



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

**COMPLETION OF THE REVIEW CONDUCTED ON THE 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 announcement entitled, “Net Loss Understatement of Wholly-owned Subsidiary in Malaysia”, released on SGXNet on 19 October 2022 wherein it stated that:

- (a) 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 and S\$1.8 million for the half year ended 30 June 2022 (collectively, the “**FY2021 and 1H2022 Misstatements**”).
- (b) the Board, on the recommendation of the Audit & Risk Committee, has engaged its external auditors, KPMG, 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**”).

Further to the above, the Company wishes to update that the Review has been completed.

Pursuant to the Review, KPMG carried out the agreed-upon procedures on certain consolidated journal entries in relation to YHSM’s consolidated financial statements as at 30 September 2022 to check that they are supported and prepared in accordance with the Company’s policies, and for findings arising on the consolidation process as at 30 September 2022, to check for similar errors and financial impact if any, on the consolidated financial statements of the Company and YHSM, respectively, for the financial year ended 31 December 2021 (the “**audited FY2021 financial statements**”) and for the half year ended 30 June 2022 (the “**unaudited 1H2022 results**”).

Separately and concurrently, the Group’s Internal Audit function (assisted by external consultants in Malaysia, Deloitte Business Advisory Sdn Bhd) conducted an independent review to assess the adequacy and effectiveness of the key internal controls relating to the Group’s financial reporting processes, in particular, the internal control and governance framework and structure governing the finance function, as well as the financial reporting and group consolidation process at YHSM.

As the Review has concluded, the Company wishes to inform the results of the Review as follows:

- (a) the Review has not identified any other significant error that will have a material impact on the consolidated financial statements of the Company and YHSM, respectively, for the audited FY2021 financial statements and the unaudited 1H2022 results.

- (b) the Review has not found any evidence or indication of fraud in relation to the FY2021 and 1H2022 Misstatements.
- (c) the Review has not identified any material weakness in the systems of internal controls within the finance function. Nonetheless, the Review has identified certain control observations and improvement opportunities, including in the communication of and compliance with group policies and procedures, escalation of deviations to Group Finance, and documentation of consolidation entries and evidence of review, which Management will act upon with a view to improving and strengthening the key internal controls relating to the Group's financial reporting processes.

The Board, with the Audit & Risk Committee, will continue to oversee that Management continually and actively identifies and assesses risks in relation to the Group's financial reporting processes in accordance with best practices, and that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

By Order of the Board
Tan Pek Bhee
Company Secretary
25 November 2022