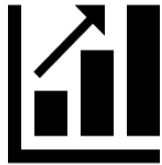


Annex A - Illustration of PIC scam

Ng Cheow Chai ("Ng") and SMS Machinery (S) Pte Ltd ("SMS")

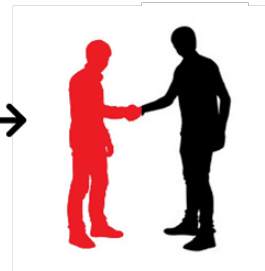


182 machines sold from 2013 to 2016

Quotation
Actual price
\$57,000

Ng instructs SMS' staff to prepare 2 quotations for Company A

Quotation
Inflated price
\$95,000



Ng and Company A agree to the sales deal

SMS' Invoice
Inflated price
\$95,000

SMS issues false invoice with inflated price to Company A



Company A (customer)

Company A gets an SMS machine for free

- Pays SMS \$95,000
- Receives \$38,000 from AM
- Receives \$57,000 of PIC cash payout



Ng's partnership business ("AM") issues a false Purchase Order purporting to buy goods worth \$38,000 from Company A

AM's false Purchase Order

Purporting to buy goods worth \$38,000



Company A uses SMS' invoice with inflated price to support its PIC cash payout and receives \$57,000 from IRAS

<u>PIC Cash Payout</u>	
Cost of 'qualifying' PIC equipment	\$95,000
PIC cash payout (\$95,000 x 60%)	\$57,000