



Y VENTURES GROUP LTD.
(Company Registration No.: 201300274R)
(Incorporated in the Republic of Singapore)

FINDINGS OF INDEPENDENT REVIEWER'S REPORT

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings in the Company's announcements dated 21 January 2019, 30 January 2019, 1 February 2019 and 12 March 2019 ("**Announcements**").*

The board of directors ("**Board**") of Y Ventures Group Ltd. ("**Company**") and together with its subsidiaries, ("**Group**") refers to the Announcements and wishes to update shareholders that the Company has on 16 March 2021 received the independent review report ("**Independent Review Report**") from Deloitte & Touche Enterprise Risk Services Pte Ltd ("**Deloitte**").

In summary, the Board has noted that Deloitte has in the Independent Review Report highlighted, among other things, the following findings in the Independent Review Report:

The Misstatements were identified through the Group's internal review procedures after the unaudited results containing the Misstatements have been announced. The causes of the Misstatements could be 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 the financial closing and reporting process. In the overall, there was non-compliance with the Group's internal procedures implemented following the review on the Group's internal controls during the IPO.

A copy of the executive summary of the Independent Review Report ("**Executive Summary**") setting out further details of the findings of the independent review is attached to this announcement for the reference of the shareholders.

The Board has further noted that Deloitte has highlighted, among other things, the following potential breaches as extracted from the Independent Review Report:

- (i) *Catalist Rule 703(4)(a) states that in complying with the SGX-ST's disclosure requirements, an issuer must observe the corporate disclosure policy set out in Appendix 7A. Paragraph 27(a) of the corporate disclosure policy requires each announcement to be factual, clear and succinct.*

As a result of the errors and omissions in the accounting records maintained by the Group, the net profits reported in its 1HFY18 financial statements (as announced on 14 August 2018) was materially overstated by US\$1.3 million. The 1HFY18 financial statements announcement dated 14 August 2018 was therefore not in accordance with the criteria stated in Catalist Rule 703(4)(a) read with Paragraph 27(a) of the corporate disclosure policy.

- (ii) *Catalist Rule 719(1) states that an issuer should have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The audit committee may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management. In arriving at the decision, the audit committee should consider the recommendation of the continuing sponsor.*

There were inherent limitations of using Excel spreadsheets to manage inventory records and Baker Tilly TFW LLP had previously highlighted to the Group the importance of having an inventory management system with the following features:

- (a) monthly reconciliation of the stock listing with general ledger stock control balance, and follow up of discrepancies noted;*
- (b) monthly reconciliation of the stock listing comparing physical stock count, and follow up of the stock count discrepancies;*
- (c) monthly stock ageing report prepared and reviewed for slow-moving and obsolete stocks; and*
- (d) accurate costing of stock movements.*

While the Group had put in place procedures to address the above concerns, these procedures were not followed by the finance team and thereby resulted in the misstatements. The internal control lapses, in particular the inadequate review of the accounting entries, had resulted in errors in the accounting records not being detected. This in turn caused the misstatements and indicated inadequacy and ineffectiveness of the Group's existing systems of internal controls.

Deloitte had made recommendations relating to internal controls in revenue and receipts management, procurement and payables management, inventory management, cash and bank management and human resource and payroll management. The Group noted the internal control weaknesses identified by Deloitte and had implemented their recommendations or undertaken alternative measures.

Shareholders are advised to exercise caution when dealing in the securities of the Company and refrain from taking any action in relation to their securities which may be prejudicial to their interests.

By Order of the Board

Lew Chern Yong
Executive Chairman and Director
16 March 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assume 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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