
SINGAPORE KITCHEN EQUIPMENT LTD

Investigation into Eight Transactions involving Q'son Kitchen Equipment Pte Ltd, a subsidiary of Singapore Kitchen Equipment Ltd

Executive Summary

8 June 2022

RAJAH & TANN | *Singapore*

Thong Chee Kun / Michelle Lee / Juay Wei Tian

Tel: +65 6232 0156 / +65 6232 0553 / +65 6232 0187
Fax: +65 6428 2156 / +65 6428 3466
E-mail: chee.kun.thong@rajahtann.com / michelle.lee@rajahtann.com /
weitian.juay@rajahtann.com

RAJAH & TANN SINGAPORE LLP

9 Straits View #06-07, Marina One West Tower, Singapore 018937 T +65 6535 3600 www.rajahtannasia.com

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I. INTRODUCTION

1. This Executive Summary provides a summary of our findings in our Investigation Report dated 25 April 2022. It is not intended to be exhaustive and should be read in conjunction with the entire report and the annexures.
2. We were instructed to conduct an independent investigation concerning the eight payments that QKE Holdings Pte Ltd ("**QKEH**") had made on behalf of Q'son Kitchen Equipment Pte Ltd ("**QKE**") in 2018 and 2019 (the "**Eight Transactions**") and the subsequent reimbursement of QKEH by QKE on or around 30 March 2020. The Eight Transactions total S\$1,395,536.17. QKE is the main operating subsidiary of Singapore Kitchen Equipment Ltd ("**SKE**"), while QKEH is the majority shareholder of SKE.
3. The investigation arose from concerns raised by SKE's external auditors, BDO LLP, in relation to SKE's group accounts for the financial year ended 31 December 2020 ("**FY2020**"). BDO LLP had initially flagged out the abovementioned reimbursement of S\$1,395,536.17 as a potential interested person transaction.
4. The primary focus of the investigation relates to the document alterations made to QKEH's and QKE's internal accounting records concerning the Eight Transactions.

II. THE GENESIS OF THE ARRANGEMENT RESULTING IN QKEH MAKING PAYMENTS ON BEHALF OF QKE

5. In the course of our investigation, the Management (comprising the Executive Directors and Senior Manager, Ms Charlene Koh) and the former Group Chief Financial Officer (who served as the Financial Controller from 1 June 2016 to 31 October 2020 and redesignated as the Group CFO with effect from 1 November 2020 before resigning from her role as Group CFO on 31 August 2021) (the "**Former CFO**") provided the following explanation in relation to the genesis of the arrangement:
 - a) SKE's sponsor in relation to SKE's proposed listing on the Hong Kong Stock Exchange (the "**HK Sponsor**") had advised that the SKE Group should conserve as much cash as possible. The purpose behind the cash conservation was to ensure that the SKE Group could meet the potential listing expenses.
 - b) For the purposes of listing application, the management understood that they should refrain from entering into certain categories of transactions such as advertising.
 - c) The management also understood that if the SKE Group was required to incur such expenses, QKEH could pay on behalf of QKE and be reimbursed after the conclusion of the listing application.

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6. According to the Chief Executive Officer (“**CEO**”), she had sought the advice and opinion of the Former CFO on whether QKEH could indeed make such payments on behalf of QKE first and be subsequently reimbursed by QKE. Upon assurances from the Former CFO that this could be done, the CEO instructed QKEH to make payments for the Eight Transactions on behalf of QKE.
7. While we have not seen documentary evidence supporting the fact that the HK Sponsor had given the advice set out at paragraph 5 above, the explanation provided by the Management and the Former CFO is at least partially corroborated by the fact that QKEH had paid for the transactions on behalf of QKE for the stated purposes, rather than for any other purpose(s).

III. THE AUTHENTICITY OF THE TRANSACTIONS

8. The recipient, purpose, date and quantum relating to each of the Eight Transactions are set out as follows.

S/N	Recipient & Purpose of Payment	Amount (S\$)	Payment Date by QKEH
a)	Charitable donation to Willing Hearts. Willing Hearts is a non-profit organisation registered in Singapore.	10,320.00	11 April 2018
b)	Fees paid to Activa Media, in respect of Contract Nos. 801140 and 802264, for providing advertising services for QKE on Google and Facebook.	295,320.00	31 May 2018
c)	Security deposit and booking fee to Sabana Shari’ah Compliant Industrial Real Estate Investment Trust (“ Sabana REIT ”), for the lease of unit #01-02A, 8 Commonwealth Lane.	50,666.62	13 September 2018
d)	Payment to Q’son Industries (M) Sdn Bhd in relation to working capital of S\$30,610 and employee bonuses of S\$169,410 for the year 2018.	200,020.00	21 January 2019
e)	Employee incentives and bonuses for the year 2018.	741,721.55	January 2019
f)	Charitable donation to Firefly Mission, as contribution towards the building of the Na Chan Tai Lower Secondary school in Laos.	58,868.00	18 February 2019
g)	Payment to Full Moon Treks Pvt. Ltd, for staff incentive trip to Nepal from 21 to 26 February 2019.	10,800.00	20 February 2019

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S/N	Recipient & Purpose of Payment	Amount (S\$)	Payment Date by QKEH
h)	Fees to Activa Media, in respect of Contract No. 800489, for SEO services and setup fee, website development, creation of a mobile conversion page, and web hosting services.	27,820.00	29 May 2019
TOTAL AMOUNT		1,395,536.17	

Table 1: The Eight Transactions which QKEH paid on behalf of QKE

9. Based on the information available to us, there is no evidence suggesting that any of the underlying payments relating to the Eight Transactions were false or fictitious.

IV. THE SUBSEQUENT DECISION BY QKEH TO SEEK REIMBURSEMENT

10. In order to seek reimbursement, QKEH issued a debit note dated 30 March 2020. The debit note was prepared by the Former CFO on the instructions of the CEO. Details on the Eight Transactions were set out on the debit note. Hence, there appears to be no attempt by QKEH / QKE to conceal the fact of reimbursement *per se*.

V. THE DOCUMENTARY ALTERATIONS

11. Findings indicate that the Former CFO had made and/or instructed the making of the document alterations in order to simplify the audit process. The Former CFO resigned from her role as CFO in August 2021. Mr Chong Wun Leong now serves the role of the CFO. He is an Associate Certified Public Accountant
12. The table below sets out a summary of our findings in relation to the alterations made to QKEH's / QKE's internal accounting documents relating to the Eight Transactions and certain other transactions involving Activa Media. The alterations relate to the dates and/or periods of service stated in the documents only.

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S/N	Altered Document	Person(s) who made the alterations	Purpose of the alterations	Date on which the alterations were made
a)	QKEH's UOB bank statement for the month of January 2019, which was altered to reflect the month of January 2020	QKE's Accounts Payables Executive. There is some evidence that the Former CFO had given instructions to this finance staff member to alter the bank statement. There is clear evidence that the Former CFO knew that the bank statement was altered before it was provided to the auditors.	<p>To support the Management's representations to the external auditors that the bonus payments were paid by QKEH on behalf of QKE in January 2020 (instead of the actual dates in January 2019).</p> <p>The bonus payments relate to work done by the employees for the financial year ended 31 December 2018 ("FY2018").</p> <p>As background, during the Remuneration Committee and Board Meetings on 10 January 2019, it was discussed that there would be no bonus payments for FY2018 because of the Group's performance that year and the advice from the HK Sponsor to conserve cash. However, after the meetings, the Management started receiving negative feedback from their employees about the lack of bonuses. The Management became concerned that it could lead to mass resignations especially of skilled staff members who were not easily replaceable. Hence, the Management made the decision on or around 16 January 2019 to pay bonuses for FY2018. The bonuses were paid by QKEH to QKE's employees by way</p>	3 March 2021

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S/N	Altered Document	Person(s) who made the alterations	Purpose of the alterations	Date on which the alterations were made
			of cheques dated 21 January 2019.	
b)	<p>Three invoices issued by Activa Media to QKE which relate to the payment of the total sum of S\$295,320 by QKEH on behalf of QKE on 31 May 2018. The dates of the three invoices were altered to reflect dates that are approximately two years later than the actual dates of the invoices. The periods of service by Activa Media were also altered correspondingly.</p> <p>i. Invoice No. 17003024 dated 2 November 2017 for the sum of S\$131,610.00</p> <p>ii. Invoice No. 18000420 dated 1 February 2018 for the sum of S\$131,610.00</p> <p>iii. Invoice No. 18001485 dated 23 May</p>	The Former CFO.	<p>In late March 2021, pending the outcome of BDO's review, QKEH refunded the sum QKE had previously reimbursed QKEH for the Eight Transactions.¹</p> <p>Thereafter, the Former CFO altered these three invoices to reflect more current dates and service periods. The Former CFO explained that her intention was to "charge back" the transactions to QKEH's books for FY2020 when QKEH refunded QKE the abovementioned sum.</p>	<p>i. Unknown</p> <p>ii. Unknown</p> <p>iii. Around late</p>

¹ About S\$1.2 million after excluding the sums that QKEH paid on behalf of another subsidiary Q'son Industries (M) Sdn Bhd

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S/N	Altered Document	Person(s) who made the alterations	Purpose of the alterations	Date on which the alterations were made
	2018 for the sum of S\$32,100.00			March 2021 to early April 2021
c)	<p>Photocopies of three cheques issued by QKE to Activa Media. The original cheques were all dated 13 December 2019. The dates on the photocopies of the cheques were altered to reflect the date of 8 January 2020. The three cheques are as follows:</p> <ul style="list-style-type: none"> - Cheque No. SCB-804698 for the sum of S\$74,900.00 - Cheque No. SCB-804696 for the sum of S\$10,700.00 - Cheque No. SCB-804697 for the sum of S\$131,610.00 	QKE's Senior Finance Executive under the instructions of QKE's Assistant Finance Manager. There is some evidence suggesting that the Former CFO had instructed the Assistant Finance Manager to alter the dates on the photocopies of the cheques and in turn, the latter had instructed the Senior Finance Executive to do so.	Although the cheques were dated 13 December 2019, they were only presented on 3 January 2020, pursuant to a request by QKE to Activa Media. QKE had made such a request in order to conserve cash towards the end of the year. The dates on the photocopies of the cheques were altered to reflect a date in early January 2020, which is closer to the date of presentation of the cheques.	13 December 2019
d)	<p>Invoice No. 20003143 issued by Activa Media to QKE dated 30 December 2020 for the sum of S\$131,610.00. The date was altered to reflect the date of 30 January 2020. Contract terms reflected was</p>	QKE's Accounts Payables Executive under the instructions of the Former CFO.	The Former CFO has explained that from her perspective, the information stated on the invoice was incomplete / inadequate: (i) it did not reflect the period of service and (ii) the invoice was dated one year after payment had been made. The Former CFO also said that she was concerned that the	3 March 2021

S/N	Altered Document	Person(s) who made the alterations	Purpose of the alterations	Date on which the alterations were made
	changed from “12 months” to “12 months (From January 2021 to December 2021)”.		auditors would flag out the invoice and express concerns about possible duplication of services (when there was not). Hence, she instructed the alteration of the invoice digitally to reflect more precisely the services that were provided in order to pre-emptively avoid any possible misunderstanding.	

Table 2: Summary of findings in relation to the document alterations

VI. SKE’S INTERNAL CONTROLS

13. We understand that at all material times, SKE have controls in place to prevent unauthorised payments and/or inaccurate recording of transactions. Before any payments can be made, a process of independent verification should be followed:
 - a) Any request for payment would be made to QKE’s Account Payables Executive. The relevant supporting documents including invoices would also be handed to the said executive. These would have to be the original invoices. After preparing the payment voucher and cheque using the computerised system, the executive would also key in the relevant information such as the account classification of the payment into the system. The payment voucher and cheque would then be printed on the same piece of paper, with a perforated line separating the payment voucher and cheque.
 - b) The documents would then be handed over to QKE’s Finance Manager and thereafter the CFO. As a matter of process, both the Finance Manager and CFO would independently review the payment voucher and supporting documents. They must be satisfied with the legitimacy of the intended payments before they can sign the payment voucher and hand the cheque to Sally and Alan for their signature(s). (Sally and Alan were then QKE’s authorised account signatories).
 - c) The payment would then be entered into QKE’s books.

14. The objective of the process as described is to ensure independent review of payments with adequate checks and balances *before* any payment is made. The use of the computerised system was intended to ensure that all payments were properly accounted for in a timely manner.²
15. Payments in respect of the Eight Transactions were first made by QKEH on behalf of QKE, and hence they were not subject to the abovementioned process and accounted for in QKE's accounting system. It was only until QKE made repayments to QKEH that the transactions were keyed into QKE's accounts. Further, in respect of the altered bank statement, the bank statement itself belongs to QKEH and not QKE.
16. While no system of internal control can completely guard against any manual alteration of documents by an employee, every effective system of internal controls should have in place measures to both prevent and detect non-compliance.

A. Whether the SKE Group had sufficient controls to prevent the unauthorised document alterations and/or inaccurate recording of transactions

17. Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**") was engaged by SKE to review and evaluate the internal controls of the company and prepare an internal audit report. Its internal audit report was issued on 12 November 2021.
18. In its report, Baker Tilly made various observations of shortfalls in SKE's internal controls. We set out below a summary of the findings of shortcomings that may have contributed to the lapses in question. Alongside these findings, we also set out Baker Tilly's recommendations and the Management's response to the recommendations:

² While there were circumstances where manual cheques were issued instead of printed cheques, the finance department would still serve the control function. The cheque books were at all material times held under the custody of the finance department. The same applies to the internet banking tokens. Before any payment is made manually or electronically, verification would first be carried out by the finance department.

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S/N	Baker Tilly's findings	Baker Tilly's recommendations	Management's comments
a)	<p><u>Lack of process to safeguard against falsification of bank statement</u></p> <p><i>"The Group has not established any checking or detective procedures to safeguard against falsification of bank statements. For example, check the bank statements against the online banking portal or obtain another copy of bank statements from the bank's relationship manager.</i></p> <p><i>This safeguard procedure should be performed by the management team independent of Finance department, such as Senior Manager, Operation or the Chief Executive Officer ("CEO")."</i></p>	<p><i>"The management team (i.e., CEO or Senior Manager, Operations) should regularly check the bank statements kept by Finance department against the online banking portal or another copy of bank statement from the bank's relationship manager."</i></p>	<p><i>"Will set up online banking platform for the Group's bank accounts. Moving forward on a monthly basis, the Senior Manager, Operations will verify and sign bank statements against the online banking platform to detect for falsification of bank statement."</i></p>
b)	<p><u>Lack of delegation of authority established for the Group's key transactions</u></p> <p><i>"Currently, the Group does not have a written delegation of authority ("DOA") established and endorsed by the Board of Directors. The DOA is an essential internal control document that defines the responsibilities and authorities for approving the Group's key decision and transactions within business.</i></p> <p><i>Business transactions that can be covered in the Group's DOA include but not limited to the following:</i></p> <ul style="list-style-type: none"> <i>• Sales order and contract;</i> <i>• Customer credit terms and conditions;</i> <i>• Purchase orders;</i> <i>• Capital expenditures;</i> 	<p><i>"The DOA matrix should be established and approved by the Group's management team and Board of Directors."</i></p>	<p><i>"We will establish a DOA matrix, and submits it for approval by the CEO and endorsement by the Board of Director in Board meeting."</i></p>

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S/N	Baker Tilly's findings	Baker Tilly's recommendations	Management's comments
	<ul style="list-style-type: none"> • Operating expense requisition; • Payment approval; • Borrowing and investment; • Bank account opening and closing, change of bank signatories; • Annual budgeting; • Financial reporting; • Recruitment and payroll processing; • Interested persons' transactions; and • Bad debt, inventory and expense write off." 		
c)	<p><u>Lack of formalised policies and procedures of interested person transactions management</u></p> <p>"The Group has not formalised interested person transactions processes in written policies and procedures:</p> <ul style="list-style-type: none"> • Definition of interested person and interested person transactions; • Identification of interested person; • Monitoring of interested person transactions; • Approval process for interested person transactions; • Arm's length assessment for interested person transactions; • Periodic reporting of interested person transactions to the Audit Committee ("AC"); and • Announcement of significant interested person transactions." 	<p>"Policies and procedures for interested person transactions management should be established and endorsed by the Audit Committee."</p>	<p>"We will establish IPT policy and [submit] it to the AC for approval."</p>

S/N	Baker Tilly's findings	Baker Tilly's recommendations	Management's comments
d)	<p><u>Inadequacies in [the] identification of interested persons and monitoring of interested persons transactions</u></p> <p><i>"The following inadequacies in identification of interested persons are noted:</i></p> <ul style="list-style-type: none"> <i>a) A list of interested persons is not maintained...</i> <i>b) No written declaration of interests by the other interested persons except the Executive Directors...</i> <i>c) No maintenance of interested persons transactions (IPT) register...</i> <i>d) No periodic reporting of IPT to the Audit Committee."</i> 	<ul style="list-style-type: none"> <i>a) "A list of interested persons should be maintained by the Finance department and updated whenever they are notified of any changes.</i> <i>b) The Group's independent directors and controlling shareholders during the financial year period should be required to make written declaration of interests (i.e., their associates) annually.</i> <i>c) An IPT register should be maintained and updated monthly by the Finance department.</i> <i>d) The IPT register should be reported to the Audit Committee periodically for review."</i> 	<p><i>"Finance department will keep a list of interested persons and update it when necessary. An IPT register will be maintained and submitted to the AC for review as and when there is an update.</i></p> <p><i>We will also ensure the Group's independent directors and controlling shareholders make written declaration of interests at the end of financial year 2021."</i></p>
e)	<p><u>Lack of formalised guidelines for management of operating expenses</u></p> <p><i>"The Group's operating expenses are mainly comprised of petrol, upkeep of vehicles, advertising, marketing, employees' entertainment and transport claims, computer maintenance and upkeep, insurance, office administrative expenses, professional fees and etc.</i></p> <p><i>However, formal guidelines have not been established for</i></p>	<p><i>"Guidelines for the above-mentioned processes of operating expenses should be established in writing."</i></p>	<p><i>"We will establish policy for operating expenses, taking into consideration of the above-recommended areas."</i></p>

S/N	Baker Tilly's findings	Baker Tilly's recommendations	Management's comments
	<p><i>the following processes of operating expenses:</i></p> <ul style="list-style-type: none"> • <i>Purchase requisition (e.g., documented records);</i> • <i>Quotation sourcing and price comparison with vendors (i.e., monetary threshold for two or three quotations);</i> • <i>Approval matrix for purchase requisition;</i> • <i>Authorised signatory on vendor's quotation or contract;</i> • <i>Receipt of goods and services; and</i> • <i>Verification of the vendor's invoices."</i> 		
f)	<p><u>Accounts payable reconciliation not performed</u></p> <p><i>"As at 30 September 2021, QKE's total accounts payable amounts to SGD 4,463,666. The trade payables balance is SGD 4,380,947 and the non-trade payables balance is SGD 82,719. However, accounts payable reconciliations between the vendors' statement of account vendor and SAP system's accounts payable sub-ledger are not performed periodically."</i></p>	<p><i>"Accounts payable reconciliation should be performed and documented."</i></p>	<p><i>"Since October 2021, the Finance team has gradually started to obtain statement of accounts from vendors to facilitate AP reconciliation."</i></p>

Table 3: Summary of Baker Tilly's findings and recommendations

B. Remediation steps taken by SKE

19. As announced by SKE on 11 August 2021, SKE has implemented additional control measures since the discovery of the lapses. Most pertinently, since 5 August 2021, the Company has designated two groups of signatories to approve payments:

- a) The Group A signatories comprise Sally and Alan.

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- b) The Group B signatories comprise an Independent Director and the CFO. This Independent Director was formerly the Chairman of the Remuneration Committee Mr Ng How Hwan. After Mr Ng's retirement as director in November 2021, Mr Ang Chiang Meng (Chairman of the Audit Committee) is now the Independent Director performing the role of Group B signatory.
20. All payments would have to be authorised by a Group A signatory and a Group B signatory. Whenever payment amount exceeds S\$200,000, the approval of the Independent Director (Mr Ang) as the Group B signatory would be required. As part of this approval process, the Independent Director would require sight of copies of the invoices and supporting documents.
21. All expenses incurred by the Executive Directors would have to be approved by the Board's Independent Directors. Payments from QKE to QKEH are now strictly prohibited to prevent a recurrence of the same incident.
22. Further, we understand that the SKE Group has implemented most of the recommendations made by Baker Tilly. Specifically, in relation to each of the six areas of improvement identified by Baker Tilly at Table 3 above, these are the additional control measures that have been or will be implemented:

S/N	Issues	Additional control measures that have been or will be implemented	Status
a)	Lack of process to safeguard against falsification of bank statement	On a monthly basis, SKE's Senior Manager, Operations conducts verification of the bank statements in the possession of SKE's finance department, against bank statements which are printed directly from the internet banking portal.	Implemented since October 2021
b)	Lack of delegation of authority established for the Group's key transactions	All payments above the sum of S\$200,000 require the approval of Mr Ang, an Independent Director. The SKE Group will prepare the written Delegation of Authority matrix.	Implemented since 5 August 2021. In progress. To be implemented by 30 June 2022.
c)	Lack of formalised policies and procedures of interested person transactions management	All payments to the Executive Directors and parties related to SKE will have to be approved by the Board's Independent Directors. All transactions between QKE and QKEH are strictly prohibited.	Implemented since 24 March 2021.

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S/N	Issues	Additional control measures that have been or will be implemented	Status
d)	Inadequacies in [the] identification of interested persons and monitoring of interested persons transactions	The SKE Group will be maintaining a list of interested persons, which will be submitted to the Audit Committee for review as and when there are changes to the said list. The SKE Group has implemented the requirement for all members of its Board to make annual declarations on conflict of interests.	In progress. To be implemented by 30 June 2022. Implemented since 31 December 2021
e)	Lack of formalised guidelines for management of operating expenses	The guidelines will be prepared alongside the written Delegation of Authority matrix.	In progress. To be implemented by 30 June 2022.
f)	Accounts payable reconciliation not performed	Account payables reconciliation is now being conducted monthly.	Implemented since January 2022.

23. All control measures to prevent a recurrence of the incident in question have been implemented.
24. On 16 August 2021, the Board decided that QKEH would be reimbursed for the charitable donations,³ marketing expenses,⁴ rent / security deposit⁵ and expenses for staff incentive trip.⁶ However, QKEH would not be reimbursed for the bonus payments as they were deemed to be unauthorised.
25. As a result of the Board's decision to reimburse QKEH for these expenses, SKE has restated its financial statements for FY2018 and FY2019, as follows:
- a) For FY2018, the net profit was originally stated as S\$680,450.00. After making adjustments in respect of the Eight Transactions (where the expenses fall within FY2018) and certain contracts (unrelated to the Eight Transactions), the net profit for FY2018 has been restated as S\$272,305.00.
 - b) For FY2019, it was initially stated that there was a net loss of S\$89,181.00. After making adjustments for the Eight Transactions (where the expenses fall within FY2019) and

³ Table 1 at (a) and (f).

⁴ Table 1 at (b) and (h).

⁵ Table 1 at (c).

⁶ Table 1 at (g).

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certain contracts (unrelated to the Eight Transactions), the net loss for FY2019 has been restated as S\$143,122.00.

c) The table below provides a more detailed breakdown of the adjustments made.

<u>Descriptions</u>	<u>FY 2018</u>	<u>FY 2019</u>
	<u>S\$</u>	<u>S\$</u>
Net Profit/(Loss) after tax - prior restatement	680,450.00	(89,181.00)
<u>Adjustment pertaining to 8 payment transactions</u>		
Approved donations to Willing Hearts	(10,320.00)	(58,868.00)
Approved rental payment to Sabana	(50,667.00)	
Approved advertising expenses to Activa Media	(323,140.00)	
Approved staff travelling & trips		(10,800.00)
CPF expenses for unapproved bonus		65,340.00
Adjusted Net Profit/(Loss) after tax - resulted from 8 payment	296,323.00	(93,509.00)
Add / (Less) - other adjustments	(24,018.00)	(49,613.00)
Restated Net Profit/(Loss) after tax as per Financial Statements	272,305.00	(143,122.00)

26. The said restatement has been accounted for and reflected in the audited financial statements for FY2020.

VII. POTENTIAL LIABILITY

27. Based on our findings, certain employees of QKE had altered a bank statement and other documents unilaterally, without instructions from, and knowledge and/or approval by the Executive Directors including the CEO. There is evidence indicating the involvement and/or participation of the Former CFO in all the instances of document alteration.
28. There is no evidence that the altered documents were shown to any third parties, save for the SKE Group's external auditors. We have not uncovered any evidence to suggest that the purpose(s) behind the alterations of the documents was to facilitate and/or conceal criminal breach of trust and/or fraudulent transactions with third parties.
29. Although unintended by the Management including the Executive Directors, the natural consequence of QKEH making payments for the Eight Transactions on behalf of QKE is that financial statements, which were issued by QKE during the relevant period, would be inaccurate. In relation to any inaccuracies in QKE's financial statements, they may be viewed as breaches of section 201(2) of the Companies Act (Cap. 50, Rev. Ed. 2006) (the "**Companies Act**"), as well as SGX Catalist Rules such as Rules 705(1), 705(3)(b), 709A, 719(1), 745 and 1202.

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30. We understand that the CEO accepts responsibility for ensuring compliance with the SGX Catalyst Rules which includes the accuracy of the financial statements in question.
31. If the inaccuracies to the financial statements are found to be material impacting the market for the Company's securities, there may also be potential liability under section 199 of the Securities and Futures Act (Cap. 289, Rev. Ed. 2006).
32. The alteration of accounting records (including the bank statement, cheque images and invoices) may constitute criminal offences under Singapore law. The unauthorised alteration of a document, if made dishonestly or fraudulently, constitutes forgery as defined under section 463 of the Penal Code (Cap. 224, Rev. Ed. 2008) ("**Penal Code**"). Liability may also accrue under section 477A of the Penal Code if an "intention to defraud" is established.
33. Further, if it is established that QKE employees and/or officers had with intent to deceive made or furnished, or knowingly and wilfully authorised / permitted the making or furnishing of, any false or misleading statement to an auditor, liability may arise under section 402(1) of the Companies Act.
34. Our summary concerning potential liability is not intended to be conclusive and/or exhaustive as liability for breaches under the Companies Act, Penal Code and/or the Securities and Futures Act often depend on findings of the requisite intent and/or knowledge as determined by a forum of appropriate competency.



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