



## HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

Reg. No. 199905292D

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### ANNOUNCEMENT PURSUANT TO RULE 704(6) OF THE MAINBOARD RULES - MATERIAL VARIANCES BETWEEN THE UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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The board of directors (the “**Board**”) of Hong Lai Huat Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s unaudited full yearly results announcement for the financial year ended 31 December 2023 (“**FY2023**”) published on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) website on 28 February 2024.

In compliance with Rule 704(6) of the Listing Manual of the SGX-ST, the Company would like to announce and explain the material variances between the Audited Financial Statements and the Unaudited Financial Statements for FY2023 after the completion of the financial audit by the Company’s external auditors.

#### 1. Extract of Consolidated Statement of Comprehensive Income of the Group for FY2023

	Audited Financial Statements S\$'000	Unaudited Financial Statement S\$'000	Variance S\$'000	Note
Share of (loss)/profit of a joint venture	(1,950)	3,515	(5,465)	a
Share of other comprehensive loss of a joint venture	(348)	(496)	148	b
Loss for the financial year	(23,773)	(18,308)	(5,465)	c
Total comprehensive loss for the financial year	(24,296)	(18,979)	(5,317)	c

#### Notes:

- (a) The variance in share of (loss)/profit of a joint venture was due to the Group reassessment of the revenue recognition for sale of development properties under construction of its joint venture, Royal Hong Lai Huat One Company Limited, by considering the terms of the contracts entered with the customers and customary business practices in Cambodia and concluded that revenue arising from uncompleted development properties should be recognising at a point in time instead of recognising over time in prior financial years’ financial statements, resulting in an increase of \$5.5 million loss in share of loss of a joint venture.
- (b) The variance in share of other comprehensive loss of a joint venture was due to the foreign currency translation differences arising from the adjustment explained under the above note 1(a).
- (c) As a result of the net adjustment of share of (loss)/profit of a joint venture and share of other comprehensive loss of a joint venture, the net loss and total comprehensive loss for FY2023 Audited Financial Statements increased by \$5.5 million and \$5.3 million respectively as compared to the net loss and total comprehensive loss for FY2023 Unaudited Financial Statements.

## 2. Extract of Consolidated Statement of Comprehensive income of the Group for FY2022

	Audited Financial Statements (Restated) S\$'000	Audited Financial Statement S\$'000	Variance S\$'000	Note
Share of (loss)/profit of a joint venture	(952)	695	(1,647)	a
Share of other comprehensive loss of a joint venture	(190)	(244)	54	b
Loss for the financial year	(12,049)	(10,402)	(1,647)	c
Total comprehensive loss for the financial year	(12,898)	(11,305)	(1,593)	c

### Notes:

- (a) The variance in share of (loss)/profit of a joint venture was due to the Group has made a prior year adjustment to adjust the share of results of the joint venture as explained under the above note 1(a) by restating comparative figures for the prior period's financial statements in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors, resulting in an increase of \$1.6 million loss in share of loss of a joint venture.
- (b) The variance in share of other comprehensive loss of a joint venture was due to foreign currency translation differences arising from the adjustment explained under the above note 2(a).
- (c) As a result of the net adjustment of share of (loss)/profit of a joint venture and share of other comprehensive loss of a joint venture, the net loss and total comprehensive loss for FY2022 Restated Audited Financial Statements increased by \$1.6 million as compared to the net loss and total comprehensive loss for FY2022 Audited Financial Statements.

## 3. Extract of Statement of Financial Position of the Group as at 31 December 2023

	Audited Financial Statements S\$'000	Unaudited Financial Statement S\$'000	Variance S\$'000	Note
<b>Non-current assets</b>				
Investment in a joint venture	21,568	29,986	(8,418)	a
<b>Total equity</b>				
(Accumulated losses)/retained earning	(4,906)	3,703	(8,609)	b
Foreign currency translation reserve	(6,085)	(6,276)	191	b
			(8,418)	

### Notes:

- (a) The variance in investment in a joint venture was due to the adjustment explained under the above note 1(a), resulting in a decrease of \$8.4 million in investment in a joint venture.
- (b) The variance in total equity of \$8.4 million as at 31 December 2023 was due to the net variance in accumulated losses/retained earnings and foreign currency translation reserve as explained under the above note 1(a) and 1(b) respectively.

4. Extract of Statement of Financial Position of the Group as at 31 December 2022

	Audited Financial Statements (Restated) S\$'000	Audited Financial Statement S\$'000	Variance S\$'000	Note
<b>Non-current assets</b>				
Investment in a joint venture	17,173	20,274	(3,101)	a
<b>Total equity</b>				
Retained earning	18,867	22,011	(3,144)	b
Foreign currency translation reserve	(5,562)	(5,605)	43	b
			(3,101)	

**Notes:**

- (a) The variance in investment in a joint venture was due to the adjustment explained under the above note 2(a), resulting in a decrease of \$3.1 million in investment in a joint venture.
- (b) The variance in total equity of \$3.1 million as at 31 December 2022 was due to the net variance in retained earnings and foreign currency translation reserve as explained under the above note 2(a) and 2(b) respectively.

By Order of the Board

Dato' Dr. Ong Bee Huat  
Executive Deputy Chairman and Group Chief Executive Officer  
15 April 2024