) Revenue reduced mainly due to over-recognition of revenue from telecommunications projects in Singapore amounting to \$698,000 due to cut-off errors as at 31 May 2021;
- ii) Changes in inventories, materials consumed and sub-contractor costs reduced by approximately \$1,310,000 mainly due to the reclassification of costs to project related staff costs amounting to \$1,154,000;
- iii) Provision of impairment of contract assets amounting to \$372,000 in the Unaudited Financial Statements which was subsequently recorded as a separate line item of contract assets written off, and reduction in impairment loss of trade receivables and contract assets of \$141,000 partially due to the adjustments mentioned in (i); and
- iv) Other expenses increased mainly due to increase of impairment of property plant and equipment amounting to \$158,000, offset by the reduction of other expenses amounting to \$58,000.

Statement of Cash Flow of the Group for FY2021

	Audited Results	Unaudited Results	Difference	Note
	\$'000	\$'000	\$'000	
Cash flows from operating activities				
Change in working capital:				
Inventories	447	569	(122)	(i)
Contract assets	(533)	(1,111)	578	(ii)
Trade and other receivables	2,780	4,838	(2,058)	(iii)
Contract liabilities	(226)	(779)	553	(iv)
Trade and other payables	(359)	(1,387)	1,028	(v)
Cash flows from investing activities				
Transaction costs paid on acquisition of a subsidiary	(2,111)	-	(2,111)	(vi)
Cash flows from financing activities				
Proceeds from borrowings	2,617	-	2,617	(viii)
Repayment of borrowings	(2,921)	-	(2,921)	
Proceeds from factoring	-	4,410	(4,410)	
Repayment of factoring	(102)	(4,901)	4,799	

The variances to the Statement of Cash Flow for FY2021 were mainly due to the following:

- i) Cash inflow from inventories reduced by \$122,000 was due to the reversal of provision of obsolescence as mentioned under point (ii) of explanation for variances to the Statement of Financial Position of the Group for FY2021 above;
- ii) Cash outflow from contract assets reduced by \$578,000 due to adjustments mentioned under point (i) of explanation for variances to the Statement of Comprehensive Income of the Group for FY2021 above;
- iii) Cash inflow from trade and other receivables reduced by \$2,058,000 mainly due to recognition of movements in trade and other receivables arising from the acquisition and disposal of subsidiaries in the Unaudited Financial Statements that does not have a cash impact;
- iv) Cash outflow of contract liabilities reduced by \$553,000 due to reclassification mentioned under point (iv) of explanation for variances to the Statement of Financial Position of the Group for FY2021 above, and recognition of movement in contract liabilities arising from disposal of subsidiary that does not have a cash impact;
- v) Cash outflow from trade and other payables were reduced by \$1,028,000 mainly due to recognition of movements in trade and other payables arising from the acquisition and disposal of subsidiaries in the Unaudited Financial Statements that does not have a cash impact;
- vi) Adjustments of actual cash outflow of transaction costs on acquisition of a subsidiary of \$2,111,000;
- vii) Amendments to presentation of proceeds from and repayments of factoring that was presented on a gross basis in the Unaudited Financial Statements to a net basis in the Audited Financial Statements as well as a reclassification from factoring to borrowings.

By Order of the Board
Yinda Infocomm Limited

Mr. Pierre Prunier
Chief Executive Officer and Executive Director
16 September 2021

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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.

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