

THE SKILLSFUTURE SINGAPORE AGENCY SUSPENDS ASCER PTE. LTD. FOR 12-MONTH FROM ALL ITS FUNDING SCHEMES – SGX QUERIES

Unless otherwise defined herein or the context otherwise requires, all capitalized terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcement dated 29 April 2020 in relation to the Ascer Suspension ("**Announcement**").

Further to the SGX Queries announced on 29 April 2020, the Board of Wong Fong Industries Limited wishes to provide the following additional information in response to the queries raised by the SGX-ST.

Question 1

Further to Question 6 (SGX Queries announced on 29 April 2020) where the Company stated that the breaches were due to "inadvertent procedural and administrative oversight by Ascer's management team", exactly **how** did each of the breaches occur? **Who** were responsible for the occurrence of the breaches?

The Company's response:

- (a) Incorrect working hours declaration resulting in an extra 2.5 working hours for each trainee in 4 Employer-Sponsored training grant claims resulting in excess absentee payroll grant disbursed to Ascer

The error arose due to difference in the interpretation of the hourly rate to be used in the computation of the grant. For example, Employee A has a contract with Ascer to work at a rate of S\$7 per hour. Based on the SSG's computation, the hourly was S\$6.60 per hour instead. Ascer had submitted claims to the SSG based on the actual hourly rate paid (S\$7) versus the SSG's computation of S\$6.60 hourly rate. The difference in the hourly rate used by the Company and the SSG resulted in the difference in absentee payroll grant of S\$46.80. Ascer's Accounts Executive is responsible for submitting the training grant claims.

- (b) Submission of 1 trainee who was not an employee of Ascer resulting in wrongful disbursement of course fee and absentee payroll grant to Ascer

Ascer sent an employee for training and made a claim in respect for that employee before her employment contract was signed. Ascer's Accounts Executive omitted to remove the employee from the training grant list and this was overlooked by the supervisor.

- (c) Funded course(s) may not be relevant to the trainees' current role and as such, the respective claims are deemed ineligible for funding

Ascers' staff were deployed to hospitality sectors as kitchen helpers, F&B crew, cleaning crew etc. Courses were selected to equip them with skills in these job roles within the Hospitality industry (in line with the national re-skilling initiatives), regardless of their current job role to enhance their overall employability. However, the SSG was of the view that the training courses may not be relevant to the trainees' current roles. As such, the respective claims are deemed to ineligible for funding. Ascer's Senior Manager is responsible for arranging training for these employees.

- (d) Ascer had submitted Full-Fee Employer-Sponsored training claims without having made the full Funded Course fee payment to the training organization prior to claims submission to SSG and as such, the respective claims are ineligible for funding

Ascer's Accounts Executive was not fully aware of the SSG requirements to pay the training provider prior to submitting claims and had assumed that it was just a matter of timing difference as training had in fact been carried out.

Question 2

When did SSG inform Wong Fong of the breaches?

The Company's response:

Wong Fong received the Notice of Intent to Suspend Funding on 19 February 2020 and was given 14 days to appeal to the SSG. Wong Fong had, on 3 March 2020, appealed to the SSG. On 24 April 2020, the SSG informed that the appeal was unsuccessful and the management teams held discussions to decide on a re-appeal to SSG.

Question 3

Were the claims and the restitution payment recorded in FY2019 AR? If so, what accounts are affected? What is the impact on the net profits / balance sheet for FY2019?

The Company's response:

Except for the S\$101,000, the balance of the approximately S\$415,000 (S\$516,000 - S\$101,000) had been accounted for in the Group's accounts receivable provision in the financial statements as at 31 December 2019. The S\$101,000 restitution is immaterial and will be written off in the Group's FY2020 financial statements. Based on the above, both the management and external auditors confirm that no adjustments will be required to be made to the Group's financial statements for FY2019.

By Order of the Board

Pao Kiew Tee
Independent Chairman
3 May 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "**Sponsor**"), for compliance with Rules 226(2) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

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