

ayondo Ltd.

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

This announcement has been prepared by ayondo Ltd. (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

IMPORTANT NOTES

- 1) The Company is required under Catalist Rule 705(2) to report its financial statements quarterly.

UNAUDITED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Three months period ended 31 Mar 2021 (“1Q2021”) vs three months period ended 31 Mar 2020 (“1Q2020”)

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEARLY AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Increase/ (Decrease) %
	1Q2021 (Unaudited) S\$'000	1Q2020 (Unaudited) S\$'000	
Trading revenue	-	-	n.m.
Fees, rebates, client bonus and betting duty tax	-	-	n.m.
Net operating income	-	-	n.m.
Other income	-	-	n.m.
	-	-	n.m.
Other items of expense			
Staff expenses	(30)	(43)	(30.2)
Other operating expenses	(343)	(288)	19.1
Finance costs	(68)	(115)	(40.9)
Loss before tax	(441)	(446)	(1.1)
Income tax expense	-	-	n.m.
Loss for the period	(441)	(446)	(1.1)
Other comprehensive income			
Foreign currency translation	-	-	n.m.
Other comprehensive income for the period, net of tax	-	-	n.m.
Total comprehensive income for the period	(441)	(446)	(1.1)
Loss for the period attributable to:			
Equity holders of the Company	(441)	(446)	(1.1)
Non-Controlling Interest	-	-	n.m.
Loss for the period	(441)	(446)	(1.1)
Total comprehensive income for the period attributable to:			
Equity holders of the Company	(441)	(446)	(1.1)
Non-Controlling Interest	-	-	n.m.
Total comprehensive income for the period	(441)	(446)	(1.1)

Note:

n.m. - Not meaningful

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Unaudited financial statements for the first quarter ended 31 March 2021

1(a)(ii) Notes to consolidated statement of comprehensive income

Loss from operations is arrived at after charging/ (crediting) the following items:

	Group		
	1Q2021	1Q2020	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%
Net foreign exchange loss	-	(1)	n.m.
Finance costs on loans	26	115	(77.4)
Interest on convertible notes	42	-	n.m.

Note:

n.m. - Not meaningful

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Unaudited financial statements for the first quarter ended 31 March 2021

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group & Company	
	As at 31-Mar-21 (Unaudited) S\$'000	As at 31-Dec-20 (Audited) S\$'000
<u>Current assets</u>		
Other receivables	31	31
Cash and bank balances	164	25
Total current assets	195	56
Total assets	195	56
<u>Equity</u>		
Share capital	46,333	46,333
Other reserves	4,372	4,296
Accumulated losses	(54,705)	(54,264)
Total equity	(4,000)	(3,635)
<u>Non-current liabilities</u>		
Convertible notes	979	614
Borrowings	-	111
Total non-current liabilities	979	725
<u>Current liabilities</u>		
Other payables	2,164	2,057
Borrowings	1,003	861
Loan from a former director	49	48
Total current liabilities	3,216	2,966
Total liabilities	4,195	3,691
Total equity and liabilities	195	56

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Unaudited financial statements for the first quarter ended 31 March 2021

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable by the Group in one year or less, or on demand

As at 31 Mar 2021 S\$'000		As at 31 Dec 2020 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	1,003	-	861

Amount repayable by the Group after one year

As at 31 Mar 2021 S\$'000		As at 31 Dec 2020 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	979	-	725

Details of collateral

All the borrowings and convertible notes of approximately S\$2.0 million as at 31 March 2021 were unsecured, interest-bearing loans provided by Golden Nugget Jinzhuan Limited, Mr Mamoru Taniya and Speed Success Group Limited, respectively.

There were no secured borrowings as at 31 March 2021 and 31 December 2020.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flow Statement

	Group	
	1Q2021 (Unaudited) S\$'000	1Q2020 (Unaudited) S\$'000
<u>Cash flows from operating activities</u>		
Loss before tax	(441)	(446)
<u>Adjustments for:</u>		
Finance costs	68	115
Operating cash flows before changes in working capital	(373)	(331)
Increase in other receivables	-	(81)
Increase in other payables	157	245
Cash flows used in operations	(216)	(167)
Interest paid	-	-
Net cash flows used in operating activities	(216)	(167)
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	-	135
Receipts of convertible notes	355	-
Net cash flows generated from financing activities	355	135
Net increase/(decrease) in cash and cash equivalents	139	(32)
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	25	43
Cash and cash equivalents at the end of the period	164	11

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Unaudited financial statements for the first quarter ended 31 March 2021

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group and Company	Share capital S\$'000	Convertible notes reserve S\$'000	Employee share option reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
2021					
At 1 Jan 2021	46,333	126	4,170	(54,264)	(3,635)
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	(441)	(441)
<u>Contributions by and distributions to owners</u>					
Issuance of convertible notes	-	76	-	-	76
Total contributions by and distributions to owners	-	76	-	-	76
At 31 Mar 2021	46,333	202	4,170	(54,705)	(4,000)
2020					
At 1 Jan 2020					
As reported	44,393	-	4,170	(53,102)	(4,539)
Prior year adjustments	-	-	-	524	524
At 1 Jan 2020 (Re-stated)	44,393	-	4,170	(52,578)	(4,015)
Loss net of tax, representing total comprehensive income for the financial period	-	-	-	(446)	(446)
At 31 Mar 2020	44,393	-	4,170	(53,024)	(4,461)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid ordinary shares of the Company

	No. of issued share	Issued and paid up share capital (S\$)
Balance as at 31 Dec 2020	783,267,291	46,332,337
Balance as at 31 Mar 2021	<u>783,267,291</u>	<u>46,332,337</u>

There were no changes in the Company's share capital since 31 Dec 2020 to 31 Mar 2021.

Details of convertibles

As at both dates on 31 March 2020 and 31 March 2021, there were outstanding pre-IPO options granted on 30,720,600 shares of the Company.

As at 31 March 2021, the Group has outstanding convertible notes of S\$1,080,000 (31 March 2020: Nil) in principal amount. Based on the conversion price of S\$0.007 per share, an aggregate of 154,285,714 (31 March 2020: Nil) new shares will be issued upon the exercise of the convertible notes (not including accrued interest). This represents 19.70% of the total number of issued shares as at 31 March 2021 (31 March 2020: Nil)

Details of treasury shares and subsidiary holdings

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2020.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares (excluding treasury shares) as at the end of the current financial period and as at the end of the immediately preceding year are as follows:

	As at 31 Mar 2021	As at 31 Dec 2020
Total number of issued shares (excluding treasury shares) *	783,267,291	783,267,291

* The Company did not have any treasury shares as at 31 March 2021 and 31 December 2020.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures presented above have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue

We refer to the Independent Auditor's Report dated 13 April 2021 ("**Financial Statements**") in the Company's Annual Report 2020, which was subject to a disclaimer of opinion.

The Company's auditor had reported two matters, being the basis for the disclaimer of opinion, namely:

(1) Going concern assumption

The Company reported a net loss of S\$1,686,000 and has a net operating cash outflows of S\$828,000 for the financial year ended 31 December 2020. As at 31 December 2020, the Company had a deficit in equity of S\$3,635,000 and net current liabilities of S\$2,910,000 and cash at bank of S\$25,000. The trading of the Company's shares has been suspended and the Company has not embarked on any new business ventures subsequent to the disposal and commencement of liquidation of subsidiaries. The abovementioned conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern.

As previously announced, the Company had entered into a S\$8.1 million convertible note agreement (“**CN3**”) with Golden Nugget Jinzhuan Limited (“**GN**”). As at the date of this announcement, there is a remaining balance principal amount of up to S\$6,885,000 that has yet to be subscribed by GN. The ability of the Company to continue as a going concern depends 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.

(2) Other payables

As at 31 December 2019, an amount of S\$402,000 accruals included in the other payables were not supported by evidence that the underlying services had been received by the Company. During the financial year ended 31 December 2020, S\$106,000 was substantiated with supporting documentation. The remaining balance of S\$296,000 were recorded as prior year adjustments to the financial statement 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. The auditors are 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.

As the main bulk of the expenses of S\$296,000 were expected to be incurred in FY2019, the Board is of the opinion that the prior year adjustments should be adjusted in opening balance at 1 January 2020.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board confirms that the impact of all outstanding audit issues on the financial statements for the financial year ended 31 December 2020 have been adequately disclosed.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited consolidated financial statements for the financial year ended 31 December 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not adopted the new or amended standards and interpretations early in preparing these financial statements.

The Group has assessed and does not expect the application of these standards to have a significant impact on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	1Q2021	1Q2020
Loss attributable to owners of the Company (S\$'000)	(441)	(446)
<u>Loss per ordinary shares (Basic and fully diluted)</u>		
Based on weighted average number of ordinary shares in issue (S\$ cents)	(0.06) ⁽¹⁾	(0.09) ⁽¹⁾
Weighted average number of ordinary shares in issue	<u>783,267,291</u>	<u>509,785,570</u>

⁽¹⁾ The Group was making losses for the 1Q2021 and 1Q2020 respectively. As such, it is anti-dilutive and not meaningful to calculate the diluted loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group and Company	
	31-Mar-21	31-Dec-20
Net liability value (S\$'000)	(4,000)	(3,635)
Number of ordinary shares in issue	<u>783,267,291</u>	<u>783,267,291</u>
Net liability value per share attributable to owners of the Company (S\$ cents)	<u>(0.51)</u>	<u>(0.46)</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Staff, other operating expenses and finance costs

During the period under review, the Company incurred expenses of approximately S\$0.4 million comprises salary and related costs, professional expenses such as audit fee, corporate secretarial expenses, legal and consultancy fees, sponsor fee, accounting, and directors' fees.

During the period under review, other operating expenses increase by S\$0.1 million or 19.1% was mainly due to increase in professional fees incurred for the RTO offset by a decrease in director's and audit fees.

During the period under review, finance costs decrease by S\$0.05 million was mainly due to: (i) savings in convertible notes interest for CN1 as it was ultimately converted to ordinary shares on 22 July 2020; and (ii) offset by interest incurred for convertible notes of CN3.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Total borrowings inclusive of convertible notes increase by approximately S\$0.4 million in 1Q2021 to approximately S\$2.0 million as at 31 March 2021 was mainly due to the issuance of 3 new tranches of CN3 and interest accrued for short-term loan.

Other reserve increase by approximately S\$0.1 million in 1Q2021 was due to the recognition of the equity component with regards to the issuance of the 3 new tranches of CN3.

NEGATIVE WORKING CAPITAL AND NET LIABILITIES POSITION

The Company was in a negative working capital position of approximately S\$3.0 million and S\$2.9 million as at 31 March 2021 and 31 December 2020, respectively.

Net liabilities position increase by approximately S\$0.4 million in 1Q2021 to approximately S\$4.0 million as at 31 March 2021 mainly due to: (1) the recognition of the equity component of the convertible notes of approximately S\$0.1 million; and (2) offset by losses incurred approximately S\$0.5 million in 1Q2021.

The unaudited financial results announcement for the 1Q2021 has been prepared on a going concern basis. The validity of the going concern basis on which the unaudited financial statements for 1Q2021 are prepared, is subject to the continued support from GN to finance the Company via subscribing for the remaining convertible notes of approximately S\$7.0 million as at 31 March 2021 and/or the completion of the reverse takeover of the Company as further described in paragraph 10.

REVIEW OF THE GROUP'S STATEMENT OF CASH FLOW

In 1Q2021, the Group recorded a net cash outflow of approximately S\$0.2 million from operating activities, which comprises mainly current period losses and changes in working capital.

In 1Q2021, there was no cash movement from investing activities.

In 1Q2021, the Group recorded a cash inflow of approximately S\$0.4 million as a result of the issuance of 3 new tranches of CN3.

Use of proceeds from convertible notes

As at 11 May 2021, the Company had raised proceeds from the convertible notes of approximately S\$3.0 million and had substantially utilized the proceeds as follows:

	Amount allocated as disclosed in the Circular (S\$'000)	Amount raised as at 11 May 2021 (S\$'000)	Amount utilised as at 11 May 2021 (S\$'000)	Balance of net proceed as at 11 May 2021 (S\$'000)
<u>Use of proceeds</u>				
Repayment of loan and outstanding payments owing by the Group	2,430	447	447	-
Payment of the cost and expenses relating to the Notes	41	19	19	-
General working capital	4,997	2,168	2,157	11
Business expansion through investment, acquisitions and joint ventures	2,430	379	359	20
	<u>9,898</u>	<u>3,013</u>	<u>2,982</u>	<u>31</u>

The use of the proceeds for general working capital mainly for staff salary, accounting service fees, audit fees, sponsor fees, legal and professional fees.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No specific forecast and prospect statements have been disclosed previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 3 May 2021, the Company announced that it had made an application, through the Company's sponsor, to the SGX-ST for a further three (3) months extension of time under Rule 1304(1) of the Section B: Rules of Catalist of the SGX-ST Listing Manual to submit the Resumption Proposal in the form and format of a draft shareholders' circular for the proposed acquisition of the entire equity interest in Rich Glory International Investment Limited by the Company (the "RTO Circular") to SGX-ST for its clearance by 31 July 2021.

As announced on 3 May 2021, the company had issued the Tranche 5 CN3 of S\$0.1 million to GN. Following this subscription of Tranche 5 CN3, S\$1.2 million under the CN3 has been subscribed and there is a remaining balance principal amount of up to S\$6.9 million that has yet to be subscribed by GN.

11. Dividend

If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been recommended or declared for 1Q2021.

(b) Amount per share (cents) and previous corresponding period (cents).

Not applicable. No dividend has been recommended or declared for 1Q2020.

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- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable

- (d) **The date the dividend is payable.**

Not applicable

- (e) **The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable

- 12. If no dividend has been declared (recommended), a statement to that effect and reason(s) for the decision.**

No dividend has been declared or recommended for 1Q2021 as the Company is not in a financial position to declare dividends.

- 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPTs. There was no interested person transaction of S\$100,000 and more for 1Q2021.

- 14. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules**

The Board of Directors of the Company has confirmed that, to the best of their knowledge, , nothing has come to their attention which may render the unaudited financial results of the Company for 1Q2021 to be false or misleading in any material respect.

- 15. Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured the undertakings from all its Directors and executive officers pursuant to Rule 720 (1) of the Catalist Rules.

- 15A. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.**

Not applicable. The Company did not acquire and dispose shares in any companies during the first quarter of 2021.

BY ORDER OF THE BOARD

Tse Man Kit, Gilbert
Non-Executive Director
12 May 2021

Foong Daw Ching
Lead Independent Director