



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

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**ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES**

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**QUALIFIED OPINION AND EMPHASIS OF MATTERS BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (“**Board**”) of Y Ventures Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, Baker Tilly TFW LLP, has in their Independent Auditor’s Report dated 15 April 2019, expressed: (i) a qualified opinion in respect of the accuracy, existence and valuation of inventories in JustNile Pte. Ltd.; (ii) material uncertainty related to going concern; and (iii) emphasis of matter in respect of the independent review, in the Independent Auditor’s Report on the audited financial statements of the Company and the Group for the financial year ended 31 December 2018 (“**FY2018**”). The audit opinion is not qualified in respect of the matters set out in (ii) and (iii). Please refer to the copy of the Independent Auditor’s Report and extracts of the relevant notes to the financial statements attached herein for further details.

The Board is of the opinion that the Group will continue as a going concern for the following reasons:

- (i) the Group will be able to continue to rely on certain major suppliers’ extended credit terms of three to six months and hence would have sufficient cash from the drawdown of the credit lines available, cash generated from operations and other potential fund raising actions to fund the continuing operations and to repay its debts as and when they fall due within the next twelve months after the reporting date; and
- (ii) Mr Low Yik Sen and Mr Low Yik Jin, the major shareholders and directors of the Company, have signed a deed of undertaking to unconditionally provide continuous financial assistance to the Group of up to US\$1.0 million in order to meet its obligations and to carry on its business for a period of twelve months from the reporting date.

The Board (i) is in the opinion that sufficient information has been disclosed for trading of the Company’s securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company’s shares to continue.

Shareholders of the Company are advised to read the Group’s audited financial statements for FY2018 contained in its Annual Report for FY2018, which will be issued in due course.

By Order of the Board

Lew Chern Yong  
Executive Chairman and Director  
15 April 2019

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*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.*

*The contact person for the Sponsor is:*

*Name: Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd.*

*Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619*

*Phone: (65) 6381 6757*

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD.**

## **Report on the Audit of the Financial Statements**

### ***Qualified Opinion***

We have audited the accompanying financial statements of Y Ventures Group Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 93 to 147, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

### ***Basis for Qualified Opinion***

*Accuracy, existence and valuation of inventories with carrying value of US\$168,118 in JustNile Pte. Ltd. ("JNPL")*

We are unable to obtain sufficient appropriate audit evidence to ascertain the accuracy, existence and valuation of the carrying value of inventories totalling US\$168,118 in JNPL.

Consequently, we are unable to determine whether any adjustments as at 31 December 2018 is required to the above-mentioned carrying value of inventories, sales and cost of sales for the financial year ended 31 December 2018.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Y VENTURES GROUP LTD. (cont'd)**

**Report on the Audit of the Financial Statements (cont'd)**

***Material Uncertainty Related to Going Concern***

We draw attention to Note 3(a) to the financial statements. The Group reported a net loss and total comprehensive loss of US\$3,995,315 and US\$4,024,823 for the financial year, respectively. The Group also reported net cash used in operating activities for the financial year of US\$2,414,621. As at 31 December 2018, the Group's and the Company's accumulated losses amounted to US\$3,016,943 and US\$6,362,256 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Nevertheless, for the reasons and plans as disclosed in Note 3(a), the directors believe that the use of going concern assumption is appropriate for the preparation of the financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to these financial statements to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

Our opinion is not qualified in respect of this matter.

***Emphasis of Matter***

We draw attention to Note 31 to the financial statements which disclosed that the Company announced on 12 March 2019 that in consultation with SGX RegCo and the Company's Sponsor, the Company had appointed Deloitte and Touche Enterprise Risk Services Pte Ltd ("Deloitte") as the independent reviewer. It was announced that the scope of the independent review will include, inter alia, the review of the adequacy and effectiveness of the internal controls of the Group for the financial reporting period starting from 1 January 2014 to 31 December 2018; quantify and particularise any misstatements in the Group's prior years' financial statements as disclosed in the IPO offer document and to-date as a result of the internal control lapses and misstatements identified; and identify any possible breaches of the Singapore Exchange Rulebooks, Companies Act (Cap 50) and/or Securities and Futures Act (Cap 289), in relation to the internal control lapses and misstatements identified and identify the parties responsible for the possible breaches. As at the date of these financial statements, no report has been released by Deloitte in respect of the independent review.

Our opinion is not qualified in respect of this matter.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD. (cont'd)**

### **Report on the Audit of the Financial Statements (cont'd)**

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for qualified Opinion* section and the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### ***Valuation of Inventories at the lower of costs and net realisable value***

Refer to Notes 3(i) and 15 to the financial statements.

#### ***The key audit matter:***

The Group's inventories totalled US\$9,312,820 (2017: US\$6,060,250) which accounted for 70% (2017: 62%) of the Group's total assets as at 31 December 2018. As disclosed in Note 2(i) to the financial statements, inventories are stated at the lower of cost and net realisable value. Write-down of inventories to their net realisable values charged to profit or loss for the current financial year amounted to US\$531,364. The write-down to net realisable value for slow-moving and obsolete inventories is considered a key audit matter, as it requires management to exercise judgement in identifying slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required. Any significant changes in anticipated future selling prices and saleability may affect the valuation of the inventories.

#### ***Our audit procedures to address the key audit matter***

- We obtained an understanding of management's policy and process for the identification of slow moving and obsolete inventories through enquiry and observation.
- Except as disclosed in the Basis for Qualified Opinion section of our report, we have test-checked that costing of inventories is based on first-in, first-out basis.
- We evaluated management's policy for the identification of slow moving and obsolete inventories by analysing the nature of inventories.
- We obtained management's assessment of slow moving and obsolete inventories as at the end of the reporting period and evaluate whether the Group's policy on writing down to net realisable value was consistently applied and remained appropriate.
- Except as disclosed in the Basis for Qualified Opinion section of our report, we verified whether inventories are recorded at the lower of cost and net realisable value by comparing, on a sample basis, the recorded unit cost of inventories against recent/subsequent selling prices.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Y VENTURES GROUP LTD. (cont'd)**

**Report on the Audit of the Financial Statements (cont'd)**

***Key Audit Matters (cont'd)***

***Impairment assessment of investments in subsidiaries***

Refer to Notes 3(iv) and 13 to the financial statements.

***The key audit matter:***

At 31 December 2018, the Company's investment in subsidiaries totalled of US\$2,344,808. During the current financial year, the Company recorded impairment losses of US\$222,261 on the investments in subsidiaries. The impairment losses were determined based on the value in use and future cash flow projections of the subsidiaries. The value in use calculations require management's judgement and estimations with respect to the recoverable value of investment in subsidiaries based on discounted cash flow projections.

***Our audit procedures to address the key audit matter***

- We evaluated management's value-in-use model and the key assumptions and inputs to the value-in-use model including forecast revenue, forecast gross profit margin, forecast expenditures, discount rate and terminal growth rate.
- We evaluated the management's methodologies and reviewed their key assumptions and inputs by comparing the forecasts to recent performance and industry benchmarks.
- We checked the mathematical accuracy of the value-in-use model and agreed cash flows to the most recent approved financial budgets from the Board of Directors.
- We evaluated management's sensitivity analysis to assess the impact on the recoverable amounts of the investment in subsidiaries by reasonable possible changes to the discount rate and terminal growth rate.
- We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Y VENTURES GROUP LTD. (cont'd)**

**Report on the Audit of the Financial Statements (cont'd)**

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the 2018 Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Y VENTURES GROUP LTD. (cont'd)**

### **Report on the Audit of the Financial Statements (cont'd)**

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Y VENTURES GROUP LTD. (cont'd)**

**Report on the Audit of the Financial Statements (cont'd)**

*Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other Legal and Regulatory Requirements**

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Tiang Yii.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

15 April 2019

**3 (a) Going concern assumption**

The Group reported a net loss and total comprehensive loss of US\$3,995,315 and US\$4,024,823 for the financial year, respectively. The Group also reported net cash used in operating activities for the financial year of US\$2,414,621. As at 31 December 2018, the Group's and the Company's accumulated losses amounted to US\$3,016,943 and US\$6,362,256 respectively.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

At the reporting date, the Group expects to fully drawdown on the unutilised balance of the current credit lines available within the next twelve months from the end of the reporting period and in the process of sourcing for new financing. In addition, the Group will be repaying fully the borrowings from a bank totaling US\$876,120 at 31 December 2018 by end April 2019.

The Group's and Company's ability to continue as going concerns is dependent on Group's ability to raise additional capital by the issuance of new shares as the Company's shares are listed on the Singapore Exchange and ability to maintain its bank borrowings and credit terms with its major suppliers. It is also dependent on its ability to achieve targeted sales volume with improved margins primarily from the sales of goods on online marketplaces within the e-commerce retail and distribution segment in order to generate sufficient funds from operations to fund its liabilities and continuing operational costs.

Nevertheless, in the preparation of the financial statements, the directors believe that the use of going concern assumption is appropriate as the Group will be able to continue to rely on certain major suppliers' extended credit terms of three to six months and hence would have sufficient cash from the drawdown of the credit lines available, cash generated from operations and other potential fund raising actions to fund the continuing operations and to repay its debts as and when they fall due within the next twelve months after the reporting date. In addition, two of the major shareholders-cum-directors, Mr Low Yik Sen and Mr Low Yik Jin, have signed a Deed of Undertaking to unconditionally provide continuous financial assistance to the Group of up to US\$1 million in order to meet its obligations and to carry on its business for a period of twelve months from the reporting date.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities or realise their assets in the normal course of business. Adjustments may have to be made to these financial statements to reflect the situation that assets may need to be realised at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

**31 Significant events after the reporting period**

The Company announced on 12 March 2019 that in consultation with SGX RegCo and the Company's Sponsor, the Company had appointed Deloitte and Touche Enterprise Risk Services Pte Ltd ("Deloitte") as the independent reviewer. It was announced that the scope of the independent review will include, inter alia, the review of the adequacy and effectiveness of the internal controls of the Group for the financial reporting period starting from 1 January 2014 to 31 December 2018; quantify and particularise any misstatements in the Group's prior years' financial statements as disclosed in the IPO offer document and to-date as a result of the internal control lapses and misstatements identified; and identify any possible breaches of the Singapore Exchange Rulebooks, Companies Act (Cap 50) and/or Securities and Futures Act (Cap 289), in relation to the internal control lapses and misstatements identified and identify the parties responsible for the possible breaches. As at the date of these financial statements, no report has been released by Deloitte in respect of the independent review.