



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 2020**

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 2020 (“**FY2020**”) released on 30 July 2020 (the “**Unaudited Results**”).

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 Unaudited Results and the audited financial statements for FY2020 (“**Audited Results**”).

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

Statement of Financial Position of the Group as at 31 May 2020

	Audited Results	Unaudited Results	Difference		Note
	\$'000	\$'000	\$'000	%	
Property, plant and equipment	1,236	1,309	(73)	(5.58)	(i)
Deferred tax assets	-	560	(560)	N.M.	(ii)
Contract assets	6,288	6,872	(584)	(8.50)	(iii)
Trade and other receivables	4,354	4,704	(350)	(7.44)	(iii)
Inventories	1,088	1,227	(139)	(11.33)	(iv)
Cash and cash equivalents	426	338	88	26.04	(v)
Contract Liabilities	779	1,989	(1,210)	(60.83)	(vi)
Trade and other payables	5,039	5,707	(668)	(11.70)	(vii)
Lease liabilities – Current	567	632	(65)	(10.28)	(i)
Lease liabilities – Non-current	262	272	(10)	(3.68)	(i)
Tax payable	523	11	512	4654.55	(ii)
Deferred tax liabilities	220	-	220	N.M.	(ii)
Accumulated losses	(5,665)	(5,278)	387	7.33	(viii)
Other reserves	(8,468)	(8,444)	24	0.28	(ix)

N.M. – Not meaningful

The variances to the Statement of Financial Position of the Group for FY2020 were mainly due to the:

- i) Adjustments to over-recognition of right-of-use assets and lease liabilities for certain lease arrangements pursuant to the adoption of SFRS(I)16 Leases;

Statement of Financial Position of the Group as at 31 May 2020 (Cont'd)

- ii) Adjustments to deferred tax assets and deferred tax liabilities of (\$560,000) and \$220,000 respectively arose due to prior year adjustments which resulted in lower losses recorded in prior years. Please refer to Note 34 of the Audited Results for more details on the prior year adjustments. Tax payable increased by \$512,000 for the current year mainly due to provisions made for the Philippines subsidiary;
- iii) Adjustments were mainly due to the provision of expected credit loss on contract assets and trade receivables of \$356,000 and \$269,000 respectively by customers in the Philippines. Contract assets further reduced by \$218,000 due to over recognition of revenue from Philippines's customer during the year;
- iv) Inventories reduced mainly due to recognition of inventory obsolesces of \$216,000;
- v) Refer to the explanations on the Consolidated Statement of Cash Flows for the Group below;
- vi) Being prior year adjustment relating to understatement of revenue recognised for the Philippines subsidiary in respect of completed contracts where performance obligations were satisfied prior to 2019;
- vii) Decrease in trade and other payables mainly relating to the reclassification of tax payable amounting to \$420,000;
- viii) Accumulated losses for FY2019 was reduced by \$994,000 and offset by adjustments made to loss net of tax amounting to \$1,378,000 in the Statement of Comprehensive Income for the Group for FY2020 shown in the table below. Please refer to Note 34 of the Audited Results for more details on the prior year adjustments.; and
- ix) Being net adjustment on foreign exchange differences arising on consolidation of foreign subsidiaries.

Statement of Comprehensive Income of the Group for FY2020

	Audited Results	Unaudited Results	Difference		Note
	\$'000	\$'000	\$'000	%	
Revenue	11,511	12,502	(991)	(7.93)	(i)
Other income	274	110	163	1.32	(ii)
Changes in inventories, materials consumed and sub-contractor cost	(3,784)	(4,002)	(218)	(1.74)	(iii)
Net impairment losses of trade receivables and contract assets	(625)	-	625	N.M.	(iv)
Depreciation and amortisation expenses	(862)	(923)	(61)	(0.49)	(v)
Other expenses	(2,017)	(2,087)	(70)	(0.56)	(vi)
Loss before tax	(2,869)	(1,748)	1,121	8.97	
Income tax expense	(287)	(30)	257	2.06	(vii)
Loss net of tax	(3,156)	(1,778)	1,378	11.02	

N.M. – Not meaningful

The variances to the Statement of Comprehensive Income of the Group for FY2020 were mainly due to the:

- i) Revenue decreased mainly due to an over recognition of revenue in Singapore and Philippines amounting to approximately \$648,000 and \$160,000 respectively in the financial year ended 31 May 2020. The over recognition of revenue was in relation to a customer in the Philippines;

Statement of Comprehensive Income of the Group for FY2020

- ii) Increase in other income was mainly due to a reclassification of expenses amounting to approximately \$180,000 to other expenses;
- iii) Changes in inventories, materials consumed and sub-contractor cost reduced by approximately \$218,000 due to over recognition material costs of approximately \$434,000, offset by \$216,000 of expenses incurred for the provision of stock obsolesces;
- iv) Being adjustment of provision for impairment of trade receivables and contract assets from customers in the Philippines;
- v) Adjustment of depreciation pursuant to the adoption of SFRS(I)16 of approximately \$61,000;
- vi) Adjustments for reversal rental expenses as a result of adoption of SFRS(I)16 Leases, partially offset by other expenses recognised in (ii); and
- vii) Adjustment for overprovision of deferred tax assets charged to profit and loss.

Statement of Cash Flow of the Group for FY2020

	Audited Results	Unaudited Results	Difference		Note
	\$'000	\$'000	\$'000	%	
Net cash generated from operating activities	759	555	204	36.76	(i)
Net cash used in investing activities	(126)	(114)	12	10.53	(ii)
Net cash used in financing activities	(552)	(448)	104	23.21	(iii)

The variances to the Statement of Comprehensive Income of the Group for FY2020 were mainly due to the:

- i) Net cash generated from cash flow from operating activities increased by S\$204,000 due to explanation provided above;
- ii) Net cash used in investing activities increased slightly due to foreign currency exchange movements; and
- iii) Net cash used in financing activities increased due to a reduction in repayment of bank borrowings and lease liabilities, offset by a decrease in bank borrowings, loan from shareholder, amounts due to related companies and interest paid.

By Order of the Board
Yinda Infocomm Limited

Song Xingyi
Non-Executive, Non-Independent Chairman

Date: 15 October 2020

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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