

RESPONSES TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION PTE LTD AND THE COMPANY'S SPONSOR, STAMFORD CORPORATE SERVICES PTE LTD (2)

Reference is made to

- (i) The Business Times Article dated 24 July 2019 (timed at 5:50AM) titled "*JLC law firm seeks S\$32.1m from two companies and their owner*" (the "**BT Article**"), where the BT Article reported on the litigation between JLC Advisors LLP ("**JLC**") and other entities unrelated to the Company;
- (ii) the Company's announcement dated 24 July 2019; and
- (iii) the Company's announcement dated 29 April 2019.

Further to the announcement on 24 July 2019, the Board of Directors (the "**Board**") of the Company and together with its subsidiaries (the "**Group**") would like to draw the attention of shareholders to the following responses that the Company provided in relation to queries raised by the Singapore Exchange Regulation Pte Ltd ("**SGXRegco**") and the Company's sponsor, Stamford Corporate Services Pte Ltd ("**Sponsor**") on the matters raised in the BT Article.

Paragraph 5 of the BT Article

Paragraph 5 of the BT Article states that "*[JLC] said the loan to Transoffshore [Logistics] was for the purpose of paying off outstanding loans due to Zachnic Investments to redeem a terrace located at 383 Pasir Panjang Road, and subscription of S\$1.4 million worth of shares in mainboard-listed offshore and marine player Falcon Energy Group through Platform Capital Asia as an intermediary, with the balance used for working capital.*"

Query 1:

Arising from the above, SGXRegco had asked for the Company to indicate whether Transoffshore Logistics and/or Falcon Energy Group have any relationship / dealings with the Company

Response:

The Company does not have any relationship / dealings with either Transoffshore Logistics and/or Falcon Energy Group.

Aik Chuan Construction Pte Ltd

Taking into account the Company's announcement on 29 April 2019, where the Company had stated that it had received a Letter of Intent ("**LOI**") in relation to the proposed acquisition of shares (the "**Proposed Transaction**") in Aik Chuan Construction Pte Ltd ("**ACC**"), the SGXRegco has asked for information relating to the LOI, and ACC.

Query 2:

Who introduced ACC to the Company, how was the Proposed Transaction conceived, and who was involved in the discussion?

Response:

Sometime in the period of April 2019, the Company received an unsolicited LOI from ACC. The Board considered the matter, and thereafter the Company entered into a Memorandum of Understanding dated 8 May 2019 (the "**MOU**") with ACC. On 22 May 2019, the MOU was terminated by mutual agreement. Further information may be obtained from the Company's announcements dated 29 April 2019 and 22 May 2019.

Query 3:

As at 25 April 2019, what is the balance due to/due from the Company and ACC?

Response:

There is no balance due to, or due from, ACC and the Company.

The Company's position in relation to JLC

Query 4:

What is the Company's current recourse and next steps with regards enforcing its rights for the outstanding S\$33m due from JLC, and why? Given media coverage of the other creditors of JLC, how does Allied Tech's stance compare to them?

Response:

The Company is unable to comment on the rationale / motivations behind the actions taken by other creditors of JLC. However, as previously informed to both the Sponsors and the Exchange, the Company's position, as advised by our solicitors from Rajah & Tann Singapore LLP, is to await the conclusion of the PwC audit and/or further information before deciding on what steps to take, and against who, to recover the Allied Funds. This is in the interest of not incurring unnecessary costs.

This is in view of the fact that there is already an ongoing special audit by PwC and ongoing investigations by the CAD, and such investigations may uncover further facts and/or relevant parties that might be culpable, and to which the Company is unaware of at the present time. Should that be the case, the Company would have to incur further costs to, amongst others, (i) conduct further investigations, or to (ii) apply for joinder of parties in any legal proceedings against JLC.

In any event, the Company has already taken all other practicable steps to recover the monies due from JLC. The Company has lodged a police report with the Commercial Affairs Department of the Singapore Police Force ("**CAD**") and has filed a complaint with the Law Society of Singapore. The Company, through its solicitors, has also written to DBS Bank Ltd ("**DBS**"), where the Escrow Account was maintained, to request, amongst others, for copies of bank account statements of the Escrow Account, account opening documents for the Escrow Account, information relating to the opening, maintenance, use and/or operation of the Escrow Account and instructions and transactional documents in respect of the Allied Funds which were transferred out of the Escrow Account. DBS, through its solicitors, has informed the Company's solicitors that JLC Advisors has declined to allow DBS to provide the documents sought by the Company.

Finally, the Company will also take all actions necessary to comply with the Notices of Compliance issued on 8 and 23 May 2019. In this regard, as regards paragraph 14 of the Notice of Compliance dated 8 May 2019 (the "**8 May NOC**"), the Company has, on 26 July 2019, and in compliance with paragraph 14 of the 8 May NOC, opened an escrow account with a local bank (the "**New Escrow Account**"). However, the Company is, at present, unable to place any cash and bank balances in excess of the Group's operational requirements must be placed in the New Escrow Account.

As stated in the Company's announcement dated 8 July 2019 on its monthly valuation of cash balances and utilisation of cash, the closing cash balance of the Group as at 30 June 2019 is S\$4.5 million, which is wholly required for the Group's operational requirements including payment of suppliers, staff costs and related expenses (for the Group's total staff strength at approximately 2,000 across Singapore, Malaysia, Vietnam, Thailand and the People's Republic of China), other operating expenses, purchase of property, plant and equipment as well as repayment of bank borrowings and interest.

The Board is of the view that the monthly operational cash requirement for the Group is in a region of S\$4.6 million to S\$12.0 million (based on historical cashflows). However, this is dependent on various factors which varies from month to month, such as the ability to collect receivables, payment levels and credit terms from suppliers (which varies depending on levels of customer orders), staff cost (which

varies depending on overtime costs and manpower requirements) and other operational expenses. Hence, the range quoted above may vary due to the foregoing factors mentioned above and does not reflect the future financial performance and position of the Group.

As stated in the Company's announcements dated 7 June 2019 and 8 July 2019, the cash inflow also varies from month to month, with the sum of S\$12.2 million received for the month of May 2019, and the sum of S\$6.7 million received for the month of June 2019. In view of the above and the fact that the moneys held in JLC Advisors have yet to be recovered, there is therefore no cash and bank balances which is currently in excess of the Group's operational requirements to be placed in the New Escrow Account. However, in the event that the Company is able to recover any monies from JLC, the Company will, in compliance with paragraph 14 of the 8 May NOC, place such monies that are in excess of the Group's operational requirements in the New Escrow Account.

BY ORDER OF THE BOARD

Leow Wee Kia Clement
Chief Executive Officer and Executive Director
30 July 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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