



HIAP SENG ENGINEERING LIMITED
(JUDICIAL MANAGERS APPOINTED)
(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)

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

Hiap Seng Engineering Limited (the "Company" and together with its subsidiaries, the "Group") refers to its unaudited full year financial results announcement for the financial year ended 31 March 2021 ("FY2021") released on 25 October 2022 (the "Unaudited Financial Statements").

Pursuant to Rule 704(6) of the Listing Manual of Singapore Exchange Trading Limited, the Company wishes to highlight and clarify the material differences between the Unaudited Financial Statements and the audited financial statements for FY2021 contained in the Annual Report (the "Audited Financial Statements").

A summary of the differences between the Unaudited Financial Statements and Audited Financial Statements with the relevant explanatory notes are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income as at 31 March 2021

	Note	Group			
		Audited Financial Statements	Unaudited Financial Statements	Variance	Increase / (Decrease)
		S\$'000	S\$'000	S\$'000	%
Revenue	PL-1	29,392	31,503	(2,111)	-7
Cost of services rendered	PL-2	(31,447)	(30,746)	(701)	2
Gross (loss)/ profit		(2,055)	757	(2,812)	N.M
Other income		1,190	1,190	-	-
Other gains/(losses) - net	PL-3	4,097	1,879	2,218	N.M
Expenses					
- Administrative		(7,788)	(7,788)	-	-
- Finance		(1,265)	(1,265)	-	-
		(5,821)	(5,227)	(594)	11
Share of profit of associated companies		19	19	-	-
Loss before income tax		(5,802)	(5,208)	(594)	11
Income tax credit		565	565	-	-
Loss from continuing operation		(5,237)	(4,643)	(594)	13
Discontinued operation					
Loss from discontinued operation		(126)	(126)	-	-
Total loss		(5,363)	(4,769)	(594)	12

N.M. - Not Meaningful

Explanatory Notes

- PL-1 Projects that were novated in FY2021 were accounted for as contract modification under SFRS(I) 15, which requires an adjustment against the revenue in the period of the modification instead of recording an impairment charge against the contract assets.
- PL-2 The increase was due to adjustment for project costs incurred but not recorded.
- PL-3 Result of reversal of contract modification (PL-1) that was presented previously as impairment charge as highlight and reversal for reassessment of impairment of trade receivables of \$0.1 million.

Balance Sheet as at 31 March 2021

		Group			
		Audited Financial Statements	Unaudited Financial Statements	Variance	Increase / (Decrease)
Note		S\$'000	S\$'000	S\$'000	%
ASSETS					
Current assets					
	Cash and cash equivalents	14,126	14,126	-	-
	Trade and other receivables	7,168	6,445	723	11
	Contract assets	3,747	3,747	-	-
	Other current assets	1,087	1,087	-	-
		<u>26,128</u>	<u>25,405</u>	723	3
	Assets of disposal group classified as held-for-sales	6,295	6,295	-	-
		<u>32,423</u>	<u>31,700</u>	723	2
Non-current assets					
	Investments in associated companies	274	274	-	-
	Property, plant and equipment	6,995	6,995	-	-
	Financial assets, at FVOCI	700	1,289	(589)	(46)
		<u>7,969</u>	<u>8,558</u>	(589)	(7)
	Total assets	<u>40,392</u>	<u>40,258</u>	134	0
LIABILITIES					
Current liabilities					
	Trade and other payables	31,321	31,960	(639)	(2)
	Provision for onerous contracts	114	114	-	-
	Contract liabilities	107	107	-	-
	Current income tax liabilities	376	376	-	-
	Borrowings	26,901	25,860	1,041	4
	Lease liabilities	789	789	-	-
		<u>59,608</u>	<u>59,206</u>	402	1
	Liabilities of disposal group classified as held-for-sales	4,171	4,171	-	-
		<u>63,779</u>	<u>63,377</u>	402	1
Non-current liabilities					
	Lease liabilities	821	821	-	-
		<u>821</u>	<u>821</u>	-	-
		<u>64,600</u>	<u>64,198</u>	402	1
	NET LIABILITIES	<u>(24,208)</u>	<u>(23,940)</u>	(268)	1
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	Share capital	36,178	36,178	-	-
	Other reserves	17	606	(589)	N.M
	Accumulated losses	(57,928)	(58,208)	280	0
		<u>(21,733)</u>	<u>(21,424)</u>	(309)	1
	Non-controlling interests	(2,475)	(2,516)	41	(2)
	Total equity	<u>(24,208)</u>	<u>(23,940)</u>	(268)	1

N.M. - Not Meaningful

Explanatory Notes

- FP-1 The variance was mainly due to the reassessment of provision for impairment of trade receivables, of \$0.1 million as highlighted in PL-3 and reversal of provision for impairment of trade receivables of S\$0.6 million relating to the prior financial year (FY2020).
- FP-2 The reduction was due to the estimation of the fair value of the unlisted equity securities of an investee company in Vietnam.
- FP-3 The reduction was mainly due to the reclassification of interest payable of \$1.0 million from trade and other payables to borrowings, partially offset by adjustment for project costs incurred but not recorded as mentioned in PL-2.
- FP-4 The variance was mainly due to the reclassification of interest payable from trade payables to borrowings.

Onn Su Sun and Lin Yueh Hung
Joint and Several Judicial Managers

18 November 2022

The affairs, business and property of the Company are being managed by the Judicial Managers appointed by the High Court of Singapore. The Judicial Managers contract and only act as agents of the Company and disclaim all personal liability of any nature whatsoever for all matters arising out of, in connection with and in respect of the Judicial Management of the Company herein.