



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

**RESTATEMENT OF ACCOUNTS FOR HALF YEAR ENDED 30 JUNE 2018 AND PROFIT GUIDANCE
FOR THE FULL YEAR ENDED 31 DECEMBER 2018**

1. The Board of Directors (the “**Board**”) of Y Ventures Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Group’s unaudited financial statements announcement for the half year ended 30 June 2018 (“**HY2018**”), which was released by the Company on 14 August 2018 (“**HY2018 Results**”).
2. The Board wishes to announce that there were certain administrative inadvertences in the recording of the accounting entries that resulted in the following in the HY2018 Results:
 - (a) US\$1,453,873 being erroneously recorded as “Inventories”;
 - (b) US\$20,453 being erroneously recorded as “Property, plant and equipment”;
 - (c) US\$172,238 being erroneously omitted from “Trade and other receivables”; and
 - (d) US\$196,869 being erroneously omitted from “Administrative expenses”.
3. Consequently, the financial impact of these administrative inadvertences resulted in, *inter alia*, the overstatement of “Inventory”, “Property, plant and equipment” and “Revenue” as well as the understatement of “Trade and other receivables”, “Cost of sales” and “Administrative expenses” as at 30 June 2018. As a result, there was an overstatement of approximately US\$1,303,463 in the profit and loss position of the Group for HY2018 due specifically to these administrative inadvertences.
4. Such administrative inadvertences were caused by certain lapses and were discovered by the Company’s management during the preparations for the full year statutory audit. The Company has since promptly notified its external auditors.
5. The Board wishes to announce that the restated HY2018 Results, which contain the necessary adjustments, have been released today. Details of the key line items in the Consolidated Statement of Comprehensive Income and Statement of Financial Position that have been materially affected and have been adjusted as well as the explanations for the variances are set out below:
 - (a) **Consolidated Statement of Comprehensive Income**
 - (i) A decrease in “Revenue” by approximately US\$138,521;
 - (ii) An increase in “Cost of Sales” by approximately US\$968,073; and
 - (iii) An increase in “Administrative expenses” by approximately US\$196,869.

The net effect results in “Profit/(loss) for the period” being approximately (US\$1,160,133).

(b) Consolidated Statement of Financial Position

- (i) A decrease in "Inventories" by approximately US\$1,453,873;
- (ii) A decrease in "Property, plant and equipment" by approximately US\$20,453; and
- (iii) An increase in "Trade and other receivables" by approximately US\$172,238.

Consequential amendments to the "Consolidated Statements of Cash Flows", "Consolidated Statements of Changes in Equity" and "Notes to the Accounts" have also been made to reflect the above adjustments. Please refer to the attached restated HY2018 Results released today for the full set of restated results announcement which will supersede the previous version released on 14 August 2018.

6. The Company's Audit Committee and Board have observed that there were certain inadequacies in the Company's internal controls which had led to the lapses in recording of transactions. The Company has put in place the following to strengthen internal controls to mitigate the risk of such erroneous recording/omissions from recurring in the future:
- (a) Strengthened the Finance and Accounting department by increasing the head count and expertise of the team;
 - (b) Developed its proprietary inventory management module to track sales and cost of goods sold on the various online market places more accurately, to address the administrative inadvertences highlighted above; and
 - (c) Proposed the internal auditors of the Company to review processes impacted by the control lapses as part of the internal audit scope for FY2019, to ascertain the adequacy of the new internal controls effected.
7. Following a preliminary review of the Group's unaudited financial results for the full year ended 31 December 2018 ("**FY2018**"), the Group is expecting to report a net loss for FY2018. The net loss is mainly attributable to a drop in profit margin, increase in selling and administrative expenses and higher staff cost. Factors which impacted the Group in FY2018 include the surging trend of manufacturers of fast-moving consumer goods going direct to consumers by selling their manufactured products online and adverse impact due to the trade war. In addition, there was an overall increase in the cost of operation of the Group in FY2018 due to, inter alia, the Group's expansion of online sales to South East Asia markets and partnerships with new suppliers, whose brands and products are established in their respective markets.
8. The Company is still in the process of finalizing the financial results of the Group for FY2018. Further details of the Group's financial performance will be disclosed in due course.
9. In the meantime, the Board wishes to advise shareholders of the Company and investors to exercise caution when dealing in the shares of the Company. Persons in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

By Order of the Board

Low Yik Sen
Executive Chairman and Managing Director
21 January 2019

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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