

AYONDO LTD.
(Company Registration No.: 201728417D)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”), the Board of Directors (“**Board**”) of ayondo Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditor, Foo Kon Tan LLP (the “**Auditor**”), has issued a disclaimer of opinion (“**Disclaimer of Opinion**”) on the audited financial statements of the Company and the Group for the financial year ended 31 December 2020 (“**FY2020**”)(the “**Independent Auditor’s Report**”).

The basis for the disclaimer of opinion is contained in the Independent Auditor's Report. Please refer to the copy of the Independent Auditor's Report attached herein for further details.

Board Comments on Going Concern

The Board notes the Auditor’s comments on the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. As previously announced, the Company had entered into a S\$8,100,000 convertible note agreement (“**CN3**”) dated 22 August 2019 with Golden Nugget Jinzhuan Limited (“**GN**”). Pursuant to the CN3 Agreement, as varied and supplemented by the Supplemental Agreement, entered into between the Company and GN, S\$1,080,000 under the CN3 has been subscribed and there is a remaining balance principal amount of up to S\$7,020,000 that has yet to be subscribed by GN.

The ability of the Company to continue as a going concern would depend on the continued support from GN to finance the Company via exercising its option in CN3 to inject additional funds into the Company to meet its obligations as and when they fall due.

Board Comments on Other Payables

The Board notes the Auditor’s comments on the insufficient evidence in relation to the other payables of S\$402,000 which were accrued in the financial year ended at 31 December 2019 (“**FY2019**”). Subsequent to FY2019, the said amount was addressed by either providing supporting documents and reversed as prior year adjustments. Some of the accrued expenses were incurred in 2018 but the main bulk of the expenses of S\$296,000 were expected to be incurred in FY2019. As such, the Board is of the opinion that the prior year adjustments should be adjusted in opening balance at 1 January 2020.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor’s Report and the Company’s Annual Report for FY2020 in their entirety and to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Foong Daw Ching
Lead Independent Director
13 April 2021

Independent Auditor's report

Independent auditor's report to the members of ayondo Ltd.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ayondo Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Going concern assumption (Note 2(a) to the financial statements)

The Company reported a net loss of \$1,686,000 and has net operating cash outflows of \$828,000 for the financial year ended 31 December 2020. As at 31 December 2020, the Company had a deficit in equity of \$3,635,000 and net current liabilities of \$2,910,000 and cash at bank of \$25,000.

The trading of the Company's shares has been suspended since February 2019. Subsequent to disposal and commencement of liquidation of subsidiaries in the financial year ended 31 December 2019, the Company has not embarked on any new business ventures.

The abovementioned conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

On 13 April 2020, the Company entered into a non-binding term sheet with an investor in relation to the proposed acquisition of the entire equity interest in Rich Glory International Investment Limited by the Company (the "Proposed Acquisition"). The Proposed Acquisition, if undertaken and completed, is expected to result in a "Reverse Take-over" of the Company and is subject to, inter alia, the approval of shareholders of the Company at an extraordinary general meeting to be convened and the approval of the SGX-ST. As at 31 December 2020, professional works on the Proposed Acquisition are on-going.

The ability of the Company to continue as a going concern depends on the holder of Convertible Note 3's ("CN 3" - Note 10) continued support in subscribing for further tranches of CN3 at its discretion. As at 31 December 2020, the Company had issued first tranche of CN 3 of \$675,000. On 19 January 2021, 5 March 2021 and 31 March 2021, the Company issued the second, third and fourth tranche of CN3 for total proceeds of \$405,000.

We were unable to obtain sufficient appropriate audit evidence on the holder of CN3's continuing support in subscribing for further tranches of CN3.

Consequently, we were unable to form a view as to whether the going concern basis of presentation of these financial statements is appropriate.

Independent Auditor's report

Independent auditor's report to the members of ayondo Ltd. (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

(1) Going concern assumption (Note 2(a) to the financial statements) (Cont'd)

If the Company is unable to continue as a going concern, the Company may be unable to discharge its liabilities in the normal course of business, and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to provide for further liabilities that might arise, and may need to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the financial statements.

(2) Other payables (Note 12 to the financial statements)

At 31 December 2019, other payables of \$1,662,000 included accruals of approximately \$402,000 (equivalent to CHF288,000) which were not supported by evidence that underlying services had been received by the Company. As we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the existence, completeness, accuracy, rights and obligations in respect of the liabilities as at 31 December 2019 and the profit or loss of continuing operations for the year ended 31 December 2019, our opinion on the financial statements for the prior financial year ended 31 December 2019 was modified accordingly.

During the financial year ended 31 December 2020, the \$402,000 was addressed as follows:

- an amount \$106,000 was substantiated with supporting documentation; and
- the remaining balance of \$296,000 was recorded as prior year adjustments (Note 25) to the financial statements for the financial year ended 31 December 2019 following management's assessment that the underlying liabilities did not exist on initial recognition during the prior financial year. We are, however, unable to determine if the underlying liabilities should have been adjusted in opening balances at 1 January 2020, or at 1 January 2019 and prior.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Independent Auditor's report

Independent auditor's report to the members of ayondo Ltd. (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the significance of the matters referred to in the Basis of Disclaimer of Opinion section of our report, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 13 April 2021