

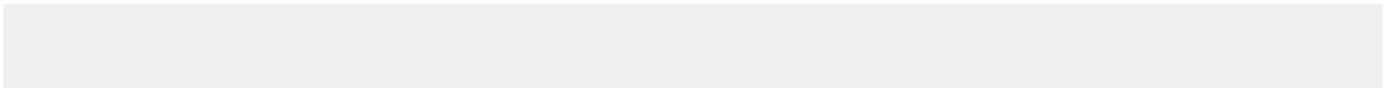
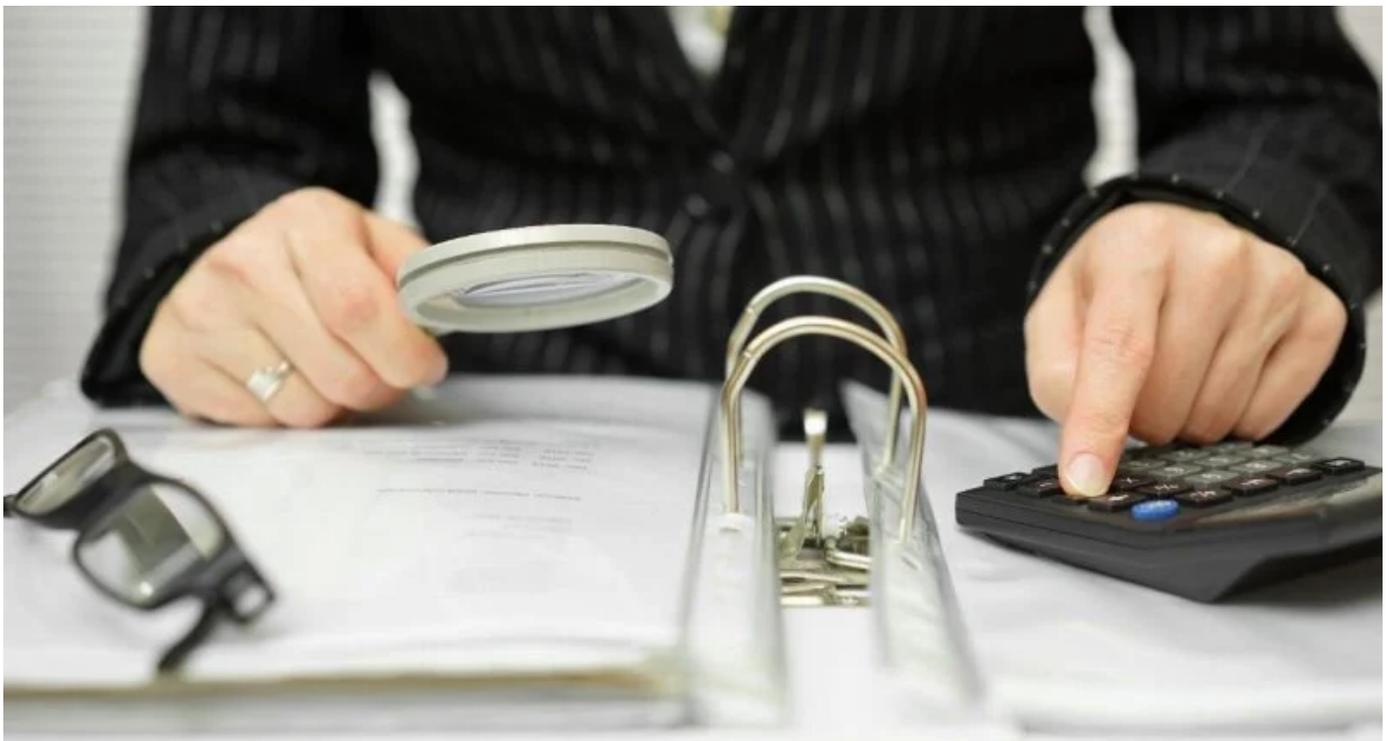
Phoslock Environmental Technologies (ASX:PET) uncovers fraud at office in China

Environment

ASX:PET MCAP \$153.1M



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- The fraudulent activity includes false accounting and falsification of invoices and service contracts where the company or its subsidiaries are the recipients
- Additionally, it has also been confirmed that a number of previously undisclosed related party transactions have taken place
- Several China-based employees have been either stood down or terminated in relation to the fraud
- Company shares will remain suspended from trading until the investigations are complete and the financial impact has been assessed
- Phoslock last traded from 24.5 cents per share on September 21

Water treatment company Phoslock Environmental Technologies (PET) has uncovered fraudulent activity at its operations in China.

Multinational professional services network, KPMG, has confirmed accounting irregularities which are linked to Phoslock's preliminary findings.

The fraudulent activity includes false accounting and falsification of invoices and service contracts where the company or its subsidiaries are the recipients. There is also potential improper tax reporting and misappropriation of funds.

Additionally, it has also been confirmed that a number of previously undisclosed related party transactions have taken place.

Phoslock said further investigations are required to determine the full extent of these damages to the company. This work is currently underway.

In the meantime, several China-based employees have been either stood down or terminated in relation to the fraud.

BCI BCI Minerals (ASX:BCI) completes \$47.9M capital raise **GED** Golden Deeps (ASX:GED) deepens quarterly cash l

be based in the China office.

"Measures are also being taken to protect the company's assets, including cash reserves, and intellectual property while the investigations continue," the company told the market today.

"All company operations and assets outside of China are unaffected by these matters, including significant cash reserves on deposit in Australia," it added.

Moving forward, Phoslock will investigate and consider its rights in relation to pursuing legal action against individuals or entities involved in any fraudulent activity.

On September 30, the company accepted the immediate resignations of Deputy Chairman, Zhigang Zhang and Non-Executive Director Ningping Ma [amid KPMG's investigation](#).

Company shares will remain suspended from trading until the investigations are complete and the full financial impact has been assessed.

Phoslock last traded for 24.5 cents per share on September 21.