

APPOINTMENT OF SPECIAL AUDITOR

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Allied Technologies Limited (the “**Company**”) refers to the Company’s announcement dated 8 May 2019 (the “**Previous Announcement**”) relating to, amongst others, the observations made by the Auditors and the appointment of a special auditor, and the notices of compliance issued by Singapore Exchange Regulation (“**Notices of Compliance**”) dated 8 May 2019 and 23 May 2019.

Unless otherwise defined, all capitalised terms shall bear the same meanings as ascribed to them in the Previous Announcement and the Notices of Compliance.

2. APPOINTMENT OF SPECIAL AUDITOR

Pursuant to the Notices of Compliance, the Company is required to appoint a Special Auditor to (i) undertake a review on, amongst others, the observations identified by the Auditors, including the circumstances surrounding the placing of the Allied Funds with JLC, and (ii) investigate the subsequent developments surrounding the Allied Funds, and the progress in procuring the deposit of the Allied Funds in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore (“**MAS**”) as required under the Notices of Compliance (the “**Special Audit**”).

The Board wishes to inform that in consultation with the SGX RegCo, the Board had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to undertake the Special Audit and investigate, amongst others, the facts and circumstances surrounding the following matters:

- (a) ABO and the events hosted by ABO as highlighted by the Auditor in its Observations as described in paragraphs 3.1(a), (b) and (c) of the Previous Announcement;
- (b) the funds of ABO of S\$1.09 million and the funds of the Company of S\$33.4 million (the “**Allied Funds**”) which were / are held in trust and/or escrow by JLC and the progress of procuring the return of the Allied Funds for the purpose of transferring such funds into a MAS-approved financial institution as required under the Notices of Compliance;
- (c) the (i) diversification of the Group’s core business to include the E-Commerce Business for which shareholders’ approval was obtained on 26 March 2018; (ii) ABO Acquisition; (iii) Activpass Acquisition; and (iv) conditional investment and convertible loan agreement dated 18 May 2018 between the Company and 8travelpay Intelligence & Technology (Shanghai) Co., Ltd (“**8TPS**”) which was mutually terminated by the parties with effect from 15 May 2019, and the business rationale for such transactions;
- (d) the valuation and impairment assessment of the ABO Acquisition and the Activpass Acquisition;
- (e) the facts and circumstances surrounding the advances and repayments, and any inflows or outflows of funds, between ABO and PCA; and
- (f) the use of funds raised by the share placements by the Company of 675,164,460 ordinary shares in the Company at \$0.05 per share which was completed on 31 October 2017, and 420,000,000 ordinary shares in the Company at \$0.06 per share which was completed on 3 July 2018.

As part of the Special Audit, the Special Auditor will also review the corporate governance and internal controls of the Group relating to, amongst others, the transactions described above, and propose remediation actions and recommend areas of improvement in connection thereto. The Special Auditor will also identify whether there is any potential breach of the Companies Act, the Catalist Rules, the Securities and Futures Act and other laws and regulations.

Under the Notices of Compliance, SGX RegCo has directed the Company to require the Special Auditor to report solely to SGX RegCo on the scope and all findings pursuant to the Special Audit. The Special Auditor will provide SGX RegCo with periodic and regular updates on the progress of work done.

As announced by the Company on 25 May 2019, the Board had on 24 May 2019 resolved that Mr. Low Si Ren, Kenneth (Executive Director), Ms. Pok Mee Yau (Independent Director) and Mr. Lim Jin Wei (Independent Director) shall recuse themselves from all decisions and recommendations of the Board and shall not act as signatory to the accounts of the Company and its subsidiaries. The non-recused directors, Mr. Chin Chee Choon (Independent Director) and Mr. Leow Wee Kia Clement (Chief Executive Officer/Executive Director), will assist in the Special Audit by procuring information and the cooperation of management, the directors and other relevant persons.

The Company will make further announcement(s) on any material updates in relation to the Special Audit, including key findings of the Special Auditor to update shareholders of the Company, as and when appropriate. The Company will also provide further updates to shareholders on compliance with the Notices of Compliance in due course.

BY ORDER OF THE BOARD

Leow Wee Kia Clement
Chief Executive Officer and Executive Director
14 June 2019

*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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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