

AMOS GROUP LIMITED
(the “Company”)
(Company Registration No. 201004068M)
(Incorporated in the Republic of Singapore)

ONGOING INVESTIGATIONS

1. Introduction

The Board of Directors of AMOS Group Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to inform shareholders of the Company (the “Shareholders”) that the Group has discovered a case of misappropriation (“**Misappropriation**”) committed by a former employee of AMOS International (S) Pte. Ltd., Ms. Jamaliah Binte Arsahat (the “Employee”), who was employed as an accounts supervisor.

2. Details of the Misappropriation

Based on preliminary investigations, it is estimated that the Employee has been involved in unrecorded sales proceeds of approximately S\$892,231 over a 3 ½ -year period from 2017 to 2020 (“**Sales Proceeds**”) and has also been involved in the misappropriation of inventory worth an estimated aggregate amount of approximately S\$449,428 (“**Missing Inventory**”). As investigations are still ongoing, such amounts may be subject to change upon conclusion of the investigations.

3. Immediate Actions taken by the Company

The Board of Directors first became aware of the Misappropriation in July 2020. Upon discovery of the Misappropriation, the Company’s immediate priority was to ascertain the amount misappropriated so as to determine the materiality of the Misappropriation and to assess an appropriate action plan.

Since the discovery of the Misappropriation up to the date of this announcement, the following actions have been taken by the Company:

- (a) the employment of the Employee has been terminated;
- (b) the Company has conducted its own preliminary investigations and has also commissioned an external provider to investigate the case and is in consultation with the relevant advisors on next steps following a review of the findings;
- (c) the Company has engaged internal and external auditors to conduct an independent review of the Group’s internal controls in light of the Misappropriation and to consider if an increase in the scope of internal controls of the Group is required so as to protect against a repeat of this incident; and
- (d) the Company is considering legal recourses available to it in relation to this matter, including the making of a police report, amongst others, in respect of the Misappropriation.

Based on the findings of the preliminary investigations, the Board of Directors is of the view that the Group had, at all material times proper internal controls in place, and that the Misappropriation by the Employee was an unforeseen event caused by the deliberate actions of the Employee.

While the Board of Directors notes that there would be no internal control system that can provide absolute assurance against such deliberate actions of an employee, internal auditors will report the findings of their review of the Group's internal controls to the Audit Committee, which will decide if an increase of the scope of internal controls of the Group should be implemented.

The preliminary investigations have also uncovered evidence that the Employee was working for two other companies during her employment with the Company, namely Bemo MMP Rail Systems Pte. Ltd. and Trinity Shipping Agency (S) Pte. Ltd.. This was prohibited under the terms of the Employee's employment agreement with the Company. The Board of Directors notes that Danny Lien, a former Director of the Company, is a shareholder and director of Bemo MMP Rail Systems Pte. Ltd.. The Company is continuing to investigate these matters to determine the extent of the breach of the Employee's employment agreement.

4. Assessment of Impact of the Misappropriation

As mentioned above, based on preliminary investigations, the Employee:

- (a) Sales Proceeds: had been involved in the non-recording of sales proceeds of approximately S\$892,231 over the course of a 3-year period from 2017 to 2020. Given that such Sales Proceeds were not recorded in the Group's accounts in the first place, there would not be any adjustment or effect on the Group's accounts; and
- (b) Missing Inventory: the misappropriation of inventory worth approximately S\$449,428 which could potentially be linked to her involvement. Such Missing Inventory will be reflected in the Group's financial statements for the half-year ending 30 September 2020 ("**HY2020 FS**") as a write-off. The amount of Missing Inventory represents approximately less than 0.5% of the Group's net tangible assets for the audited financial year ended 30 March 2020 and is not expected to have a material impact on the net tangible assets of the Group for the audited financial year ended 30 March 2020. Such Missing Inventory is also not expected to have a material impact on the net tangible assets of the Group for the Group's HY2020 FS.

5. Others

The Company will update Shareholders by way of further announcement(s) as and when there are material development(s) and as appropriate.

In the meantime, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers, if they have any doubt about the actions that they should take.

By Order of the Board of Directors

Kyle Arnold Shaw, Jr.
Executive Chairman
9 November 2020