



Regulatory Announcement

16 March 2021

SGX RegCo to review Y Ventures' independent review report for potential listing rule breaches

Singapore Exchange Regulation (SGX RegCo) refers to Y Ventures' announcements of 14 August 2018, 21 January 2019, 30 January 2019, 1 February 2019 and 12 March 2019 on the misstatements in its unaudited financial statements for the half year ended 30 June 2018 (HY2018). The independent reviewer, Deloitte & Touche Enterprise Risk Services Pte Ltd (Deloitte), issued its report and the company announced the same on 16 March 2021. Deloitte reported the findings directly to SGX RegCo and the audit committee of the company.

Deloitte concluded that the HY2018 misstatements had occurred mainly because employees had not complied with internal procedures the group had implemented during its Initial Public Offering (IPO). The underlying causes of misstatements are broadly categorized as: (a) ineffective monitoring of inventory balance, (b) weaknesses in the procurement and payment process, (c) inadequate review of accounting entries and (d) inadequate review of financial closing and reporting process. The erroneous financial records were undetected due to oversight by the former Chief Financial Officer.

For the FY2014 to FY2017 financial statements disclosed in the company's IPO Offer Document dated 30 June 2017, the company's independent auditor and reporting accountant at IPO, Baker Tilly TFW LLP (Baker Tilly), had opined that the disclosed financials were true and fair, and confirmed that they were not aware of any material misstatements relating to these financial periods that would require them to modify or withdraw their audit opinions. However, Deloitte was unable to assess if any misstatements in these financial statements had occurred. Deloitte had not had the benefit of reviewing complete and contemporaneous supporting documents (including working papers which could have encompassed documentation on the inventory balance supporting Baker Tilly's opinion on the FY2014 to FY2017 financial statements) despite its efforts and those of the company to locate the documents. The documents were unavailable due to the passage of time, staff turnover and inadequate record keeping. SGX RegCo will engage the relevant regulatory authorities where appropriate on this matter.

SGX RegCo had conducted an inspection on RHT Capital Pte. Ltd. (RHT) in relation to its performance as Full Sponsor to the company's IPO. The inspection findings and Deloitte's observations did not uncover causation on the part of RHT in relation to the misstatements in the company's HY2018 financial statements.

SGX RegCo will investigate further potential listing rule breaches by Y Ventures, its directors and/or key executive officers as highlighted in Deloitte's report. The review will also determine if RHT had fulfilled its duties and obligations as the Company's Continuing Sponsor.

Y Ventures has implemented all internal control recommendations highlighted in Deloitte's report. SGX RegCo expects the audit committee to continue to monitor the internal controls in its finance function and include these areas of review as part of the scope of its annual internal audit.

We would like to remind SGX-listed issuers that they are required under Listing Rule 719(1) to have in place adequate and effective internal controls and risk management systems both at the time of IPO and on a continuing basis.

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