

CIRCULAR DATED 22 JULY 2022

THIS CIRCULAR IS ISSUED BY ALLIED TECHNOLOGIES LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN DOUBT ABOUT THE CONTENTS OF THIS CIRCULAR OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

The Company has opted for electronic dissemination of this Circular. Please note that no printed copies of this Circular will be despatched to Shareholders. Only printed copies of the notice regarding the electronic dissemination of this Circular will be despatched to Shareholders.

If you have sold or transferred all your shares in the capital of the Company ("Shares") held through the Central Depository (Pte) Limited ("CDP"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should at once hand this Circular immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular 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 "Exchange") and the Exchange assumes no responsibility for the contents of this Circular, including the correctness of any statements or opinions made, or reports contained in this Circular.

The contact person for the Sponsor is Mr. Bernard Lui, (tel: +65 6389 3000 or email: bernard.lui@morganlewis.com).



ALLIED TECHNOLOGIES LIMITED

(Company Registration No. 199004310E)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

SRS AUTO HOLDINGS PTE. LTD.

(Company Registration No. 201709236H)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares (excluding treasury shares) in the capital of the Company other than those Shares held, directly or indirectly by SRS Auto Holdings Pte. Ltd. as at the date of the Offer.

Independent Financial Adviser to the Independent Directors



XANDAR CAPITAL PTE. LTD.

(Company Registration No 200002789M)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS (AS DEFINED HEREIN) SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. ON 5 AUGUST 2022 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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DEFINITIONS

In this Circular, except where the context otherwise requires, the following definitions shall apply throughout:

- “Acceptance Forms”** : The FAA and the FAT collectively, or either of them (as the case may be)
- “Board”** : The board of Directors of the Company as at the date of this Circular or from time to time, as the case may be
- “Business Day”** : A day other than Saturday, Sunday or a public holiday on which commercial banks are open for business in Singapore
- “Catalist”** : The Catalist board of the SGX-ST
- “Catalist Rules”** : SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 22 July 2022 issued by the Company to the Shareholders in relation to the Offer
- “Closing Date”** : 5.30 p.m. on 5 August 2022, being the last day for the lodgement of acceptances of the Offer
- “Code”** : The Singapore Code on Take-overs and Mergers, as amended or modified or supplemented from time to time
- “Company”** : Allied Technologies Limited
- “Companies Act”** : The Companies Act 1967 of Singapore, as amended or modified or supplemented from time to time
- “Company Securities”** : (a) Shares; (b) securities which carry voting rights in the Company; or (c) convertible securities, warrants, options or derivatives in respect of Shares or such securities which carry voting rights in the Company
- “Constitution”** : The Constitution of the Company, as amended or modified or supplemented from time to time
- “CPF”** : The Central Provident Fund
- “CPF Agent Banks”** : Agent banks included under the CPFIS
- “CPFIS”** : The Central Provident Fund Investment Scheme
- “CPFIS Investors”** : Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
- “Director”** : A director of the Company as at the date of this Circular or from time to time, as the case may be
- “FAA”** : Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to the Shareholders whose Offer Shares are deposited with CDP

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“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP
“FY2019”	:	Financial year ended 31 December 2019
“FY2020”	:	Financial year ended 31 December 2020
“FY2021”	:	Financial year ended 31 December 2021
“Group”	:	The Company and its subsidiaries
“IFA”	:	Xandar Capital Pte. Ltd., the Independent Financial Adviser to the Independent Directors in relation to the Offer
“IFA Letter”	:	The letter dated 22 July 2022 from the IFA to the Independent Directors containing its advice in relation to the Offer, as set out in Appendix I to this Circular
“Independent Directors”	:	The Directors who are considered to be independent for the purposes of the Offer, namely Mr. Lim Chee San, Mr. Davy J Goh, Mr. Lim Jin Wei and Ms. Pok Mee Yau
“Irrevocable Undertakings”	:	Shall have the meaning ascribed to it in the Offer Document
“Latest Practicable Date”	:	15 July 2022, being the latest practicable date prior to the dissemination of this Circular
“Offer”	:	The voluntary conditional cash offer by the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms, as may be amended from time to time by the Offeror
“Offer Announcement”	:	The announcement in connection with the Offer made by the Offeror on the Offer Announcement Date
“Offer Announcement Date”	:	17 June 2022, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 8 July 2022 and any other document(s) which may be issued by the Offeror, including the Acceptance Forms
“Offer Price”	:	S\$0.0088 in cash for each Offer Share
“Offer Shares”	:	All the Shares, including those Shares already owned or controlled, directly or indirectly, or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror, as at the date of the Offer
“Offeror”	:	SRS Auto Holdings Pte. Ltd.
“Offeror Securities”	:	(a) Offeror Shares, (b) securities which carry substantially the same rights as any Offeror Shares, and (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or such securities in (b)

DEFINITIONS

“Offeror Shares”	:	Ordinary shares in the share capital of the Offeror
“Overseas Shareholder”	:	A Shareholder whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be)
“Register”	:	The register members of the Company, as maintained by the Share Registrar
“SIC”	:	Securities Industry Council of Singapore
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“Securities and Futures Act”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., in its capacity as the share registrar of the Company
“Shares”	:	Ordinary shares in the capital of the Company and “Share” shall be construed accordingly
“Shareholders”	:	Registered holder(s) of Shares in the register of members of the Company, except where the registered holder is CDP, in which case the term “Shareholders” shall, in relation to such shares, mean the Depositors who have Shares entered against their name in the Depository Register of CDP. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares pursuant to the SRS
“Treasury Shares”	:	Has the meaning ascribed to it in Section 4 of the Companies Act
“1Q2022”	:	First quarter of the financial year ending 31 December 2022
“per cent” or “%”	:	Percentage or per centum
“S\$ and cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore

Acting in Concert. Unless otherwise defined, the term **“acting in concert”** shall have the meaning ascribed to it in the Code.

Associate. The term **“associate”** shall have the meaning ascribed to it in the Catalist Rules.

DEFINITIONS

Depositor, Depository Agent and Depository Register. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Gender. Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Sections. Any reference in this Circular to a section is a reference to a section of this Circular, unless otherwise stated.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders (including persons whose/which Offer Shares are deposited with CDP or who/which have purchased Offer Shares on the SGX-ST).

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Catalist Rules, the Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act, the Catalist Rules, the Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Subsidiaries and related corporations. The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular in italics and all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, the total number of Shares as at the Latest Practicable Date is 1,770,328,920 Shares (excluding treasury shares). Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 1,770,328,920 Shares (excluding treasury shares) in the issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the Company does not hold any treasury shares.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMELINE

Date of dissemination of the Offer Document	:	8 July 2022
Date of dissemination of this Circular	:	22 July 2022
Closing date and time⁽¹⁾	:	5.30 p.m. (Singapore time) on 5 August 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of consideration for valid acceptances of the Offer⁽²⁾	:	(a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of such date; or (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

Notes:

- (1) Please refer to paragraph 1 of Appendix 1 to the Offer Document for further details.
- (2) Please refer to paragraph 2 of Appendix 1 to the Offer Document for further details.

LETTER TO SHAREHOLDERS



ALLIED TECHNOLOGIES LIMITED
(Company Registration No. 199004310E)
(Incorporated in the Republic of Singapore)

Directors:

Mr. Lim Chee San (*Independent Non-Executive Chairman*)
Mr. Choo Weng Wah (*Executive Director*)
Mr. Low Si Ren Kenneth (*Executive Director*)
Mr. Davy J Goh (*Independent Director*)
Mr. Lim Jin Wei (*Independent Director*)
Ms. Pok Mee Yau (*Independent Director*)

Registered Office:

2 Venture Drive
#16-09
Vision Exchange
Singapore 608526

22 July 2022

To: The Shareholders of the Company

Dear Sir/Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY SRS AUTO HOLDINGS PTE. LTD. FOR THE OFFER SHARES

1. INTRODUCTION

1.1. Offer Announcement

On the Offer Announcement Date, the Offeror announced that it intends to make the Offer to acquire all of the Shares, including those Shares already owned or controlled, directly or indirectly, or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror, as at the date of the Offer.

The Offer Announcement is available on the SGXNET at www.sgx.com.

1.2. Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

An electronic copy of the Offer Document is available on the SGXNET at www.sgx.com.

1.3. Independent Financial Adviser

The Company has appointed Xandar Capital Pte. Ltd. as the IFA to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix I to this Circular.

1.4. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Offer.

LETTER TO SHAREHOLDERS

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding on whether to accept or reject the Offer.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, legal adviser, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1. Offer Terms

The Offer is made by the Offeror on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

2.1 Offer Terms

In accordance with Rule 15 of the Code, and subject to the terms and conditions set out in this Offer Document and the Acceptance Forms, the Offeror hereby offers to acquire all the Offer Shares on the following basis:

For each Offer Share: S\$0.0088 in cash (the "Offer Price").

The Offer is extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties.

2.2 No Encumbrances

The Offer Shares are to be acquired:

- (a) fully paid;*
- (b) free from any claim, charge, pledge, mortgage, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing ("**Encumbrances**")*; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon (the "**Distributions**") by the Company on or after the Offer Announcement Date).*

2.3 Adjustment for Distributions

- 2.3.1 Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.*

LETTER TO SHAREHOLDERS

2.3.2 Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer ("**Accepting Shareholder**") shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such Accepting Shareholder falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**"), the Offer Price shall remain unadjusted for each such Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; and
- (b) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

2.4 Conditional Offer

2.4.1 The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been validly withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer, will result in the Offeror and its concert parties holding Offer Shares representing not less than 90% of the total number of Shares in issue (excluding treasury shares) as at the close of the Offer ("**Minimum Acceptance Condition**").

2.4.2 Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer, will result in the Offeror and its concert parties holding such number of Offer Shares representing not less than 90% of the total number of Shares in issue (excluding treasury shares).

2.4.3 Based on disclosures made to the Offeror by the Relevant Parties, the Offeror and persons acting in concert with the Offeror, own, control or have agreed to acquire an aggregate of 782,422,900 Shares, representing approximately 44.20% of the total number of issued Shares.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all respects.

2.5 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from any Encumbrance, and (c) with all such rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) which may be declared, paid or made by the Company on or after the Offer Announcement Date.

LETTER TO SHAREHOLDERS

2.2. Duration of the Offer

The duration of the Offer is set out in paragraph 1 of Appendix 1 to the Offer Document, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

1. **DURATION OF THE OFFER**

1.1. **Closing Date.** *The Offer is open for acceptance by Shareholders for at least 28 days from the Commencement Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.*

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 5 August 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

1.2. **Subsequent Closing Date(s).** *If the Offer is extended and:*

(a) *is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next closing date; or*

(b) *is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next closing date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.*

1.3. **No Obligation to Extend Offer.** *The Offeror is not obliged to extend the Offer if the Minimum Acceptance Condition is not fulfilled by the Closing Date.*

1.4. **Offer to Remain Open for 14 Days after being declared Unconditional as to Acceptances.** *In order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period ("Rule 22.6 Period") of not less than 14 days after the date on which it would otherwise have closed.*

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("Shut-Off Notice") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

(a) *the Offeror may not give a Shut-Off Notice in a competitive situation; and*

(b) *the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

For these purposes, the SIC would normally regard a "competitive situation" to have arisen when either (i) a firm intention to make a competing offer for the Company has been announced, whether or not subject to any preconditions; or (ii) the SIC determines that a competitive situation has arisen. If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Paragraph 4.2.1 of this Appendix 1, the Rule 22.6 Period will run from the date of such confirmation (if given) or the date on which the Offer would otherwise have closed, whichever is later.

1.5. **Final Day Rule.** *The Offer (whether revised or not) will not be capable:*

LETTER TO SHAREHOLDERS

- (a) *of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Commencement Date; or*
- (b) *of being kept open after 5.30 p.m. (Singapore time) on the 60th day after the Commencement Date unless the Offer has previously become or been declared to be unconditional as to acceptances,*

*provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**"). The SIC will normally grant such permission if a competing offer has been announced.*

1.6. Revision. *Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.*

1.7. Time for Fulfilment of Other Conditions. *Except with the consent of the SIC, all conditions to the Offer must be fulfilled or the Offer must lapse within 21 days of the later of (a) the first closing date of the Offer as set out above in Paragraph 1.1 of this Appendix 1; and (b) the date the Offer becomes or is declared unconditional as to acceptances.*

2.3. Further Details on the Offer

Further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

2.4. Procedures for Acceptance

The procedures for acceptance of the Offer by a Shareholder are set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT, as the case may be.

3. INFORMATION ON THE OFFEROR AND ITS SHAREHOLDER

The information on the Offeror and its shareholders is set out in Section 3 of the Offer Document, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

3. INFORMATION ON THE OFFEROR

3.1 *The Offeror is an exempt private company limited by shares incorporated in Singapore on 3 April 2017. The Offeror's principal activity is the renting and leasing of private cars and motor financing.*

3.2 *As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S\$6,200,000 comprising 6,200,000 ordinary shares ("**Offeror Shares**") which is wholly owned by Tan Yew Kiat ("**Offeror Shareholder**").*

3.3 *As at the Last Practicable Date the sole director of the Offeror is Tan Yew Kiat.*

Appendix 3 to this Offer Document sets out additional information on the Offeror.

LETTER TO SHAREHOLDERS

4. IRREVOCABLE UNDERTAKINGS

Section 5 of the Offer Document sets out certain information relating to the Irrevocable Undertakings received by the Offeror, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

5. IRREVOCABLE UNDERTAKING AND WAIVER OF CONSIDERATION

5.1 Irrevocable Undertaking

As at the Latest Practicable Date, the Offeror has received irrevocable undertakings from the following persons (the “Irrevocable Undertakings”):

- (a) Mr. Lin Tah Hwa;*
- (b) Mr. Low Si Ren, Kenneth;*
- (c) Mr. Heng Hui Kiak, Robin;*
- (d) Mr. Lim Wei Kwang Lenny;*
- (e) Mr. Ooi Thean Yat Ronald Anthony;*
- (f) Ms. Loo Hui Lin, Emily;*
- (g) Mr. Choo Weng Wah;*
- (h) Mr. Ng Mui Soon;*
- (i) Dr. Tan May Hua Linda;*
- (j) Mdm. Tong Yoke Chan;*
- (k) Dr. Lai Ping Liang Damien Iain;*
- (l) Mr. Wong Kiong Hong;*
- (m) Mr. Chiam Heng Huat;*
- (n) Mr. Low Yew Shen;*
- (o) Mr. Lam Yee Kee;*
- (p) Mr. Chew Soo Lin;*
- (q) Mr. Gary Lee Seaton;*
- (r) Mdm. Lin Ai Ling;*
- (s) Mr. Hashimoto Yukinori;*
- (t) Mr. Desmond Tan Wee Min;*
- (u) Yinyu Pte Ltd;*

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- (v) *Lee Sew-lam, Richard @ Lee Siew Wian;*
- (w) *Chew Huck Chin;*
- (x) *Tan Kah Tong;*
- (y) *Koh Aye Koon;*
- (z) *Lim Wei Tiong;*
- (aa) *Hau Tau Thong;*
- (bb) *Heng Bak Hwee;*
- (cc) *Wong Kiang Seng; and*
- (dd) *Tan Son Hoi,*

(collectively, the “Undertaking Shareholders”), pursuant to which the Undertaking Shareholders have undertaken, inter alia, as follows:

- (i) *to accept or procure the acceptance of the Offer in respect of all Shares held by them representing in aggregate no less than 44.20% of the total number of issued Shares¹ in the Company (the “Undertaking Shares”); and*
- (ii) *except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any options or other right over to accept any other offer for any of the Undertaking Shares or otherwise deal with any of the Undertaking Shares or any interest in them (whether conditionally or unconditionally).*

Pursuant to the Irrevocable Undertakings, each of the Undertaking Shareholders further undertakes to waive his/her rights under Rule 30 of the Code to receive all consideration payable to him/her for Shares tendered in acceptance of the Offer.

The names of the Undertaking Shareholders and the number of Shares owned by them as at the Latest Practicable Date are as follows:

No.	Name of Undertaking Shareholder	No. of Shares which are the subject of the Irrevocable Undertakings	Percentage of Shares in Issue (%)
1.	<i>Lin Tah Hwa</i>	<i>168,000,000</i>	<i>9.49</i>
2.	<i>Low Si Ren, Kenneth</i>	<i>100,000,000</i>	<i>5.65</i>
3.	<i>Heng Hui Kiak, Robin</i>	<i>86,000,000</i>	<i>4.86</i>
4.	<i>Lim Wei Kwang Lenny</i>	<i>86,000,000</i>	<i>4.86</i>
5.	<i>Ooi Thean Yat Ronald Anthony</i>	<i>77,000,000</i>	<i>4.35</i>
6.	<i>Loo Hui Lin, Emily</i>	<i>64,000,000</i>	<i>3.62</i>

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7.	<i>Choo Weng Wah</i>	<i>52,000,000</i>	<i>2.94</i>
8.	<i>Ng Mui Soon</i>	<i>20,000,000</i>	<i>1.13</i>
9.	<i>Tan May Hua Linda</i>	<i>19,000,000</i>	<i>1.07</i>
10.	<i>Tong Yoke Chan</i>	<i>13,165,707</i>	<i>0.74</i>
11.	<i>Lai Ping Liang Damien Iain</i>	<i>13,000,000</i>	<i>0.73</i>
12.	<i>Wong Kiong Hong</i>	<i>10,000,000</i>	<i>0.56</i>
13.	<i>Chiam Heng Huat</i>	<i>8,000,000</i>	<i>0.45</i>
14.	<i>Low Yew Shen</i>	<i>7,089,227</i>	<i>0.40</i>
15.	<i>Lam Yee Kee</i>	<i>6,802,166</i>	<i>0.38</i>
16.	<i>Chew Soo Lin</i>	<i>11,863,400</i>	<i>0.67</i>
17.	<i>Gary Lee Seaton</i>	<i>5,000,000</i>	<i>0.28</i>
18.	<i>Lin Ai Ling</i>	<i>3,600,000</i>	<i>0.20</i>
19.	<i>Hashimoto Yukinori</i>	<i>3,003,900</i>	<i>0.17</i>
20.	<i>Desmond Tan Wee Min</i>	<i>1,500,000</i>	<i>0.08</i>
21.	<i>Yinyu Pte Ltd</i>	<i>1,000,000</i>	<i>0.06</i>
22.	<i>Lee Sew-lam, Richard @ Lee Siew Wian</i>	<i>5,000,000</i>	<i>0.28</i>
23.	<i>Chew Huck Chin</i>	<i>8,750,000</i>	<i>0.49</i>
24.	<i>Tan Kah Tong</i>	<i>3,995,000</i>	<i>0.23</i>
25.	<i>Koh Aye Koon</i>	<i>200,000</i>	<i>0.01</i>
26.	<i>Lim Wei Tiong</i>	<i>200,000</i>	<i>0.01</i>
27.	<i>Hau Tau Thong</i>	<i>900,000</i>	<i>0.05</i>
28.	<i>Heng Bak Hwee</i>	<i>4,823,700</i>	<i>0.27</i>
29.	<i>Wong Kiang Seng</i>	<i>1,529,800</i>	<i>0.09</i>
30.	<i>Tan Son Hoi</i>	<i>1,000,000</i>	<i>0.06</i>
	Total¹	782,422,900	44.20

¹ In this Offer Document, all shareholding percentages are calculated based on a total of 1,770,328,920 Shares (excluding treasury shares) in issue, as reflected in the electronic business profile of the Company extracted from the Accounting and Corporate Regulatory Authority of Singapore on 16 June 2022.

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² Any discrepancies between the listed percentages and the total thereof are due to rounding.

5.2 Cessation of Irrevocable Undertakings

Each of the Irrevocable Undertakings shall terminate and cease to have any effect on the earlier of the date on which the Offer lapses or is withdrawn for any reason other than as a result of a breach of any of the Undertaking Shareholders' obligations under their respective Irrevocable Undertakings.

5.3 No Other Irrevocable Undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, the Offeror has not received any irrevocable undertaking from any other person to accept or reject the Offer.

5.4 Available for Inspection

Copies of the Irrevocable Undertakings are available for inspection at the offices of the Share Registrar at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 during normal business hours upon prior appointment with the Registrar at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632, until the date on which the Offer closes, lapses or is withdrawn in accordance with its terms.

5. RATIONALE FOR THE OFFER

Section 6 of the Offer Document sets out certain information on the rationale for the Offer, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully.**

6. RATIONALE FOR THE OFFER

6.1 Opportunity for Shareholders to exit their investment, which may otherwise be difficult due to the trading suspension

*The trading of Shares had been voluntarily suspended on 8 May 2019 ("**Trading Suspension**"). Prior to the Trading Suspension, trading volume of the Shares has been generally low, with an average daily trading volume³ of approximately 2,603,643 Shares, 3,917,541 Shares, 4,392,518 Shares and 10,695,913 Shares during the one (1)-month, three (3)-month, six (6)-month and 12-month periods respectively up to and including the Last Trading Date. Each of these represents less than approximately 0.7% of the total number of issued Shares (excluding treasury shares) for any of the aforementioned relevant periods.*

The Trading Suspension has not provided Shareholders with any opportunity to efficiently exit their investments in the Company. Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment, an option which may not otherwise be readily available due to the Trade Suspension of the Shares.

6.2 Greater Management Flexibility

The Offeror is making the Offer with a view to delist the Company from the SGX-ST and exercise its rights of compulsory acquisition. The Offeror believes that privatising

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the Company will provide the Offeror with more flexibility to manage the business of the Company and optimise the use of the Company's management and resources during this time of economic uncertainty.

6.3 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

³ *The average daily trading volume is computed based on the total volume of Shares traded divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including the Last Trading Date. "Market Day" refers to a day on which the SGX-ST is open for the trading of securities.*

6. THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

6.1. Offeror's intentions in relation to the Company

Section 7 of the Offer Document sets out certain information on the Offeror's intention for the Company, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully.**

7. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror intends for the Company to continue with its existing activities and has no intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the sole director of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which it may regard to be in the interest of the Offeror.

6.2. Listing Status and Compulsory Acquisition

Section 8 of the Offer Document sets out certain information on the Offeror's intentions in relation to the listing status of the Company and compulsory acquisition of the Company, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully.**

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Under Rule 1104 of the Catalist Rules, upon announcement by the Offeror that acceptances have been received that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90% of the total number of Shares (excluding any treasury shares), the SGX-ST may suspend the trading of the listed securities of the Company on the SGX-ST until such time when the SGX-

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ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public. Under Rule 1303(1) of the Catalist Rules, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of the Company only at the close of the Offer.

8.2 Free Float Requirement

Shareholders are advised to note that Rule 723 of the Catalist Rules requires the Company to ensure that at least 10% of the total number of Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all securities of the Company on the SGX-ST. Rule 724(2) of the Catalist Rules further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST. Under the Catalist Rules, "public" refers to persons other than: (a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiary companies; and (b) associates of the persons in (a) above.

In the event the Company does not meet the Free Float Requirement and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1104 or Rule 1303(1) of the Catalist Rules, the Offeror does not intend to preserve the listing status of the Company and has no intention of undertaking or supporting any action to satisfy the Free Float Requirement or for any such trading suspension by the SGXST to be lifted.

8.3 Compulsory Acquisition

In the event the Offeror receives valid acceptances pursuant to the Offer or otherwise acquires Shares following the date of despatch of the Offer Document ("**Commencement Date**") other than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (other than treasury shares and those already held by the Offeror, its related corporations or their respective nominees as at the Commencement Date), the Offeror would be entitled to exercise its right under Section 215(1) of the Companies Act, to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") on the same terms as those offered under the Offer.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST. After the completion of the compulsory acquisition, the Offeror intends to transfer all the Shares to (as of the date of this Offer Announcement) its subsidiary, SRS Auto Capital Pte. Ltd. (Company Registration No.: 202219686R) ("SAC") of which, each of the Undertaking Parties had or will subscribe for ordinary shares in SAC.

In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares

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held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of Shares.

7. FINANCIAL ASPECTS OF THE OFFER

Section 9 of the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

9. FINANCIAL ASPECTS OF THE OFFER

The Offer Price for each Offer Share represents the following discount over the historical traded prices of the Shares:

<i>Description</i>	<i>Benchmark Price⁴</i>	<i>Discount of the Offer Price over the Benchmark Price⁵</i>
<i>Last traded price per Share as quoted on the SGX-ST on the Last Trading Date</i>	<i>0.0110</i>	<i>20.00</i>
<i>VWAP of the Shares as transacted on the SGX-ST for the one (1)-month period up to and including the Last Trading Date</i>	<i>0.0112</i>	<i>21.43</i>
<i>VWAP of the Shares as transacted on the SGX-ST for the three (3)-month period up to and including the Last Trading Date</i>	<i>0.0122</i>	<i>27.87</i>
<i>VWAP of the Shares as transacted on the SGX-ST for the six (6)-month period up to and including the Last Trading Date</i>	<i>0.0140</i>	<i>37.14</i>
<i>VWAP of the Shares as transacted on the SGX-ST for the 12-month period up to and including the Last Trading Date</i>	<i>0.0263</i>	<i>66.54</i>

⁴ *The VWAPs are based on data extracted from Bloomberg L.P. and the calculation of the VWAP does not include married trade transactions within the relevant periods. The VWAPs are rounded to the nearest four (4) decimal places.*

⁵ *Percentages rounded to the nearest two (2) decimal places.*

8. DISCLOSURE OF HOLDINGS, DEALINGS AND OTHER ARRANGEMENTS

Section 10 of the Offer Document set out certain information relating to disclosure of holdings, dealings and other arrangements, extracts of which are set out in italics below. Unless otherwise

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defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

10. DISCLOSURE OF HOLDINGS AND DEALINGS

10.1 Holdings of Company Securities

As at the Offer Announcement Date, based on the latest information available to the Offeror and save as set out in this Announcement and the Appendix, none of (i) the Offeror, (ii) the sole director of the Offeror, (iii) Undertaking Parties, and (iv) any other person presumed to be acting in concert with the Offeror (each, a “Relevant Person”) own, control or have agreed to acquire any (a) Shares, (b) other securities which carry voting rights in the Company, or (c) convertible securities, warrants, options, awards or derivatives in respect of the Shares or other securities which carry voting rights in the Company (collectively, the “Company Securities”).

10.2 Other Arrangements

10.2.1 As at the Offer Announcement Date, save as set out in this Announcement, to the best of the Offeror’s knowledge, none of the Relevant Persons have:

- (a) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to any Company Securities which might be material to the Offer;*
- (b) received any irrevocable commitment (other than the Irrevocable Undertakings) from any party to accept the Offer;*
- (c) granted any security interest in respect of any Company Securities in favour of any other person, whether through a charge, pledge or otherwise;*
- (d) borrowed any Company Securities from any other person (excluding borrowed Company Securities which have been on-lent or sold); or*
- (e) lent any Company Securities to any other person.*

10.2.2 The full list of persons acting in concert with the Offeror is set out in Appendix 5 to this Offer Document.

10.2.3 In accordance with the Code, the associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company and the Offeror under Rule 12 of the Code.

9. CONFIRMATION OF FINANCIAL RESOURCES

Section 11 of the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

11. CONFIRMATION OF FINANCIAL RESOURCES

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Bayfront Law LLC, as the Legal Adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of the Offer by Shareholders on the basis of the Offer Price, excluding the Shares to be tendered by the Undertaking Shareholders and for which cash consideration payment is waived pursuant to Rule 30 of the Code, as described in paragraph 5.1 of this Announcement.

10. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Offeror Securities and the Company Securities as at the Latest Practicable Date are set out in Appendix II to this Circular.

11. ADVICE AND RECOMENDATION IN RESPECT OF THE OFFER

11.1. General

Xandar Capital Pte. Ltd. has been appointed as the IFA to advise the Independent Directors in respect of the Offer. Shareholders should read and consider carefully the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors in their entirety before deciding whether or not to accept or reject the Offer. The advice of the IFA to the Independent Directors is set out in the IFA Letter which is reproduced in Appendix I to this Circular.

For the purposes of this Circular, Insights Law LLC has been appointed as the legal advisers to the Company in respect of the Offer.

11.2. Advice of the IFA to the Independent Directors on the Offer

The following are extracts from Section 9 of the IFA Letter and should be read in conjunction with, and interpreted in, the full context of the IFA Letter. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the IFA Letter. **Shareholders should read and consider carefully the key considerations relied upon by the IFA, in arriving at its advice to the Independent Directors.**

We set out below a summary of the key factors we have taken into our consideration when assessing the "fairness" of the Offer:

Factors for the Offer Price

- (i) *the P/E ratio of the Group as implied by the Offer Price is within the range and higher than the mean and median corresponding ratios of the Comparable Companies.*

Factors against the Offer Price

- (a) *the Offer Price represents a discount of approximately S\$0.0231 or 72.4% to the ANAV per Share, or a P/ANAV ratio of approximately 0.28 times;*
- (b) *the EV/EBITDA ratio of the Group as implied by the Offer Price is lower than the mean and median corresponding ratios of the Comparable Companies;*
- (c) *the P/ANAV ratio of the Group as implied by the Offer Price is lower than the mean and median corresponding ratios of the Comparable Companies;*

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- (d) *the P/ANAV ratio of the Group implied by the Offer Price is below the range of the P/NAV (or P/RNAV) ratios of the Privatisation Transactions; and*
- (e) *the Offer Price is below the estimated value of the Shares which range between approximately S\$0.0298 and approximately S\$0.0305 for each Offer Share as set out in paragraph 8.6 of this IFA Letter.*

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

Factors for the Offer Price

- (I) *the trading of the Shares has been suspended for more than three (3) years, and the Offer is presently the only available option to Shareholders who wish to exit their investment in the Company.*

Factors against the Offer Price

- (A) *the Group generated profits (albeit generally less than S\$1 million except for FY2021) for FY2020, FY2021 and 1Q2022; and*
- (B) *excluding the Allied Funds, the Group’s financial position is relatively healthy as at 31 March 2022.*

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to reject the Offer.

11.3. Independence of Directors

Mr. Low Si Ren, Kenneth and Mr. Choo Weng Wah (the “**Non-Independent Directors**”) are deemed to be acting in concert with the Offeror under the Code for the following reasons:

- (a) the Non-Independent Directors have been working with the Offeror to carry out the acquisition of the Offeror; and
- (b) as set out in Section 8.3 of the Offer Document, the Non-Independent Directors will subscribe for shares in the subsidiary of the Offeror, SRS Auto Capital Pte. Ltd., which will, upon the completion of the compulsory acquisition of the Shares not acquired under the Offer, acquire all of the shares in the Company; and
- (c) as the Code defines “acting in concert” as “*persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company*”, the legal advisers to the Offeror have taken the view that the Non-Independent Directors’ involvement with the Offeror and arrangement in respect of the acquisition of shares in the entity that eventually will hold the shares of the Company amounts to an agreement or understanding to co-operate with the Offeror to obtain or consolidate effective control of the Company.

The SIC has ruled that the Non-Independent Directors, Mr. Low Si Ren Kenneth and Mr. Choo Weng Wah, are exempted from the requirement to make a recommendation to Shareholders in connection with the Offer as they face irreconcilable conflict of interest being concert parties of the Offeror.

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Notwithstanding such exemption, each of the Non-Independent Directors shall remain responsible for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

As at the Latest Practicable Date, Mr. Lim Chee San, Mr. Davy J Goh, Mr. Lim Jin Wei and Ms. Pok Mee Yau are considered to be independent for the purposes of making a recommendation to the Shareholders in relation to the Offer.

11.4. Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Independent Directors as set out in the IFA Letter, **CONCUR** with the advice of the IFA in respect of the Offer as set out in **Section 11.2** of this Circular and in the IFA Letter. Accordingly, the Independent Directors recommend the Shareholders to **REJECT** the Offer.

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are also advised to read and consider carefully the recommendation of the Independent Directors and the IFA Letter set out in Appendix I to this Circular in their entirety before deciding whether to accept or reject the Offer. Shareholders should note that the IFA's advice to the Independent Directors and the recommendation of the Independent Directors in respect of the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

In rendering the above advice and making above recommendation, the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints and circumstances of any individual Shareholder. **As different Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his/her investment objectives or portfolio, should consult his/her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, and should take note of the procedures for acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT (as the case may be).

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror:

- (a) by CDP (in respect of the FAA); or
- (b) by the Share Registrar (in respect of the FAT),

as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

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13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 13.7 of the Offer Documents sets out information pertaining to CPFIS Investors and SRS Investors, extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

13.7 *Information Pertaining to CPFIS Investors and SRS Investors.* CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date.

CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares through appropriate intermediaries in their CPF investment accounts and SRS investment accounts.

14. OVERSEAS SHAREHOLDERS

14.1. Availability of the Offer to Overseas Shareholders

Section 12 of the Offer Document sets out certain information in relation to Shareholders whose addresses are outside Singapore, as shown on the Register or in the Depository Register (as the case may be) (the “**Overseas Shareholders**”), extracts of which are set out in italics below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

12. OVERSEAS PERSONS

12.1 Overseas Shareholders

*The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. It is currently not intended that the Offer will be made in or into, and the Offer is not capable of acceptance in or from, any jurisdiction in or from which the making of the Offer is prohibited or affected by the laws of that jurisdiction. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document and the Acceptance Forms have not been reviewed by any regulatory authority in any overseas jurisdiction. **For the avoidance of doubt, the Offer is open to all the Shareholders, including those to whom the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and the relevant Acceptance Forms have not been, or may not be, despatched.***

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12.2 Overseas Jurisdiction

*It is the responsibility of any Overseas Shareholder who wishes to (a) request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and/or any related documents, and/or (b) accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf may be required to pay. In (a) requesting for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and/or any related documents, and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP and the Share Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his/her/its position should consult his professional adviser in the relevant jurisdiction.***

12.3 Copies of the Offer Document and the relevant Acceptance Forms.

Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document, the Acceptance Form and/or any related documents from the website of the SGX-ST at www.sgx.com. To obtain a copy of this Offer Document, please select the section "Securities", select "Company Information" and then "Company Announcements" from the drop-down menu list and type the name of the Company: "Allied Technologies Limited" in the box titled "Filter by Company/Security Name". "Allied Technologies Limited" will appear as a drop-down item below the filter box.

Thereafter, please select the announcement dated 8 July 2022 titled "Notice of Electronic Dissemination of Offer Document and Related Documents". This Offer Document, the Acceptance Form and its related documents can be accessed by clicking on the link under the section titled "Attachments" at the bottom of the announcement.

12.4 Notice

The Offeror reserves the right to notify any matter, including the fact that the Offer has been made, to any or all of the Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

14.2. Copies of Circular

Due to potential restrictions on sending this Circular to overseas jurisdictions, this Circular has not been and will not be sent to any Overseas Shareholder who has not provided, and will not provide, the Company with an address within Singapore at which notices or documents may be served upon him. Any affected Overseas Shareholder may nonetheless (subject to compliance

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with applicable laws) download electronic copies of this Circular from the SGXNET announcement page of the Company.

In downloading this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

15. ELECTRONIC DISSEMINATION OF THIS CIRCULAR

In line with the news release and joint statements issued by the SGX-ST and the Monetary Authority of Singapore (“MAS”), the SIC and the Singapore Exchange Regulation, as the case may be, on 6 May 2020, 29 September 2020 and 29 June 2021, the MAS, the SIC and the Singapore Exchange Regulation have introduced temporary measures to allow listed issuer and parties involved in take-over or merger transactions the option to electronically disseminate their take-over documents through publication on SGXNET and their corporate websites, thereby dispensing with the need to despatch hardcopy documents related to such take-over or merger transactions, no printed copies of this Circular will be despatched to the Shareholders.

Instead, this Circular has been disseminated electronically to the Shareholders through publication on the websites of the SGX-ST. In connection with the electronic dissemination of this Circular, the hardcopy notification with instructions on how to access and retrieve this Circular electronically will be despatched by ordinary post to the Shareholders.

16. DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, information in the Offer Document, parties acting in concert with the Offeror, the Offer, the IFA, and the IFA Letter as set out in Appendix I to this Circular) are fair and accurate and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are, to the best of their knowledge and belief, fair and accurate.

Where any information in this Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including without limitation, information extracted from the Offer Document and the IFA Letter), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular in its proper form and context.

The recommendation of the Independent Directors to the Shareholders set out in Section 11.4 of this Circular is the sole responsibility of the Independent Directors.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Share Registrar at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 during normal office hours upon prior appointment with the Registrar at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632 for the period for which the Offer remains open for

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acceptance:

- (a) the Constitution of the Company;
- (b) the IFA Letter as set out in Appendix I to this Circular;
- (c) annual report of the Company for FY2019, and the unaudited consolidated financial statements of the Group for FY2020, FY2021 and 1Q2022; and
- (d) the letters of consent referred to in Paragraph 11 of Appendix II to this Circular.

18. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of
the Board of Directors of
ALLIED TECHNOLOGIES LIMITED

Ong Lizhen, Daisy
Chief Financial Officer

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN
RESPECT OF THE OFFER**



22 July 2022

ALLIED TECHNOLOGIES LIMITED

2 Venture Drive
#16-09 Vision Exchange
Singapore 608526

Attention: The Independent Directors (as defined herein)

VOLUNTARY CONDITIONAL CASH OFFER (THE “OFFER”) BY SRS AUTO HOLDINGS PTE. LTD. (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES (EXCLUDING TREASURY SHARES) IN THE CAPITAL OF ALLIED TECHNOLOGIES LIMITED (THE “COMPANY”), OTHER THAN THOSE SHARES HELD, DIRECTLY OR INDIRECTLY BY THE OFFEROR AS AT THE DATE OF THE OFFER (THE “OFFER SHARES”)

Unless otherwise defined, the terms used herein shall have the same meaning ascribed to them in the circular to shareholders of Allied Technologies Limited (the “Company”) dated 22 July 2022 issued in connection with the Offer (the “Circular”)

1. INTRODUCTION

On 17 June 2022 (the “**Offer Announcement Date**”), the Offeror announced that it intends to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares (“**Shares**”) (excluding treasury shares) in the capital of Allied Technologies Limited (the “**Company**”), other than those Shares held, directly or indirectly, by the Offeror, as at the date of the Offer.

In connection with thereof, the Company has appointed Xandar Capital Pte. Ltd. (“**Xandar Capital**”) as the independent financial adviser (the “**IFA**”) to the board of directors of the Company (the “**Directors**”) who are considered independent for the purpose of making a recommendation in relation to the Offer, namely, Mr. Lim Chee San, Mr. Davy J Goh, Mr. Lim Jin Wei and Ms. Pok Mee Yau (collectively, the “**Independent Directors**”) to assess the terms of the Offer, and advise (a) whether the terms of the Offer are fair and reasonable; and (b) whether the holders of the Offer Shares (the “**Shareholders**”) should accept or reject the Offer.

This letter sets out, *inter alia*, our evaluation and advice in respect of the Offer (this “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer as well as the recommendation of the Independent Directors in respect of the Offer.



2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Independent Directors on (a) whether the terms of the Offer are fair and reasonable; and (b) whether the Shareholders should accept or reject the Offer.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future.

Our evaluation is limited to the terms of the Offer, and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer.

In the course of our evaluation, we have reviewed publicly available financial information relating to the Company and its subsidiaries (the “**Group**”). However, we have not made any independent evaluation or appraisal of each of the assets or liabilities (including without limitation, freehold land, leasehold land and leasehold properties) of the Group.

We have not been provided with any financial projections or forecasts in respect of the Company or the Group. The scope of our engagement does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and/or the Group. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

The Directors (including those who may have delegated detailed supervision of the Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Circular (other than those relating to the Offeror, parties acting in concert with the Offeror, the Offer, the IFA and this IFA Letter) are fair and accurate and that no material facts have been omitted from the Circular, the omission of which would make any statement in the Circular misleading. The Directors jointly and severally accept full responsibility accordingly. In respect of this IFA Letter, the sole responsibility of the Directors has been to ensure that



the facts stated herein with respect to the Group are, to the best of their knowledge and belief, fair and accurate. Where any information in the Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in the Circular in its proper form and context.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information provided to us as at 15 July 2022, being the Latest Practicable Date (the "**Latest Practicable Date**") for the Circular. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders should take note of any announcements and/or events relevant to their consideration of the Offer which may be released or occur after the Latest Practicable Date.

In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that Shareholders who may require specific advice in relation to their Shares, investment objectives or portfolios to consult their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.

This IFA Letter is for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Offer, and the recommendation made by the Independent Directors shall remain their responsibility.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our advice in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.



3. THE OFFER

The Offer is made in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”), and subject to the terms and conditions set out in the offer document dated 8 July 2022 issued by the Offeror (the “**Offer Document**”) and the acceptance forms accompanying the Offer Document, for all the Offer Shares.

The detailed terms and conditions of the Offer are set out in Section 2 and Appendix 1 to the Offer Document. We extract the following for your reference.

3.1 The Offer Price

S\$0.0088 in cash for each Offer Share (the “Offer Price”).

3.2 No Encumbrances

The Offer Shares are to be acquired:

- (a) fully paid;
- (b) free from any claim, charge, pledge, mortgage, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (“**Encumbrances**”); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon (the “**Distributions**”) by the Company on or after the Offer Announcement Date).

3.3 Minimum Acceptance Condition

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been validly withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer, will result in the Offeror and its concert parties holding Offer Shares representing not less than 90% of the total number of Shares in issue (excluding treasury shares) as at the close of the Offer (the “**Minimum Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer, will result in the Offeror and its concert parties holding such number of Offer Shares representing not less than 90% of the total number of Shares in issue (excluding treasury shares).



Based on disclosures in the Offer Document, the Offeror and persons acting in concert with the Offeror, own, control or have agreed to acquire an aggregate of 782,422,900 Shares, representing approximately 44.20% of the total number of issued Shares.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all respects.

4. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore on 31 August 1990 and is a public company limited by shares. The Company was previously listed on the Mainboard of the SGX-ST on 23 June 2003. On 5 May 2017, the Company officially transferred its listing from the Mainboard of the SGX-ST to the Catalist Board of the SGX-ST.

The Company, together with its subsidiaries, is a manufacturer of precision stamped metal parts. The Company provides vertically integrated precision manufacturing services, including design and product development, prototyping services, tool and die fabrication, mass production, plastic injection moulding and mechanical sub-assembly as well as box assembly services to a wide base of customers.

As at the Latest Practicable Date, the Company has an issued and fully paid-up share capital of S\$115,898,594, comprising 1,770,328,920 Shares. As at the Latest Practicable Date, the Company does not hold any treasury shares.

As at the date of the Circular, the Directors of the Company are:

- (i) Mr. Lim Chee San;
- (ii) Mr. Choo Weng Wah;
- (iii) Mr. Low Si Ren, Kenneth;
- (iv) Mr. Davy J Goh;
- (v) Mr. Lim Jin Wei; and
- (vi) Ms. Pok Mee Yau.

5. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

5.1 ABOUT THE OFFEROR

Based on information disclosed in the Offer Document, the Offeror is an exempt private company limited by shares incorporated in Singapore on 3 April 2017. The Offeror's principal activity is the renting and leasing of private cars and motor financing.

As at the Offer Announcement Date, it has an issued and paid-up share capital of S\$6,200,000 comprising 6,200,000 ordinary shares which is wholly owned by Tan Yew Kiat and the sole director of the Offeror is Tan Yew Kiat.

Additional information on the Offeror is set out in Appendix 3 to the Offer Document.



5.2 PARTIES ACTING IN CONCERT WITH THE OFFEROR AND IRREVOCABLE UNDERTAKINGS AND WAIVER OF CONSIDERATION FROM THESE CONCERT PARTIES

As at 4 July 2022 (being the latest practicable date for the Offer Document), the Offeror has received irrevocable undertakings (the “**Irrevocable Undertakings**”) from 30 Shareholders (collectively, the “**Undertaking Shareholders**”, details of which are set out in Appendix 5 to the Offer Document) holding in aggregate 782,422,900 Shares, representing approximately 44.20% of the total number of issued Shares, pursuant to which the Undertaking Shareholders have undertaken, *inter alia*, as follows:

- (i) to accept or procure the acceptance of the Offer in respect of all Shares held by them representing in aggregate no less than 44.20% of the total number of issued Shares in the Company (the “**Undertaking Shares**”); and
- (ii) except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any options or other right over to accept any other offer for any of the Undertaking Shares or otherwise deal with any of the Undertaking Shares or any interest in them (whether conditionally or unconditionally).

Pursuant to the Irrevocable Undertakings, each of the Undertaking Shareholders further undertakes to waive his/her rights under Rule 30 of the Code to receive all consideration payable to him/her for Shares tendered in acceptance of the Offer.

6. RATIONALE FOR THE OFFER

The rationale for the Offer set out in Section 6 of the Offer Document. We summarise as follows:

- (a) the trading of Shares had been voluntary suspended on 8 May 2019 (“**Trading Suspension**”). The Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment, an option which may not otherwise be readily available due to the Trade Suspension of the Shares;
- (b) the Offeror believes that privatising the Company will provide the Offeror with more flexibility to manage the business of the Company and optimise the use of the Company’s management and resources during this time of economic uncertainty; and
- (c) in the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.



7. THE OFFEROR'S INTENTIONS FOR THE COMPANY

As set out in Section 7 of the Offer Document, the Offeror intends for the Company to continue with its existing activities and has no intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the sole director of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which it may regard to be in the interest of the Offeror.

8. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into account the following factors:

- (a) the financial position of the Group;
- (b) the historical financial performance of the Group;
- (c) comparison of the valuation ratios of the Company implied by the Offer Price against its listed comparable companies;
- (d) comparison of the valuation ratios of the Offer with recently completed privatisation transactions for companies listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST");
- (e) the estimated range of values of the Shares; and
- (f) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

8.1 NO TRADING STATISTICS

We wish to highlight that the trading of the Shares was halted on 3 May 2019 and the Company subsequently suspended trading of the Shares on 8 May 2019 due to the observations highlighted by the Company's then auditors, Ernst and Young LLP during its audit of the Group for the financial year ended 31 December ("FY") 2018, and to undertake special audit in adherence to the Notice of Compliance dated 8 May 2019 issued by the SGX-ST.

On 23 May 2019, the Company announced that it was informed by JLC Advisors LLP ("JLC") on 22 May 2019 that the funds deposited by the Company with JLC (the "Allied Funds") have been purportedly paid out from the escrow account, and that JLC is still investigating, but has reasons to believe the said funds were paid out on the instructions of its partner, Mr. Ong Su Aun, Jeffrey, and "might have been unauthorized". Subsequently, the Company has



on 24 May 2019 lodged a report with the Singapore Police Force against JLC and Mr. Ong Su Aun, Jeffrey requesting the authorities to investigate and take action in relation to potential offences committed. On 29 May 2019, the Company announced that the Commercial Affairs Department (“CAD”) has on 28 May 2019 seized information, records and documents relating to: (a) the Company and its subsidiaries, namely, Asia Box Office Pte Ltd, Activpass Holdings Pte Ltd and Allied Technologies Holdings Pte. Ltd.; and (b) the escrow account with JLC, from the premises of the Company and its subsidiaries.

On 14 June 2019, the Company announced that it has appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to (i) undertake a review on, amongst others, the observations identified by Ernst and Young LLP, 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 SGX-ST’s Notices of Compliance dated 8 May 2019 and 23 May 2019 (the “Special Audit”). On 6 April 2022, the Company announced that the Special Audit has been completed and published the executive summary of the report from the Special Auditor (the “Special Audit Report”). As at the Latest Practicable Date, the Company is still reviewing the Special Audit Report and has not submitted any resumption proposal to the SGX-ST to apply for the resumption of trading in the Shares.

As there has been no public market for the Shares for more than three (3) years, it is not meaningful to compare the Offer Price with the historical trading performance of the Shares prior to the Trading Suspension and accordingly, there is no discussion of the market quotation and trading activity of the Shares in this IFA Letter. For reference, the Shares were last traded at S\$0.011 on 2 May 2019. The Offer Price represents a discount of 20% to the last traded price of S\$0.011 on 2 May 2019.

8.2 FINANCIAL POSITION OF THE GROUP

Given that the trading of the Shares has been suspended for more than three (3) years, the net asset value (“NAV”) of the Group is important in our evaluation of the Offer Price. We summarise in the table below the unaudited balance sheet of the Group as at 31 March 2022:

S\$’000	Unaudited 31 March 2022
Current assets	79,580
Current liabilities	(34,697)
Net current assets	44,883
Non-current assets	31,331
Non-current liabilities	(9,155)
NAV attributable to Shareholders	67,059



The NAV of the Group refers to the aggregate value of all the assets in their existing condition net of all liabilities of the Group. As the Group does not have any intangible assets, its net tangible assets (“NTA”) is the same as its NAV.

The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all their assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds, if any, be distributed to all shareholders. Therefore, the NAV provides basis for the value of the Shares.

Notwithstanding the foregoing, Shareholders should note that analyses based on the NAV of the Group only provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

8.2.1 NAV per Share

Based on the total number of 1,770,328,920 issued Shares as at the Latest Practicable Date and the Group’s NAV of approximately S\$67,059,000 as at 31 March 2022, the NAV per Share is approximately S\$0.0379 and the Offer Price represents a discount of approximately S\$0.0291 or 76.8% to the NAV per Share, or a P/NAV ratio of approximately 0.23 times.

8.2.2 Adjustments to the Group’s NAV as at 31 March 2022

In our evaluation of the financial position of the Group, we also have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial positions of the Group as presented in the table above and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV per Share.

We set out in the table below, the assets and liabilities which accounted for more than 5% of the NAV of the Group as at 31 March 2022:

	Unaudited as at 31 March 2022	
	S\$’000	As a percentage of the Group’s NAV
Property, plant and equipment	23,715	35.36
Right-of-use assets	3,905	5.82
Other investments	3,683	5.49
Inventories	13,336	19.89
Trade debtors	21,831	32.55
Cash and bank balances	5,705	8.51
Amount due from a law firm	33,153	49.44



Unaudited as at 31 March 2022

	S\$'000	As a percentage of the Group's NAV
Trade creditors	(20,332)	(30.32)
Other creditors and accruals	(6,730)	(10.04)
Loan and borrowing (total)	(10,034)	(14.96)
Lease liabilities (total)	(4,339)	(6.47)

We review these material assets and liabilities in the paragraphs below.

(i) Property, plant and equipment

Property, plant and equipment comprised mainly freehold land, leasehold land, leasehold properties as well as plant and machinery which collectively accounted for more than 90% of the Group's property, plant and equipment as at 31 March 2022. These property, plant and equipment (other than freehold land which has an unlimited useful life and therefore is not depreciated) are carried at cost less accumulated depreciation and any accumulated impairment losses. The Group commissioned valuation on its freehold land, leasehold land, leasehold properties annually to determine if any impairment is required but had not recognised any fair value gain on such valuation.

Based on our review of the valuation reports commissioned by the Group on its freehold land, leasehold land, leasehold properties in Malaysia and Vietnam, these assets had market values aggregating RM40.43 million (equivalent to approximately S\$13.10 million based on closing exchange rates of S\$1.00 to RM3.0857 as at 31 December 2021) and VND466 billion (equivalent to approximately S\$27.58 million based on closing exchange rates of S\$1.00 to VND 16,894 as at 31 December 2021) as at 31 December 2021. The aggregate net book value of the Group's freehold land, leasehold land and leasehold properties in Malaysia and Vietnam amounted to only approximately S\$18.15 million as at 31 March 2022. Accordingly, the Group would have registered revaluation surpluses of approximately S\$22.54 million if it had recorded the value of its freehold land, leasehold land, leasehold properties in Malaysia and Vietnam at market value.

Plant and machinery comprised the Group's machinery utilised for its precision metal stamping business segments. These assets were depreciated according to the Group's accounting policies. There has been no change in the Group's accounting policies relating to depreciation of plant and machinery in the last three financial years.

(ii) Right-of-use assets

Right-of-use assets relates to the Group's lease contracts for various items of office space, warehouse, factory and office equipment used in its operations. The right-of-use assets for the leases contracts were recognised based on the carrying amount



as if the standard had always been applied, using the incremental borrowing rate at the date of initial application.

Leases of office spaces generally have lease terms between two (2) and four (4) years, warehouse and factory generally have lease terms between three (3) and 10 years and office equipment generally have lease terms between two (2) and five (5) years.

(iii) Other investments

Other investments relate to 3.85% equity interest in a Taiwanese company which is in the electronics components industry. The shares are not quoted on any market and are denominated in New Taiwan Dollars. The Group and the Company have elected to measure these unquoted equity securities at fair value through other comprehensive income due to the Group's intention to hold these equity instruments for long-term appreciation.

(iv) Inventories

Inventories comprised of raw materials, work-in-progress and finished goods.

Inventories are stated at the lower of cost and net realisable value.

We calculate the Group's average inventories' turnover days (being average inventories balance at the beginning and end of year/period divided by our adjusted cost of revenue for the year/period multiplied by 90 or 365 days, as the case may be) to be 54 days for the first quarter ended 31 March ("1Q") 2022 which is an improvement to the 78 days for FY2021 and 64 days for FY2020. Accordingly, there is no need to make any provision on the Group's inventories.

(v) Trade debtors

Trade debtors are non-interest bearing and are generally on 30 to 90 days' term.

We calculate the Group's average trade debtors' turnover days (being average trade debtors' balance at the beginning and end of year/period divided by revenue for the year/period multiplied by 90 or 365 days, as the case may be) to be 54 days for 1Q2022 which is also an improvement as compared to 75 days for FY2021 and 82 days for FY2020. As the turnover days are within the Group's credit terms granted to customers, no provision is required to be made on the Group's trade debtors.

(vi) Cash and bank balances

Cash and bank balances comprises cash balance and bank deposits.



(vii) Amount due from a law firm

The amount due from a law firm relates to the Allied Funds which aggregated S\$33.15 million in the books of the Group. The Allied Funds were balance of funds placed with an escrow account held by JLC, a Singapore law firm, pursuant to an escrow agreement dated on 23 October 2017.

As mentioned in paragraph 8.1 of this IFA Letter, the Company has on 24 May 2019 lodged a report with the Singapore Police Force against JLC and Mr. Ong Su Aun, Jeffrey requesting the authorities to investigate and take action in relation to potential offences committed. The Company also announced on 29 May 2019 that the CAD has seized the relevant documents for its investigation.

The Special Audit included the investigation of the subsequent developments surrounding the Allied Funds, and the progress in transferring the Allied Funds to an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the MAS. We note from the Special Audit Report that the Special Auditor did not have access to the financial records and bank statements of JLC. As a result, the Special Auditors' review of the Allied Funds is only limited to the review of the escrow statements provided by JLC to the Company, the Company's records and emails. As at the date of the Special Audit Report, the status of the missing Allied Funds continues to remain unknown.

We also note from the regulatory statement issued by the Singapore Exchange Regulation (the "SGX RegCo") dated 6 April 2022 on the Special Audit Report that the SGX RegCo will refer the findings of the Special Auditors to the Law Society and RSM Chio Lim LLP (which is assisting the Law Society in its investigation) for their further inquiry into the flow of funds, with the view of accounting for the Allied Funds. The SGX RegCo will also refer the Special Audit Report to the relevant authorities and agencies, for their further investigation and will proceed to take disciplinary actions if such further investigations and/or Court judgement support breaches of the listing rules.

As at the Latest Practicable Date, the Company does not have any updates on the investigations, whether by the CAD, the Law Society or by the relevant authorities and agencies. The Company is still in the process of determining the next course of action to protect its interests and procure the recovery of the Allied Funds.

Nevertheless, given that the Allied Funds has been unaccountable for more than three (3) years, we have taken the prudent approach and deemed the amount irrecoverable, and adjusted the Group's NAV accordingly.



(viii) Trade creditors

Trade creditors are non-interest bearing and are generally on 30-120 days' term.

We calculate the Group's average trade creditors' turnover days (being average trade creditors' balance at the beginning and end of year/period divided by our adjusted cost of revenue for the year/period multiplied by 90 or 365 days, as the case may be) to be 70 days for 1Q2022 as compared to 111 days for FY2021 and 122 days for FY2020.

(ix) Other creditors and accruals

Sundry creditors of the Group mainly relate to payable to non-trade suppliers, including suppliers for the property, plant and equipment of the Group. These amounts are generally on 14 to 90 days' term.

(x) Loans and borrowings (total)

The current and non-current borrowings bear effective interest rates ranging from 3.25% to 4.00% per annum.

(xi) Lease liabilities

The lease liabilities are also related to the Group's lease contracts for various items of office space, warehouse, factory and office equipment used in its operations. The lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. In addition to the leases set out under right-of-use assets, the Group also has certain leases of machinery with lease terms of 12 months or less.

We inquire and the Board confirms that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

- (1) other than the valuation of the freehold land, leasehold land and leasehold properties in Malaysia and Vietnam, there is no event subsequent to 31 March 2022 which would materially affect the NAV of the Group;
- (2) there are no material contingent liabilities, unrecorded earnings or expenses or assets or liabilities that may have a material impact on the NAV of the Group as at 31 March 2022; and
- (3) there is no material change to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 31 March 2022.

In addition, we note from Section 7 of the Offer Document that the Offeror intends for the Company to continue with its existing activities and has no intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of any of the existing employees of the Company and its subsidiaries, other than in the ordinary course of business. However, the

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sole director of the Offeror retains the flexibility at any time to consider any options in relation to the Company and its subsidiaries which may present themselves and which it may regard to be in the interest of the Offeror.

Accordingly, we adjust the Group's NAV as follows:

	S\$'000
Group's NAV as at 31 March 2022	67,059
Add: Revaluation surpluses mentioned in paragraph (i) above	22,536
Less: Adjustment for the Allied Funds mentioned in paragraph (vii) above	(33,153)
Adjusted NAV (" ANAV ")	<u>56,442</u>

Based on the ANAV and the total number of 1,770,328,920 Shares as at the Latest Practicable Date, the ANAV per Share is approximately S\$0.0319. The Offer Price represents a discount of approximately S\$0.0231 or 72.4% to the ANAV per Share, or a P/ANAV ratio of approximately 0.28 times.

8.2.3 No audited financial statements for FY2020 and FY2021

As at the Latest Practicable Date, the latest set of audited financial statements of the Group is for FY2019 which is audited by Ernst and Young LLP. Ernst and Young LLP has issued a disclaimer of opinion to the Group's audited financial statements for FY2019. The disclaimer of opinion arose from the following five (5) issues:

- (1) the missing Allied Funds;
- (2) purchase price allocation, impairment assessments of goodwill and interest in subsidiaries;
- (3) Asia Box Office Pte. Ltd. and its subsidiary;
- (4) the Special Audit and investigation by the CAD which was ongoing at the date of the audit report; and
- (5) going concern assumption.

Further details of the disclaimer of opinion can be found in pages 64 to 66 of the Company's annual report for FY2019.

In the Company's annual general meeting held on 10 June 2020, 257,000,000 Shares (or 61.71%) of the 416,479,300 Shares present and voting voted against the resolution relating to the re-appointment of Ernst and Young LLP as the auditors of the Company. The Company has subsequently approached other audit firms but each of the potential audit firm has indicated that they would require the Special Audit Report as part of their client acceptance procedures. The Company was unable to find and appoint an auditor for the audit of its



financial results for FY2020 and FY2021 prior to the issue of the Special Audit Report (which was issued on 6 April 2022) and accordingly, there has been no audited financial statements on the Group for FY2020 and FY2021.

Despite the above, the Company has been announcing its quarterly results within the timeline stipulated under the SGX-ST's Listing Manual (Section B: Rules of Catalist) and has also been making monthly announcements of its cash balance since June 2019.

Based on the unaudited financial statements of the Group for 1Q2022, even after excluding the Allied Funds, the Group has a healthy financial position as at 31 March 2022 with a current ratio (being current assets divided by current liabilities) of 1.34 times and gearing ratio (being total loans and borrowings, lease liabilities and hire purchase creditors divided by NAV) of 0.43 times.

8.3 HISTORICAL FINANCIAL PERFORMANCE OF THE GROUP

We set out below a summary of the key financial performance numbers of the Group for FY2019, FY2020, FY2021 and 1Q2022:

S\$'000	Audited		Unaudited		
	FY2019	FY2020	FY2021	1Q2021	1Q2022
Revenue	123,351	109,363	102,895	37,654	34,458
(Loss) / Profit before tax	(30,274)	768	1,229	674	367
(Loss) / Profit for the year/period attributable to owners of the Company	(28,076)	638	1,034	601	234

We note the following with respect to the financial performance of the Group:

- the Group has two revenue generating business segments during the aforesaid period. Save for S\$191,000 in FY2019 and S\$47,000 in FY2020 which were revenue generated by its e-commerce business segment, the precision metal stamping business segment contributed more than 99% of the Group's revenue for FY2019 and FY2020, and 100% of the Group's revenue for FY2021 and 1Q2022;
- the Group's revenue was on a declining trend during the aforesaid period. The Group attributed the decrease in its revenue from FY2019 to FY2020 to the COVID-19 pandemic which caused significant drop in global demand for its customers' products mainly consisting of office equipment such as copiers in the second quarter and third quarter of FY2020. The Group attributed the decrease in its revenue from FY2020 to FY2021 to the ongoing global chip shortage and supply chain disruption, which caused a decline in the demand and production of its customers' products mainly consisting of office equipment such as copiers and printers;
- the loss recorded by the Group in FY2019 arose mainly from impairment losses aggregating S\$28.22 million in FY2019 out of which S\$23.95 million related to full



impairment of the remaining goodwill in relation to the acquisition of 51% interest in Asia Box Office Pte. Ltd. and 51% interest in Activpass Holdings Pte. Ltd. in 2018;

- (d) despite the decreasing revenue, the Group recorded improvements to its profit attributable to owners of the Company for FY2020 and FY2021. The Group attributed the improvement to the higher profit recorded by the precision metal stamping segment and lower losses recorded by other business segments of the Group; and
- (e) the Group attributed the lower profit attributable to owners of the Company for 1Q2022 to the decrease in revenue of the precision metal stamping business segment.

8.3.1 Historical price-earnings ratio (“P/E”) implied by the Offer Price

P/E illustrates the valuation ratio of the current market value of a company’s shares relative to its consolidated basic earnings per share as stated in its financial statements. The P/E is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical P/E is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

Based on the profit for the year attributable to owners of the Company of approximately S\$1.0 million for FY2021, the P/E ratio implied by the Offer Price is approximately 15.1 times.

We calculate the profit attributable to owners of the Company for the last 12 months (“LTM”) ended 31 March 2022 to be approximately S\$667,000. Based on the aforesaid profit, the P/E ratio implied by the Offer Price is approximately 23.4 times.

8.3.2 Enterprise value (“EV”) to earnings before interest, tax, depreciation and amortisation (“EBITDA”) (“EV/EBITDA”) ratio implied by the Offer Price

EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

We calculate the EBITDA of the Group for LTM ended 31 March 2022 as follows:

S\$'000	FY2021	1Q2021	1Q2022	LTM ended 31 March 2022
Profit before tax	1,229	674	367	922
<i>Add back:</i>				
- Depreciation	3,702	927	921	3,696
- Interest expense	730	192	217	755

S\$'000	FY2021	1Q2021	1Q2022	LTM ended 31 March 2022
<i>Less:</i>				
- Interest income	(59)	(6)	(4)	(57)
- Dividend income	(435)	-	-	(435)
- Gain on loss on disposal of plant and equipment	(26)	(9)	(92)	(109)
- Government grant income	(379)	(195)	(13)	(197)
EBITDA	4,762	1,583	1,396	4,575

We calculate the EV of the Group as implied by the Offer Price as follows:

	S\$'000
Value of the Company as implied by the Offer Price	15,579
Add: Loans and borrowings, and lease liabilities	14,383 ⁽¹⁾
Less: Cash and cash equivalents	(7,134) ^{(1) (2)}
EV	22,818

Notes:

(1) As at 31 March 2022.

(2) Comprising fixed deposits as well as cash and bank balances, and does not include the Allied Funds.

Based on the above calculations, the EV/EBITDA ratio of the Group implied by the Offer Price is approximately 5.0 times.

8.3.3 Outlook of the Group

We extract the following from the Group's results announcement for 1Q2022:

The business environment within the next 12 months is expected to remain challenging for the Group in light of the uncertain global economic outlook and the JLC Issue as disclosed in Note A of the condensed interim consolidated statement of cash flows. The worsening business environment is further exacerbated by the COVID-19 pandemic that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy, coupled with the ongoing global chip shortage, supply chain disruption and the recent lockdown in Shanghai, the People's Republic of China, may cause a decline in global demand and production for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months. As at the date of this



announcement, the Group's subsidiary in Suzhou, China, has not been materially affected by the lockdown in the People's Republic of China as it is a representative office dealing mainly with inter-company transactions and does not have a material amount of sales to external customers.

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in its precision metal stamping segment. The Group has explored, and will continue to look for, ways to reduce expenditure. The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

With the completion of the special audit, the Group is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors. The Group is also working with its legal advisors on the next steps in order to do its best in recovering the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with its stakeholders and provide assurance to these stakeholders that business is as usual for the Group.

Based on the above, the outlook of the Group is generally cautious.

8.4 COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE OFFER PRICE AGAINST ITS LISTED COMPARABLE COMPANIES

The Group's revenue for the last three (3) completed financial years were from the precision metal stamping business segment. Comparison is therefore made to companies listed in Singapore, Malaysia and Hong Kong which also generated most or all of its revenue from precision metal stamping business segments (the "**Comparable Companies**") to assess the valuation ratios implied by the Offer Price.

We set out in the table below the list of Comparable Companies, together with a brief description of their business activities:

Comparable Companies	Business activities
BSL Corporation Berhad (" BSL "), listed on Bursa Malaysia	BSL manufactures consumer electrical and electronics components. BSL stamps and manufactures precision metal parts, fabricates tools, dies, forges base metal components, and printed circuit board assemblies.
CFM Holdings Limited (" CFM "), listed on the SGX-ST Catalist Board	CFM manufactures stamped metal components and provides stamping services. CFM also sells, designs and fabricates tool which are used for the manufacture of stamped metal components.



Comparable Companies Business activities

KFM Kingdom Holdings Limited (“ KFM ”), listed on the Hong Kong Stock Exchange (“ HKEX ”)	KFM is an advanced precision metal engineering solution provider in Hong Kong and PRC. KFM engages in the provision of innovative design engineering solutions and manufacturing services in relation to precision metal stamping tools and metal parts and components.
Kobay Technology Berhad (“ Kobay ”), listed on Bursa Malaysia	Kobay, through its subsidiaries, manufactures carbide tooling parts, jigs, fixtures, precision tools, dies, molds, metal works and equipment, automated machine and parts, and high-end steel and carbide precision tools. Kobay also lets properties and operates in money lender and leasing business.
Meta Health Limited (“ Meta ”), listed on the SGX-ST Catalist Board	Meta’s principal activities are metal stamping and manufacturing of tools and fixtures. It had recently diversified into the healthcare sector by operating direct-to-consumer and high growth omnichannel health and wellness platform.
Sapura Industrial Berhad (“ Sapura ”), listed on Bursa Malaysia	Sapura, through its subsidiaries, manufactures high value added machined products, cold drawn high grade structured steel bars, coil springs, stabilizer bars, strut assemblies, and high precision metal stamping products.
World Precision Machinery Limited (“ WPM ”), listed on SGX-ST Mainboard	WPM manufactures and supplies stamping machines and related metal components. WPM’s other products include bending, cutting and CNC punching machines.

Source: Bloomberg L.P. and the respective website of the Comparable Companies.

Given that we have only identified seven (7) Comparable Companies, we do not further shortlist them based on market capitalisation. As some of these Comparable Companies are foreign entities, the accounting policies and tax matters may differ. The market outlook of the countries where these foreign Comparable Companies operate may also affect their financial performance and share prices. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.



For the comparison of Comparable Companies, we have referred to various valuation measures to provide an indication of current market expectations with regard to the valuation of these companies as below:

Valuation ratios	General description
P/E	P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
EV/EBITDA	EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/NAV	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/NTA	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their amortisation and asset valuation policies.

We set out in the table below the valuation ratios of the Comparable Companies as at the Latest Practicable Date:

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'million)	Profit attributable to equity holders ⁽²⁾ (S\$'million)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)
BSL	8.8	3.1	2.9	0.7	0.2	0.2
CFM	23.4	0.7	31.2	11.2	2.1	2.1
KFM	24.5	(8.3)	-	3.2	0.3	0.3
Kobay	253.8	15.5	16.8	10.1	2.3	2.5

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'million)	Profit attributable to equity holders ⁽²⁾ (S\$'million)	P/E ratio (times)	EV/EBITDA ratio (times)	P/NAV ratio (times)	P/NTA ratio (times)
Meta	17.7	7.6	2.3	1.5	0.8	1.0
Sapura	17.5	(0.7)	-	6.5	0.5	0.5
WPM	154.0	15.3	10.3	5.4	0.6	0.6
Maximum			31.2	11.2	2.3	2.5
Minimum			2.3	0.7	0.2	0.2
Mean			12.7	5.5	1.0	1.0
Median			10.3	5.4	0.6	0.6

The Company	15.6	0.7	23.4	5.0	0.3	0.3
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Source: Bloomberg L.P., annual reports and/or announcements of the respective companies.

Notes:

- (1) Based on last traded prices of the respective Comparable Companies as at the Latest Practicable Date and the market capitalisation implied by the Offer Price for the Company.
- (2) Based on latest available 12 months or full year revenue/profits attributable to equity holders as announced by the respective Comparable Companies.
- (3) Please refer to paragraph 8.3.1 and 8.3.2 of this IFA Letter for the calculations of the Company's P/E ratio and EV/EBITDA ratio.
- (4) Based on the P/NAV ratio of the Company set out in paragraph 8.2.2 of this IFA Letter.

For illustrative purpose only, based on the above ratio analysis, we note that:

- (a) the P/E ratio of the Group as implied by the Offer Price is within the range and higher than the mean and median corresponding ratios of the Comparable Companies;
- (b) the EV/EBITDA ratio of the Group as implied by the Offer Price is within the range but lower than the mean and median corresponding ratios of the Comparable Companies; and
- (c) the P/NAV ratio and P/NTA ratio of the Group as implied by the Offer Price are within the range but lower than the mean and median corresponding ratios of the Comparable Companies.



8.5 COMPARISON OF THE VALUATION RATIOS OF THE OFFER WITH RECENTLY COMPLETED PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As disclosed in Section 6.3 of the Offer Document, the Offeror is making the Offer with a view to delist the Company from the SGX-ST. Accordingly, the Offer is conditional upon the Offer achieving the Minimum Acceptance Condition. The Minimum Acceptance Condition if met will also allow the Offeror to exercise its right under Section 215(1) of the Companies Act 1967 of Singapore, to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Given that the trading of the Shares has been suspended for more three (3) years, we have compared the P/NAV ratio of the Offer with those successful privatisation transactions that were announced and completed since 1 January 2021 and up to the Latest Practicable Date, which were carried out either by way of general takeover offers under the Code or a scheme of arrangement under Section 210 of the Companies Act 1967 of Singapore, where the offeror has stated its intention to delist the listed company from the SGX-ST, whether in cash or otherwise (the "**Privatisation Transactions**").

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the latest NAV prior to the announcement of the respective Privatisation Transactions.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in Privatisation Transactions set out in the analysis below are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Group.

The statistics of the Privatisation Transactions are as follows:

Name of companies	Date of announcement ⁽¹⁾	Type ⁽²⁾	Offer price-to-NAV or RNAV ⁽³⁾ (times)
Singapore O&G Ltd	7-Mar-22	VGO	3.55
Shinvest Holding Ltd.	16-Feb-22	VGO	0.66
Roxy-Pacific Holdings Limited	15-Dec-21	VGO	0.64
United Global Limited	10-Dec-21	VGO	1.06
Starburst Holdings Limited	10-Nov-21	VGO	1.84
SingHaiyi Group Ltd.	9-Nov-21	VGO	0.60
Fragrance Group Limited	9-Jul-21	VGO	0.70
Dutech Holdings Ltd	31-May-21	VGO	1.06
Cheung Woh Technologies Limited	6-May-21	VGO	1.10
Sin Ghee Huat Corporation Ltd	20-Apr-21	VGO	0.64
Singapore Press Holdings Limited	30-Mar-21	SOA	1.05
Neo Group Limited	30-Mar-21	VGO	1.22
Singapore Reinsurance Corporation Limited	19-Mar-21	VGO	0.79
World Class Global Limited	12-Mar-21	SOA	0.83
Top Global Limited	9-Mar-21	VGO	0.32 ⁽⁴⁾
International Press Softcom Limited	28-Jan-21	VGO	1.08
GL Limited	15-Jan-21	VGO	0.66
CEI Limited	11-Jan-21	VGO	1.89
Maximum			3.55
Minimum			0.32
Mean			1.09
Median			0.94
The Company	17-Jun-22	VGO	0.28 ⁽⁵⁾



Notes:

- (1) Date of announcement refer to the date of first announcement, including holding announcement, of offers.
- (2) VGO – Voluntary General Offer; and SOA – Scheme of Arrangement.
- (3) Based on the NAV per share or adjusted/revalued NAV (“**RNAV**”) per share, where available, as published in the independent financial adviser’s letter set out in respective circular of the companies.
- (4) Based on the P/ANAV ratio set out in paragraph 8.2.2 of this IFA Letter.

Based on the above, we note that the P/ANAV ratio of 0.28 times implied by the Offer Price is below the range of the P/NAV (or P/RNAV) ratios of the Privatisation Transactions.

8.6 ESTIMATED VALUES OF THE SHARES

We have evaluated various factors, and considered among others, the earnings-based ratios such as P/E ratio and EV/EBITDA ratio, asset-based ratios such as P/ANAV ratio, the details of which can be found in paragraphs 8.2 to 8.5 of this IFA Letter.

As the Group generated profits for FY2020, FY2021 and 1Q2022, the P/E ratio is usually a good indicator of the value of the Shares.

However, as set out in paragraph 8.4 of this IFA Letter, the P/E ratio of the Group implied by the Offer Price is already significantly higher than the mean and median P/E ratios of the Comparable Companies. On the other hand, the P/ANAV ratio implied by the Offer Price is significantly lower than the mean and median P/NAV ratio of the Comparable Companies.

There is also no public market for the Shares as the trading of the Shares has been suspended for more than three (3) years.

Taking into consideration the above, we have relied principally on the asset-based approach which assumes the hypothetical sale of all assets of the Group over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group, and the balance proceeds to be distributed to all Shareholders. As set out in paragraph 8.2.2 of this IFA Letter, the ANAV per Share is approximately S\$0.0319. However, the Company has highlighted that its leasehold land and leasehold properties in Vietnam are located in the hi-tech park and there are ownership restrictions regarding the transfer of such land and properties (such as prior approvals from the local authority(ies) and the purchaser should be operating in certain authorised business). Accordingly, it may take the Company more time to dispose its leasehold land and leasehold properties in Vietnam at the market value. Assuming an orderly disposal of the Group’s assets over a period of 12 to 24 months and all liabilities are settled with the proceeds from the disposal, factoring a 3% commission for the sale of the land and buildings in Malaysia and Vietnam and an average inflation rate of 2.2% (being the simple average of the inflation rate of Singapore, Malaysia and Vietnam for FY2021), the estimated value of the Shares range between approximately S\$0.0298 and approximately S\$0.0305 for each Offer Share.



Shareholders should note that the analysis above is solely for illustration purposes, and both the Company and the Offeror has no intention to sell the land and buildings of the Group and intend to continue using such assets in its current operations.

8.7 OTHER CONSIDERATIONS

8.7.1 Only exit for Shareholder as at the Latest Practicable Date

The trading of the Shares has been suspended for more than three (3) years. Shareholders should note that, although the Special Audit has been completed and the Special Audit Report has been issued on 6 April 2022, the Company is still in the process of determining the next course of action. As at the Latest Practicable Date, the Company also has not identified the auditors for the audit of the Group's financial statements for FY2020 and FY2021. Accordingly, it is unlikely that the Company can submit any meaningful resumption proposal to the SGX-ST in the near future.

Pursuant to Rule 729 of the SGX-ST's Listing Manual (Section B: Rules of Catalist), there must not be any transfers of the Shares where the trading of securities of an issuer is suspended, unless approved by the SGX-ST. Given the case, the Offer is presently the only available option to Shareholders who wish to exit their investment in the Company.

8.7.2 The Minimum Acceptance Condition

We note from the Offer Document that the Offeror does not hold any Shares. The sole director and the sole shareholder of the Offeror is Mr. Tan Yew Kiat who also does not hold any Shares.

Based on disclosures in the Offer Document, the Offeror and persons acting in concert with the Offeror, own, control or have agreed to acquire an aggregate of 782,422,900 Shares, representing approximately 44.20% of the total number of issued Shares. These are Shares held by the Undertaking Shareholders and will only be transferred to the Offeror when the Minimum Acceptance Condition (being 90% of the total number of Shares in issue (excluding treasury shares) as at the close of the Offer) is met.

Accordingly, the Offeror does not have any statutory control over the Company, but in the event that Minimum Acceptance Condition is met, it would place the Offeror in a position to have significant influence, *inter alia*, the management, operating and financial policies of the Company and ability to pass all ordinary resolution on matters in which the Offeror does not have an interest, at general meetings of Shareholders.

Further, the Minimum Acceptance Condition, if met, will also allow the Offeror to exercise its right under Section 215(1) of the Companies Act 1967 of Singapore, to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Nevertheless, based on the 1,770,328,920 issued Shares, the Offeror will need to receive acceptances of more than 810,873,128 Shares to meet the Minimum Acceptance Condition.



8.7.3 Alternative takeover offer

The Directors confirmed that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

8.7.4 Dividend track record

The Company last paid a cash dividend of S\$0.0001 per Share in May 2018, being the final one-tier tax exempt dividend for FY2017.

As set out in the Company's annual report for FY2019, the Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

9. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the "fairness" of the Offer:

Factors for the Offer Price

- (i) the P/E ratio of the Group as implied by the Offer Price is within the range and higher than the mean and median corresponding ratios of the Comparable Companies.

Factors against the Offer Price

- (a) the Offer Price represents a discount of approximately S\$0.0231 or 72.4% to the ANAV per Share, or a P/ANAV ratio of approximately 0.28 times;
- (b) the EV/EBITDA ratio of the Group as implied by the Offer Price is lower than the mean and median corresponding ratios of the Comparable Companies;
- (c) the P/ANAV ratio of the Group as implied by the Offer Price is lower than the mean and median corresponding ratios of the Comparable Companies;
- (d) the P/ANAV ratio of the Group implied by the Offer Price is below the range of the P/NAV (or P/RNAV) ratios of the Privatisation Transactions; and



- (e) the Offer Price is below the estimated value of the Shares which range between approximately S\$0.0298 and approximately S\$0.0305 for each Offer Share as set out in paragraph 8.6 of this IFA Letter.

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

Factors for the Offer Price

- (l) the trading of the Shares has been suspended for more than three (3) years, and the Offer is presently the only available option to Shareholders who wish to exit their investment in the Company.

Factors against the Offer Price

- (A) the Group generated profits (albeit generally less than S\$1 million except for FY2021) for FY2020, FY2021 and 1Q2022; and
- (B) excluding the Allied Funds, the Group’s financial position is relatively healthy as at 31 March 2022.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to reject the Offer.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors or the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX II – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr. Lim Chee San	c/o 2 Venture Drive #16-09 Vision Exchange Singapore 608526	<i>(Independent Non-Executive Chairman)</i>
Mr. Choo Weng Wah	c/o 2 Venture Drive #16-09 Vision Exchange Singapore 608526	<i>(Executive Director)</i>
Mr. Low Si Ren Kenneth	c/o 2 Venture Drive #16-09 Vision Exchange Singapore 608526	<i>(Executive Director)</i>
Mr. Davy J Goh	c/o 2 Venture Drive #16-09 Vision Exchange Singapore 608526	<i>(Independent Director)</i>
Mr. Lim Jin Wei	c/o 2 Venture Drive #16-09 Vision Exchange Singapore 608526	<i>(Independent Director)</i>
Ms. Pok Mee Yau	c/o 2 Venture Drive #16-09 Vision Exchange Singapore 608526	<i>(Independent Director)</i>

2. REGISTERED OFFICE

The registered office of the Company is 2 Venture Drive #16-09 Vision Exchange Singapore 608526.

3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 31 August 1990 and is a public company limited by shares. The Company was previously listed on the Mainboard of the SGX-ST on 23 June 2003. On 5 May 2017, the Company had officially transferred its listing from the Main Board to the Catalist Board of the SGX-ST.

The Company, together with its subsidiaries is a manufacturer of precision stamped metal parts. The Company provides vertically integrated precision manufacturing services, including design and product development, prototyping services, tool and die fabrication, mass production, plastic injection moulding and mechanical sub-assembly as well as box assembly services to a wide base of customers.

4. SHARE CAPITAL

4.1. Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and fully paid-up share capital of S\$115,898,594, comprising 1,770,328,920 Shares. The issued Shares are listed and quoted on the Catalist of the SGX-ST.

4.2. Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect

APPENDIX II – ADDITIONAL GENERAL INFORMATION

of capital, dividends and voting are set out in Appendix III to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

4.3. Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2021, being the end of the last financial year.

4.4. Convertible Instruments

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for, securities being offered for or which carry voting rights affecting shares in the Company.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1. Interest of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries have any direct or deemed interest in the Offeror Securities.

5.2. Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, neither the Company nor its subsidiaries have dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.3. Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Low Si Ren, Kenneth ⁽²⁾	100,000,000	5.65	–	–	100,000,000	5.65
Lim Chee San	54,000,000	3.05	–	–	54,000,000	3.05
Choo Weng Wah ⁽³⁾	52,000,000	2.94	–	–	52,000,000	2.94

Notes:

- (1) Based on the total issued and paid-up share capital of the Company of 1,770,328,920 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) Of the 100,000,000 Shares held by Low Si Ren Kenneth, 90,000,000 are registered name under UOB Kay Hian Private Limited.
- (3) 52,000,000 shares held by Choo Weng Wah are registered in the name of DB Nominees (Singapore) Pte. Ltd.

5.4. Dealings in Company Securities by the Directors

None of the Directors has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

5.5. Interests of the Directors in Offeror Securities

None of the Directors has any direct or deemed interest in the Offeror Securities as at the Latest Practicable Date.

5.6. Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.7. Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/ or its related corporations on a discretionary basis owns or controls any Company Securities.

5.8. Dealing in Company Securities by the IFA

During the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/ or its related corporations on a discretionary basis has dealt for value in the Company Securities.

5.9. Directors' Intentions

The Directors who are also Shareholders have indicated their intention in respect of voting and/or accepting or declining the Offer in respect of their respective holdings of Shares as at the Latest Practicable Date, as follows:

- (a) as set out in the Offer Document, pursuant to the Irrevocable Undertaking, the Non-Independent Directors, namely Mr. Low Si Ren, Kenneth and Mr. Choo Weng Wah, has undertaken to, amongst others:
 - (i) accept or procure the acceptance of the Offer in respect of all Shares held by Mr. Low Si Ren, Kenneth, in respect of no less than 5.65% of the total number of issued Shares in the Company and Mr Choo Weng Wah, in respect of no less than 2.94% of the total number of issued Shares in the Company (collectively, the “**Undertaking Shares**”); and
 - (ii) except pursuant to the Offer, not to dispose of, charge, pledge or otherwise encumber or grant any options or other right over to accept any other offer for any of the Undertaking Shares or otherwise deal with any of the Undertaking Shares or any interest in them (whether conditionally or unconditionally); and
- (b) Mr. Lim Chee San has not indicated whether he intends to accept the Offer in respect of all the Shares held by him.

Save for Mr. Low Si Ren, Kenneth, Mr. Lim Chee San and Mr. Choo Weng Wah, none of the Directors has any direct or deemed interest in the Shares.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors and the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such service contracts between any of the Directors or proposed directors and the Company or its subsidiaries entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director, or any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Irrevocable Undertaking given by Mr. Low Si Ren, Kenneth and Mr. Choo Weng Wah, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save for the Irrevocable Undertaking given by Mr. Low Si Ren, Kenneth and Mr. Choo Weng Wah, none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with interested persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such litigation, claims or proceedings which might materially and adversely affect the financial position of the Group, taken as a whole.

APPENDIX II – ADDITIONAL GENERAL INFORMATION

10. SUMMARY OF FINANCIAL INFORMATION

10.1. Consolidated Statements of Comprehensive Income

A summary of the audited consolidated statements of comprehensive income of the Group for FY2019, unaudited consolidated statements of comprehensive income of the Group for FY2020 and FY2021 and 1Q2022 is set out below. The summary set out below should be read together with the annual reports and the audited consolidated statements of comprehensive income of the Group for the relevant financial periods, the Company's announcements on the unaudited consolidated financial statements of the Group for FY2020, FY2021 and 1Q2022 and their respective accompanying notes.

Consolidated Statement of Comprehensive Income	Audited FY2019 (S\$'000)	Unaudited FY2020 (S\$'000)	Unaudited FY2021 (S\$'000)	Unaudited 1Q2022 (S\$'000)
Revenue	123,351	109,363	102,895	34,458
Cost of revenue	(114,685)	(101,005)	(94,908)	(32,461)
Gross Profit	8,666	8,358	7,987	1,997
Other income	866	1,085	1,052	133
General and administrative expenses	(38,707)	(7,735)	(7,080)	(1,546)
Finance costs	(1,099)	(940)	(730)	(217)
(Loss)/Profit before tax	(30,274)	768	1,229	367
Income tax expense	(304)	(210)	(254)	(146)
(Loss)/Profit for the financial year/period	(30,578)	558	975	221
Attributable to:				
Owners of the Company	(28,076)	638	1,034	234
Non-controlling interests	(2,502)	(80)	(59)	(13)
(Loss)/Profit for the financial year/period	(30,578)	558	975	221
(Loss)/Earnings per share (cents per share)				
Basic and diluted	(1.59)	0.04	0.06	0.01
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Net fair value gain on equity instrument at fair value through other comprehensive income	110	291	1,322	–
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation of foreign subsidiaries	131	(79)	(471)	(273)
Total comprehensive income for the financial year/period	(30,337)	770	1,826	(52)
Attributable to:				
Owners of the Company	(27,836)	848	1,886	(39)
Non-controlling interests	(2,501)	(78)	(60)	(13)
Total comprehensive income for the financial year/period	(30,337)	770	1,826	(52)

APPENDIX II – ADDITIONAL GENERAL INFORMATION

A summary of the audited consolidated statement of financial position of the Group as at 31 December 2019, being the date to which the Company's last published audited financial statements were made up) is set out below. The summary set out below should be read together with the annual report of the Company for FY2019 and the audited consolidated statements of financial position of the Group for the FY2019 and the related notes thereto.

Statement of Financial Position	Audited as at 31 December 2019 (S\$'000)
Non-current assets	
Property, plant and equipment	27,257
Right-of-use assets	5,337
Other investments	2,070
Total non-current assets	34,664
Current assets	
Inventories	15,883
Trade debtors	25,949
Other debtors	1,442
Contract assets	1,186
Prepayments and advances to suppliers	283
Fixed deposits	2,731
Cash and bank balances	5,946
Amount due from a law firm	33,153
Total current assets	86,573
Current liabilities	
Trade creditors	30,861
Contract liabilities	490
Lease liabilities	780
Other creditors and accruals	7,114
Amount due to a former director	1,183
Amount due to a non-controlling shareholder of a subsidiary	412
Income tax payable	165
Loans and borrowings	4,428
Total current liabilities	45,433
Net current assets	41,140
Non-current liabilities	
Other creditors and accruals	61
Lease liabilities	5,014
Loans and borrowings	6,200
Deferred tax liabilities	14
Total non-current liabilities	11,289
Net assets	64,515
Equity attributable to owners of the Company	
Share capital	115,898
Foreign currency translation reserve	1,116
Statutory reserve fund	231
Other reserves	189
Fair value adjustment reserve	(135)
Accumulated losses	(49,991)
Total equity attributable to owners of the Company	67,308
Non-controlling interests	(2,793)
Total equity	64,515

APPENDIX II – ADDITIONAL GENERAL INFORMATION

10.2. Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2019, contained in the annual report of the Company for FY2019.

Save as disclosed in this Circular and in publicly available information on the Group, as at the Latest Practicable Date, there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

10.3. Changes in Accounting Policies

As set out in the audited financial statements of the Group for FY2019, the Group has adopted the applicable new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) which became for the accounting periods beginning on or after 1 January 2019.

Save as disclosed in this Circular and in publicly available information on the Group, as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10.4. Material Changes in Financial Position

Save as disclosed in publicly available information on the Group and in this Circular, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Group since 31 December 2019, being the date to which the Company’s last published audited accounts were made up.

10.5. Material Changes in Information

Save as disclosed in this Circular and save for the information relating to the Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

11. GENERAL

11.1. Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

11.2. Consent of the IFA

Xandar Capital Pte. Ltd., named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, the IFA Letter set out in Appendix I to this Circular and all references thereto in the form and context in which they appear in this Circular.

11.3. Consent of the Share Registrar of the Company

Boardroom Corporate & Advisory Services Pte. Ltd., named as the Share Registrar to the Company, has given and has not withdrawn its written consent to the issue of this Circular with

APPENDIX II – ADDITIONAL GENERAL INFORMATION

the inclusion of its name in this Circular and all references thereto in the form and context in which they appear in this Circular.

11.4. Consent of the Legal Advisers to the Company

Insights Law LLC, named as the legal advisers to the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular and all references thereto in the form and context in which they appear in this Circular.

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are reproduced in italics below.

(A) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

SHARES

5. Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at a premium or otherwise and at such time as the Directors determine Provided Always that:-
- Shares under control of Company in General Meeting.
- (a) no shares may be issued at a discount except in accordance with the Statutes; and
- (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
- 6(1). The Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting.
- Authority of Directors to issue shares.
- 6(2). Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.
7. Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which
- Company may issue shares with preferred, qualified, deferred and other special

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| | <p>are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being.</p> | <p>rights.</p> |
| 8. | <p>The Company shall have the power to issue further preference capital ranking equally with or in priority to the preference capital then already issued.</p> | <p>Issue of further preference shares.</p> |
| 9. | <p>Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.</p> | <p>Alteration of rights of preference shareholders.</p> |
| 10. | <p>Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.</p> | <p>Rights of preference shareholders.</p> |
| 11. | <p>If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.</p> | <p>Instalments of shares.</p> |
| 12. | <p>The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission may be paid in whole</p> | <p>Commission for subscribing.</p> |

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

or in part in cash or fully or partly paid shares of the Company at par as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price not being less than par. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable.

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| 13(1). | The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member. | Joint holders. |
| 13(2). | Subject to Article 13(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share. | |
| 13(3). | The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share. | |
| 14. | No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way. to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court. | No trusts recognized. |
| 15. | No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him. | Exercise of rights of Members. |
| 16. | The Company may, subject to and in accordance with the Act and any other relevant legislation, rules or regulations enacted or prescribed by any relevant authority from time to time, purchase or otherwise acquire ordinary shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. Any share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the | Power to purchase or acquire its issued share. |

APPENDIX III – EXTRACTS FROM THE COMPANY'S CONSTITUTION

Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire.

SHARE CERTIFICATE

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| 17. | Every certificate for shares shall be under the Seal. | Authentication of certificates. |
| 18. | Every certificate of shares shall specify the distinctive numbers of the shares in respect of which it is issued, and the amount paid up thereon. No share certificate shall be issued representing shares of more than one class. | Certificates shall specify number of shares. |
| 19. | Every person whose name is entered as a registered holder in the Register shall be entitled without payment to receive within ten Market Days (or such other period as may be approved by the Exchange) after the closing date for applications to subscribe for a new issue of shares and within fifteen Market Days (or such other period as may be approved by the Exchange) after lodgement of a registrable transfer one certificate under the Seal in respect of each class of shares held by him for all his shares in that class or several certificates in reasonable denominations each for one or more of his shares in any one class subject to such person's prior payment of two Singapore Dollars (or such other sum as the Directors shall from time to time determine having regard to any limitation thereof as the Statutes or Exchange may prescribe) for every certificate after the first and such stamp duty as is payable on such certificate unless otherwise directed by the Directors Provided Always that in the case of joint registered holders, the Company shall not be bound to issue more than one certificate and delivery of such certificate to any one of them shall be sufficient delivery to all such holders. | Member's right to certificate & cancellation of certificates. |
| 20(1). | Where only some of the shares comprised in any share certificate are transferred, the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu thereof without charge. | Issue of replacement certificates. |
| 20(2). | Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register may be cancelled at his request and a single new certificate for such shares issued in lieu thereof without charge. | |
| 20(3). | Any share certificate representing shares of any class held by any person whose name is entered in the Register may be surrendered by such person for cancellation and at his request the Company may issue in lieu thereof two or more share certificates representing such shares in such proportions as such person may specify, and the Directors may comply with such request if they think fit. Such person shall pay a maximum of two Singapore Dollars for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine, taking into consideration any limitation thereof as may be prescribed by the Exchange. | |

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- 20(4). Subject to the Statutes, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be renewed on such evidence being produced and a letter of indemnity or undertaking (if required) being given by the purchaser, registered holder, transferee, person entitled or member company of the Exchange or on its behalf or their client or clients as the Directors shall require and in the case of defacement or wearing out on delivery up of the old certificate and in any case on payment of such sum not exceeding one Singapore Dollar as the Directors may from time to time require (or such other amount as may be permitted under the Statutes). In the case of theft, destruction or loss the registered holder or the person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss.
- 20(5). Where shares are registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
21. The certificates of shares registered in the names of two or more persons may be delivered to the joint holder first named in the Register. Delivery of share certificates.

LIEN ON SHARES

22. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time lien on shares. declared in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share and for all moneys which the Company may be called upon by law to pay in respect of the shares of the Member or the deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 22 upon such terms as they may deem fit in the best interest of the Company. Company's lien on shares.
23. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, and no sale shall be made until such time as the moneys are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on the holder for the time being of the shares or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. Right to enforce lien by sale.
24. The net proceeds of any such sale shall be applied in or towards the satisfaction of the amount due, and the residue (if any) shall be paid to the person whose shares have been sold, his executors, administrators, trustees or assignees or as he shall direct. Application of proceeds of sale.
25. To give effect to any such sale the Directors may authorise How sale to be

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some person to transfer or to effect the transfer, as the case effected.
may be of the shares sold to the purchaser.

CALLS ON SHARES

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| 26. | The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. | Powers of Directors to make calls. |
| 27. | The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof. | Joint and several liability. |
| 28. | If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof. | Interest on unpaid calls. |
| 29. | Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date whether on account of the nominal value of the share or by way of premium and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of these Articles or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided. | Sums payable under terms of allotment to be deemed calls. |
| 30. | The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls. | Difference in calls between various holders. |
| 31. | The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in | Payment of call in advance. |

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profits.

FORFEITURE OF SHARES

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| 32. | If any Member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any interest thereon, the Directors may at any time thereafter during such time as the call or instalment or interest remains unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment. | Notice to be given of intended forfeiture. |
| 33. | The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest is payable shall be liable to be forfeited. | Form of notice. |
| 34. | If the requirements of any notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. | If notice not complied with shares may be forfeited. |
| 35. | Any share so forfeited or surrendered shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed. | Sale etc of forfeited and surrendered shares. |
| 36. | The Directors may at any time before any share so forfeited or surrendered shall have been sold, re-alloted, or otherwise disposed of, annul the forfeiture or surrender thereof upon such condition as they think fit. | Power to annul forfeiture. |
| 37. | For the purpose of giving effect to any sale of forfeited or surrendered shares, the Directors may authorise some person to transfer or to effect the transfer of, as the case may be, the shares sold to the purchaser. | Transfer of forfeited or surrendered shares. |
| 38. | Any Member whose shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding such forfeiture or surrender, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent | Liability on forfeited shares. |

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per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest and expenses shall be paid to the person whose shares have been forfeited or surrendered, his executors, administrators, trustees or assignees or as he shall direct.

- 39(1). A statutory declaration in writing that the declarant is a Director or the Secretary, and that a share has been duly forfeited, surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate, where the same be required, delivered to a purchaser or (where the purchaser is a Depositor) to the Depository or the allottee thereof, as the case may be, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share.
- Declaration by Director or Secretary conclusive of fact of forfeiture.

- 39(2). In the event of such sale, re-allotment or disposal, where the person (the "Relevant Person") to whom the share is sold, re-allotted or disposed of is not a Depositor, the share shall be registered in the Register in the name of the Relevant Person and, where the Relevant Person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.

The Relevant Person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

40. Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.
- Shares to be transferable.
41. The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or
- Instrument of transfer.

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- witnessed by or on behalf of the Depository.
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| 42. | Shares of different classes shall not be comprised in the same instrument of transfer. | Only shares of same class to be in same instrument. |
| 43. | No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind. | Restriction on transfer. |
| 44. | All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. | Retention of Instrument of transfer. |
| 45. | <p>The Directors may decline to accept any instrument of transfer unless:-</p> <p>(a) all or any part of the stamp duty (if any) payable on each share transfer is paid to the Company; and</p> <p>(b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine or such other sum as may from time to time be prescribed by the Exchange is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.</p> | Fees relating to transfers. |
| 46. | <p>The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:</p> <p>(a) which are not fully paid up; or</p> <p>(b) on which the Company has a lien.</p> | Power of Directors to refuse to register. |
| 47. | If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal. | Notice of refusal to be sent by Company. |
| 48. | The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made. | Closure of the Register. |

TRANSMISSION OF SHARES

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| 49(1). | In the case of the death of a Member the survivor where the | Transmission |
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| deceased was a joint holder, and the legal personal representative of the deceased who was a sole or only surviving holder, or where such legal representative is entered in the Depository Register in respect of the shares of the deceased Member who was a Depositor, shall be the only person recognised by the Company as having any title to his shares. | of registered shares. |
| 49(2). Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share solely or jointly held by him. | |
| 50. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register may upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share, upon giving to the Company notice in writing of such intent, or to make such transfer thereof as such deceased or bankrupt person could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of such transfer by such deceased or bankrupt person before the death or bankruptcy, as the case maybe. | Rights of registration and transfer upon demise or bankruptcy of Member. |
| 51. Save as otherwise provided in these Articles, a person becoming entitled to a share pursuant to Articles 49(1) and 50, shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member until he shall have been registered as a Member in the Register or his name shall have been entered in the Depository Register, as the case may be Provided Always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the notice is not complied with within ninety days of the date of such notice, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with. | Person registered under transmission clause entitled to dividends. |
| STOCK | |
| 52. The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination. | Conversion of shares to stock. |
| 53. When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable Provided Always that | Stockholders entitled to transfer interest. |

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such minimum shall not exceed the nominal amount of the shares from which the stock arose.

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| 54. | The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages. | Stockholders entitled to profits. |
| 55. | All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" shall include "stock", and "Depositor", "Member" and "shareholder" shall include "stockholder". | Definitions. |
| INCREASE OF CAPITAL | | |
| 56. | The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct. | Power to increase capital. |
| 57(1). | Unless otherwise determined by the Company in General Meeting or except as permitted by the listing rules of the Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. | Issue of new shares to Members. |
| 57(2). | The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided. | Notice of issue. |
| 58. | Notwithstanding Article 56 above, the Company may pursuant to Section 161 of the Act by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be | Issue of shares up to fifty per cent. |

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specified in the Ordinary Resolution, to issue shares whether by way of rights, bonus or otherwise, and make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, and (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:-

- (a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed fifty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the Members of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed twenty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the Exchange) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee share options on issue at the time that the Ordinary Resolution is passed, and any subsequent consolidation or subdivision of shares; and
- (c) unless previously revoked or varied by the Company in General Meeting, such authority conferred by the Ordinary Resolution shall not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

59. Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.
- New capital considered part of original capital.

ALTERATION OF CAPITAL

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- 60(1). The Company may by Ordinary Resolution:- Alteration of capital.
- (a) consolidate and divide its capital into shares of larger amount than its existing shares; or
 - (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
 - (c) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or
 - (d) subject to the Statutes, convert any class of shares into any other class of shares.
- 60(2). The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and with and subject to any requirement authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the nominal amount of the issued ordinary share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

CAPITALISATION OF PROFITS AND RESERVES

- 148(1). The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution Provided Always that a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act. Capitalisation of profits and reserves.

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- 148(2). Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

RESERVE FUND

149. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.
- Formation and object of Reserve Fund.

(B) RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS

135. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively
- Appropriation of profits.
136. The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.
- Declaration of Dividend.
137. No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.
- Dividend payable out of profits.
138. The declaration of the Directors as to the net profits of the
- Declaration

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| | Company shall be conclusive. | conclusive. |
| 139. | The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months. | Interim dividend. |
| 140. | The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists. | Debts maybe deducted. |
| 141. | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be. | Effect of transfer. |
| 142. | Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payment shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective. | Dividend in specie. |
| 143. | The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. | Power to retain dividends. |
| 144. | In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares. | Payment to and receipt by joint holders. |

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| 145. | Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. | Notice of dividend. |
| 146. | Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or person(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository. | Payment by post. |
| 147. | The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed. | Unclaimed dividends. |

(C) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

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| 66. | In addition to any other meetings, a General Meeting shall be held at least once in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings. | General Meetings. |
| 67. | The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings. | Annual General Meetings. |
| 68. | The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine. | First Annual General Meeting. |
| 69. | The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes. | Directors may call Extraordinary |

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| | | General Meetings. |
| 70. | <p>The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:-</p> <p>(a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(b) If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.</p> <p>(c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.</p> <p>(d) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.</p> | Extraordinary General Meetings called on requisition of shareholders. |
| 71. | <p>Subject to the Statutes relating to the convening of meetings to pass Special Resolutions, at least fourteen days' notice specifying the place, day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under these Articles to receive such notices from the Company. At least fourteen days' notice in writing of any General Meeting shall be given and at least twenty-one days' notice in writing in the case of a Meeting to pass Special Resolution shall be given to the Exchange. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> | Notice of meeting. |
| 72. | <p>Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his</p> | Members may submit resolution to meeting on giving notice to |

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- intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days. Company.
73. Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed. Secretary to give notice to Members.
74. The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting. Accidental omission to give notice.

PROCEEDINGS AT GENERAL MEETINGS

75. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors. Special business.
76. Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91. Quorum.
77. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum. If quorum not present.
78. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. Chairman.
79. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Adjournment.

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| 80. | At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:- | How matters are to be decided. |
| | (a) the Chairman of the meeting; or | |
| | (b) not less than two Members present in person or by proxy and entitled to vote; or | |
| | (c) a Member or Members present in person or by proxy, holding or representing, as the case may be:- | |
| | (i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or | |
| | (ii) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. | |
| 81(1). | If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. | Chairman's direction as to poll. |
| 81(2). | No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs. | |
| 82. | Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution. | Declaration of Chairman conclusive. |
| 83(1). | No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. | Objection to admissibility. |
| 83(2). | If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting. | |
| 84. | In case of an equality of votes, whether on a show of hands or on | In the event of |

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a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote. equality of votes.

VOTE OF MEMBERS

- 85(1). Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:- Voting rights.
- (a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman shall be entitled to treat the first named proxy as the authorised representative to vote where a Member is represented by two proxies; and
- (b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.
- 85(2). For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.
86. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be. Right of joint holders.
87. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting. Members only entitled to vote upon full payment.
88. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy. Votes of Members of unsound mind.
89. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Vote personal or by proxy
- 90(1). A proxy need not be a Member. Proxies
- 90(2). A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that

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where the Member is a Depositor, the Company shall be entitled and bound:-

- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

- 90(3). In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
91. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder. Corporation may appoint representative.
92. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:- Execution of instrument of proxy on behalf of appointor.
- (1) in the case of an individual shall be signed by the appointor or his attorney;
 - (2) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
93. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and Lodgement of instrument appointing proxy.

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in default the instrument of proxy shall not be treated as valid.

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| 94. | The signature on an instrument of proxy need not be witnessed. | No witness needed for instrument of proxy. |
| 95. | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting. | When vote by proxy valid though authority revoked. |
| 96. | An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting. | Instrument deemed to confer authority. |
| 97. | Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable. | Voting in respect of shares of different monetary denominations. |

**APPENDIX IV – UNAUDITED CONSOLIDATED STATEMENTS OF THE GROUP FOR
FY2020**

The unaudited consolidated financial statements of the Group for FY2020 which are set out below have been reproduced from the Company's unaudited condensed interim financial statements for FY2020, and were not specifically prepared for inclusion in this Circular. All capitalised terms used in the notes to the unaudited consolidated financial statements of the Group for FY2020 set out below shall have the same meanings given to them in the Company's unaudited condensed interim financial statements for FY2020.



ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

FOUR QUARTER AND TWELVE MONTHS UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020

*Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd (“**SGX Regco**”) on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) with effect from 7 February 2020.*

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.

The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

	GROUP						
	Note	3 months ended			12 months ended		
		4Q2020 S\$'000	4Q2019 S\$'000	+ /(-) %	12M2020 S\$'000	12M2019 S\$'000	+ /(-) %
Revenue		34,249	32,684	5%	109,363	123,351	(11%)
Cost of revenue		(29,041)	(28,726)	1%	(101,005)	(114,685)	(12%)
Gross profit		5,208	3,958	32%	8,358	8,666	(4%)
Other income		212	225	(6%)	1,085	866	25%
General and administrative expenses		(2,509)	(30,942)	(92%)	(7,735)	(38,707)	(80%)
Finance costs		(270)	(360)	(25%)	(940)	(1,099)	(14%)
Profit/(loss) before tax	A	2,641	(27,119)	n.m	768	(30,274)	n.m
Income tax expense	B	(157)	(46)	241%	(210)	(304)	(31%)
Profit/(loss) for the period/year		2,484	(27,165)	n.m	558	(30,578)	n.m
Attributable to:							
Owners of the Company		2,513	(25,069)	n.m	638	(28,076)	n.m
Non-controlling interests		(29)	(2,096)	(99%)	(80)	(2,502)	(97%)
Profit/(loss) for the period/year		2,484	(27,165)	n.m	558	(30,578)	n.m
Profit/(loss) per share (cents per share)							
- Basic		0.14	(1.42)		0.04	(1.59)	
- Diluted		0.14	(1.42)		0.04	(1.59)	
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Net fair value gain on equity instrument at fair value							
through other comprehensive income		291	110		291	110	
Foreign currency translation of foreign subsidiaries		23	(96)	n.m	(79)	131	n.m
Total comprehensive income for the period/year		2,798	(27,151)	n.m	770	(30,337)	n.m
Attributable to:							
Owners of the Company		2,824	(25,049)	n.m	848	(27,836)	n.m
Non-controlling interests		(26)	(2,102)	(99%)	(78)	(2,501)	(97%)
Total comprehensive income for the period/year		2,798	(27,151)	n.m	770	(30,337)	n.m

Notes:

Nm - Not meaningful

**1 (a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.
(continued)**

Notes:

A: Profit/(loss) before income tax is arrived at after (crediting)/charging the following:

	GROUP					
	4Q2020 S\$'000	4Q2019 S\$'000	+ / (-)	12M2020 S\$'000	12M2019 S\$'000	+ / (-)
(a) Cost of revenue:						
(Write-back of)/allowance for inventory obsolescence	(190)	(390)	(51%)	320	54	493%
Depreciation of property, plant and equipment	668	674	(1%)	2,650	2,895	(8%)
Depreciation of right-of-use assets	148	199	(26%)	592	674	(12%)
Salaries, bonus and other costs	3,751	3,221	16%	14,088	13,973	1%
(b) Other income:						
Interest income	(24)	(40)	(40%)	(76)	(129)	(41%)
Dividend income from other investment	-	(3)	(100%)	(232)	(220)	5%
(Gain)/loss on disposal of property, plant and equipment	(1)	(3)	(67%)	82	(98)	n.m
Amortisation of deferred interest income	-	(53)	(100%)	-	(100)	(100%)
Job Support Scheme grant	(96)	-	n.m	(352)	-	n.m
Rental income	-	(14)	(100%)	-	(55)	(100%)
(c) General and administrative expenses:						
Legal and other professional fees	107	254	(58%)	469	893	(47%)
Salaries, bonus and other costs	785	921	(15%)	3,274	4,098	(20%)
Allowance for impairment on :						
- trade debtors	85	22	286%	85	36	136%
- other debtors	-	3,851	(100%)	1	3,851	(100%)
Depreciation of property, plant and equipment	88	127	(31%)	382	507	(25%)
Depreciation of right-of-use assets	58	139	(58%)	231	338	(32%)
Amortisation of intangible assets	-	101	(100%)	-	133	(100%)
Impairment loss on property, plant and equipment	-	191	(100%)	-	191	(100%)
Impairment loss on right-of-use assets	-	232	(100%)	-	232	(100%)
Impairment loss on goodwill	-	23,948	(100%)	-	23,948	(100%)
Written-off of trade debtors	-	-	n.m	-	5	(100%)
Foreign exchange loss	401	382	5%	303	378	(20%)
(d) Finance costs						
Interest of loans and borrowings	200	205	(2%)	647	854	(24%)
Interest of lease liability	70	155	(55%)	293	245	20%

B: Major components of income tax expense

Current income tax						
- Current income taxation	(155)	(99)	57%	(193)	(345)	(44%)
- Over/(under) provision in respect of previous years	3	45	(93%)	(12)	26	n.m
	(152)	(54)	181%	(205)	(319)	(36%)
Deferred income tax						
Reversal of temporary difference	(5)	8	n.m	(5)	15	n.m
Income tax recognised in profit or loss	(157)	(46)	241%	(210)	(304)	(31%)

Note:

(i) n.m. - not meaningful

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	
	31.12.2020 S\$'000	31.12.2019 S\$'000	31.12.2020 S\$'000	31.12.2019 S\$'000
Non-current assets				
Intangible assets	-	-	-	-
Property, plant and equipment	25,620	27,257	2	6
Right-of-use assets	4,615	5,337	-	-
Investment in joint venture	-	-	-	-
Investment in subsidiary companies	-	-	30,925	30,925
Goodwill	-	-	-	-
Loan receivables from subsidiary companies	-	-	-	-
Other investments	2,361	2,070	-	-
	<u>32,596</u>	<u>34,664</u>	<u>30,927</u>	<u>30,931</u>
Current assets				
Inventories	13,534	15,883	-	-
Amounts due from subsidiary companies	-	-	-	-
Trade debtors	22,988	25,949	-	-
Other debtors	986	1,442	19	43
Contract assets	283	1,186	-	-
Prepayments and advances to suppliers	229	283	3	15
Fixed deposits	1,676	2,731	-	-
Cash and bank balances	8,899	5,946	8	113
Amount due from a law firm	33,153	33,153	33,153	33,153
	<u>81,748</u>	<u>86,573</u>	<u>33,183</u>	<u>33,324</u>
Current liabilities				
Amount due to a subsidiary	-	-	1,646	750
Trade creditors	24,918	30,861	-	-
Contract liabilities	184	490	-	-
Lease liabilities	858	780	-	-
Other creditors and accruals	7,315	7,114	2,149	1,834
Deferred grant income	54	-	-	-
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary	415	412	-	-
Loans and borrowings	3,792	4,428	-	-
Income tax payable	84	165	-	-
	<u>38,803</u>	<u>45,433</u>	<u>4,978</u>	<u>3,767</u>
Net current assets	42,945	41,140	28,205	29,557
Non-current liabilities				
Accruals	85	61	-	-
Lease liabilities	4,242	5,014	-	-
Loans and borrowings	5,910	6,200	-	-
Deferred tax liabilities	19	14	-	-
	<u>10,256</u>	<u>11,289</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>65,285</u>	<u>64,515</u>	<u>59,132</u>	<u>60,488</u>
Equity attributable to owners of the Company				
Share capital	115,898	115,898	115,898	115,898
Statutory reserve fund	241	231	-	-
Other reserves	189	189	189	189
Fair value adjustment reserve	156	(135)	-	-
Accumulated losses	(49,362)	(49,990)	(56,955)	(55,599)
Foreign currency translation reserve	1,035	1,116	-	-
	<u>68,157</u>	<u>67,309</u>	<u>59,132</u>	<u>60,488</u>
Non-controlling interests	(2,872)	(2,794)	-	-
	<u>65,285</u>	<u>64,515</u>	<u>59,132</u>	<u>60,488</u>

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

Amount repayable in one year or less, or on demand

GROUP 31.12.2020		GROUP 31.12.2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,792	906	4,428	897

Amount repayable after one year

GROUP 31.12.2020		GROUP 31.12.2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,910	-	6,200	-

Details of any collateral

The Group's borrowings comprise the following:

- (i) amounts due to bankers;
- (ii) amount due to a non-controlling shareholder of a subsidiary;
- (iii) amount due to a director-related company (included in other creditors and accruals); and
- (iv) amount due to a director (included in other creditors and accruals).

The amounts due to bankers are secured facilities granted to the Group. The secured facilities granted are secured by:

- (1) fixed deposits placement by the Company's respective subsidiaries;
- (2) land and properties of the respective subsidiaries;
- (3) a debenture by way of fixed and floating charge over the entire assets of a subsidiary; and
- (4) agreed amounts of corporate guarantee provided by the Company and/or its subsidiary.

The amounts due to a non-controlling shareholder of a subsidiary, a director-related company and a director are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

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.

	Group			
	3 months ended		12 months ended	
	4Q2020	4Q2019	12M2020	12M2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before tax	2,641	(27,119)	768	(30,274)
Adjustments for:				
(Gain)/loss on disposal of property, plant and equipment	(1)	(3)	82	(98)
Depreciation of property, plant and equipment	756	801	3,032	3,402
Depreciation of right-of-use assets	206	338	823	1,012
Provision of impairment loss	-	28,222	-	28,222
Amortisation of deferred interest income (deferred consideration)	-	(53)	-	(100)
Amortisation of intangible assets	-	101	-	133
Interest income	(24)	(40)	(76)	(129)
Interest expense	200	205	646	854
Interest expense - lease liability	70	155	293	245
Dividend income from other investments	-	(3)	(232)	(220)
Exchange differences	399	312	76	15
Operating profit before working capital changes	4,247	2,916	5,412	3,062
(Increase)/decrease in inventories	(1,707)	(4,960)	2,314	(965)
(Increase)/decrease in trade debtors and other debtors	(5,268)	971	4,410	(2,789)
Increase/(decrease) in trade creditors and other creditors	6,910	3,921	(5,944)	1,078
Payment to a former director in relation to termination of service agreement	-	-	-	(296)
Cash generated from operations	4,182	2,848	6,192	90
Interest paid	(200)	(205)	(647)	(854)
Interest paid for lease liability	(70)	(245)	(293)	(245)
Interest received	24	40	76	129
Tax paid	(13)	(99)	(286)	(344)
Net cash generated from/(used in) operating activities	3,923	2,339	5,042	(1,224)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	29	27	44	731
Purchase of property, plant and equipment	(225)	(189)	(1,657)	(5,486)
Dividend receipt from other investments	-	3	232	220
Net cash used in investing activities	(196)	(159)	(1,381)	(4,535)
Cash flows from financing activities				
Repayment of lease liabilities	(204)	(114)	(790)	(816)
Increase in amount due to non-controlling shareholder	-	20	3	173
Drawdown of bank borrowings	6,655	7,728	25,407	20,723
Repayment of bank borrowings	(9,605)	(8,854)	(26,328)	(20,716)
Net decrease/(increase) in fixed deposits	287	(28)	1,078	2,206
Net cash (used in)/generated from financing activities	(2,867)	(1,248)	(630)	1,570
Net increase/(decrease) in cash and cash equivalents	860	932	3,031	(4,189)
Cash and cash equivalents at beginning of period/year (Note A)	8,103	5,059	5,946	9,016
Funds returned from JLC Advisors LLP (Note A)	-	-	-	1,094
Effects of exchange rates on opening cash and cash equivalents	(64)	(45)	(78)	25
Cash and cash equivalents at end of period/year	8,899	5,946	8,899	5,946

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 (cont'd).

Note A:

As at 31 December 2018, cash of S\$33.45 million and S\$1.09 million were held in trust and/or in escrow by a Singapore law firm, JLC Advisors LLP ("**JLC**") for the Company and its subsidiary, Asia Box Office Pte. Ltd. ("**ABO**"), respectively. On 9 January 2019, the Company authorised JLC to make payment of \$0.30 million to a former director of the Company in relation to the termination of his service agreement. On 2 April 2019, JLC paid the sum of S\$1.09 million to the Group, being the balance funds that ABO had placed in trust with JLC as at 2 April 2019. This was pursuant to ABO's request to withdraw the funds held in trust with JLC on 23 March 2019. Consequently, the remaining balance held by the Group in escrow by JLC is \$33.15 million ("**Escrow Funds**"). The Company had made repeated demands for repayment of the Escrow Funds from JLC since 23 March 2019. On 17 May 2019, the Company's legal counsel issued a letter of demand to JLC to release the Escrow Funds to the Company. As there have been alleged unauthorised payments of such Escrow Funds and on-going investigation by various authorities, the Group and the Company have classified the cash of S\$33.15 million (31 December 2019: S\$34.54 million) and S\$33.15 million (31 December 2019: S\$33.45 million) as amount due from a law firm respectively as at 31 December 2020 instead of cash and cash equivalents as the Company is currently taking all steps necessary to recover the Escrow Funds from JLC ("**JLC Issue**").

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 period.

(In S\$'000)

Group

	Ordinary shares \$'000 \$	Foreign currency translation reserve \$'000 \$	Statutory reserve fund \$'000 \$	Other reserves \$'000 \$	Fair value adjustment reserve \$'000 \$	Accumulated losses \$'000 \$	Total equity attributable to owners of the Company \$'000 \$	Non-controlling interests \$'000 \$	Total equity \$'000 \$
12M2020									
Balance as at 1 January 2020	115,898	1,116	231	189	(135)	(49,990)	67,309	(2,794)	64,515
Loss for the period	-	-	-	-	-	(267)	(267)	(33)	(300)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	31	-	-	-	-	31	(5)	26
Balance as at 31 March 2020	115,898	1,147	231	189	(135)	(50,257)	67,073	(2,832)	64,241
Loss for the period	-	-	-	-	-	(1,735)	(1,735)	(19)	(1,754)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(21)	-	-	-	-	(21)	2	(19)
Balance as at 30 June 2020	115,898	1,126	231	189	(135)	(51,992)	65,317	(2,849)	62,468
Profit for the period	-	-	-	-	-	127	127	1	128
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(111)	-	-	-	-	(111)	2	(109)
Balance as at 30 September 2020	115,898	1,015	231	189	(135)	(51,865)	65,333	(2,846)	62,487
Profit/(loss) for the period	-	-	-	-	-	2,513	2,513	(29)	2,484
<i>Other comprehensive income:</i>									
Transfer to capital reserve	-	-	10	-	-	(10)	-	-	-
Foreign currency translation	-	20	-	-	-	-	20	3	23
Net fair value gain on equity instrument at fair value through other comprehensive income	-	-	-	-	291	-	291	-	291
Balance as at 31 December 2020	115,898	1,035	241	189	156	(49,362)	68,157	(2,872)	65,285
12M2019									
Balance as at 1 January 2019	115,898	986	131	189	(245)	(21,692)	95,267	(292)	94,975
Cumulative effects of adopting SFRS(I)16	-	-	-	-	-	(66)	(66)	-	(66)
Loss for the period	-	-	-	-	-	(1,714)	(1,714)	(149)	(1,863)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	80	-	-	-	-	80	(6)	74
Balance as at 31 March 2019	115,898	1,066	131	189	(245)	(23,472)	93,567	(447)	93,120
Profit for the period	-	-	-	-	-	(1,830)	(1,830)	(165)	(1,995)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(12)	-	-	-	-	(12)	2	(10)
Balance as at 30 June 2019	115,898	1,054	131	189	(245)	(25,302)	91,725	(610)	91,115
Profit for the period	-	-	-	-	-	537	537	(92)	445
<i>Other comprehensive income:</i>									
Transfer to capital reserve	-	-	78	-	-	(78)	-	-	-
Foreign currency translation	-	152	-	-	-	-	152	11	163
Balance as at 30 September 2019	115,898	1,206	209	189	(245)	(24,843)	92,414	(691)	91,723
Cumulative effects of adopting SFRS(I)16	-	-	-	-	-	(56)	(56)	(1)	(57)
Loss for the period	-	-	-	-	-	(25,069)	(25,069)	(2,096)	(27,165)
<i>Other comprehensive income:</i>									
Net fair value gain on equity instrument at fair value through other comprehensive income	-	-	-	-	110	-	110	-	110
Transfer to capital reserve	-	-	22	-	-	(22)	-	-	-
Foreign currency translation	-	(90)	-	-	-	-	(90)	(6)	(96)
Balance as at 31 December 2019	115,898	1,116	231	189	(135)	(49,990)	67,309	(2,794)	64,515

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 period (cont'd).

(In S\$'000)
Company

	Ordinary shares \$	Other reserve \$	Accumulated losses \$	Total equity attributable to owners of the Company \$
12M2020				
Balance as at 1 January 2020	115,898	189	(55,599)	60,488
Total comprehensive income for the period	-	-	(303)	(303)
Balance as at 31 March 2020	115,898	189	(55,902)	60,185
Total comprehensive income for the period	-	-	(302)	(302)
Balance as at 30 June 2020	115,898	189	(56,204)	59,883
Total comprehensive income for the period	-	-	(145)	(145)
Balance as at 30 September 2020	115,898	189	(56,349)	59,738
Total comprehensive income for the period	-	-	(606)	(606)
Balance as at 31 December 2020	115,898	189	(56,955)	59,132
12M2019				
Balance as at 1 January 2019	115,898	189	(24,119)	91,968
Total comprehensive income for the period	-	-	(366)	(366)
Balance as at 31 March 2019	115,898	189	(24,485)	91,602
Total comprehensive income for the period	-	-	(945)	(945)
Balance as at 30 June 2019	115,898	189	(25,430)	90,657
Total comprehensive income for the period	-	-	(605)	(605)
Balance as at 30 September 2019	115,898	189	(26,035)	90,052
Total comprehensive income for the period	-	-	(29,564)	(29,564)
Balance as at 31 December 2019	115,898	189	(55,599)	60,488

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.

	No. of ordinary shares '000	Amount S\$'000
As at 31.12.2020, 30.09.2020 and 31.12.2019	1,770,329	115,898

Since 30 September 2020, there has been no change in 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.

As at 31 December 2020, 30 September 2020 and 31 December 2019, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

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.

	31.12.2020	31.12.2019
Total number of issued shares ('000) (excluding treasury shares)	1,770,329	1,770,329

There were no treasury shares as at 31 December 2020 and 31 December 2019.

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 as the Company did not have any treasury shares as at 31 December 2020.

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 as the Company did not hold any subsidiary holdings as at 31 December 2020.

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

The figures 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 as the figures have not been audited or reviewed by the Group's auditors.

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

Reference is made to pages 64 to 66 of the FY2019 Annual Report. The disclaimer of opinion by the Company's auditor arose from the following five (5) issues:

- 1) Funds held with JLC Advisors LLP (the "**Missing Funds**");
- 2) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries;
- 3) Asia Box Office Pte. Ltd. and its subsidiary;
- 4) On-going special audit and investigation; and
- 5) Going concern assumption.

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

In relation to issues (1) to (4) above, the Company has, as announced on 14 June 2019, appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to undertake a special audit to look into, amongst others, the issues pertaining to issues (1) to (4) above. To date, the Special Auditor has yet to complete the special audit. As such, the Company is not in a position to comment on the resolution of these issues at the present time. Notwithstanding the foregoing, the Company has provided its full cooperation during the course of the special audit. The board of directors (the "**Board**") will review the findings of the special audit and use its best efforts to resolve the outstanding issues surrounding the special audit.

As regards the Missing Funds, as the Company had stated in our announcement dated 23 May 2019, JLC informed the Company that the Company's funds of "S\$33.4 million" had been purportedly paid out from the escrow account, and that JLC is still investigating, but has reasons to believe that the said funds were paid out on the instructions of its partner, Mr. Ong Su Aun, Jeffrey, and "*might have been unauthorized*". More information can be found in the Company's announcement dated 23 May 2019.

The Company noted from the media reports on the following dates that the managing director for JLC has since been charged in relation to the Company's Escrow Funds:

- (i) On 24 February 2020, he has been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds;
- (ii) On 30 June 2020, he has been charged with additional 15 different charges, 14 of which involving cheating the Company by deceiving the Company into believing its escrow account maintained by JLC contained certain balance amounts on certain dates; and
- (iii) On 11 August 2020, he has been charged with additional 4 charges of criminal breach of trust as an attorney in relation to misappropriation of S\$11.7 million from the escrow facility held by JLC for the Company.

However, the whereabouts of the escrow funds remain unclear to the Company as at the date of this announcement.

As the Company had previously announced on 30 July 2019, the Company had been advised by our legal counsel to await the conclusion of the special audit and/or further information before deciding on what steps to take, and against who, to recover the Missing Funds. This is in the interest of not incurring unnecessary costs. To date, the special audit is still ongoing, and to the best of the Company's knowledge, the investigations by the Commercial Affairs Department is still ongoing, 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.

In any event, and as announced on, amongst others, our announcement of 30 July 2019, the Company had already taken all other practicable steps to recover the Missing Funds. More details can be found in our announcement of 30 July 2019.

In relation to issue (5) above, the Board, together with the management of the Company, has assessed and is of the view that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate. The assumptions and measures for this assessment can be found in our announcement of 13 April 2020. In relation to the assumption set out in item (g) of the announcement dated 13 April 2020 and the Group's efforts in this regard, please refer to the Company's updates on the movement control orders implemented by the Malaysian Government and the COVID-19 situation in our announcement of 30 April 2020. The Group's factories have continued full operations since the announcement dated 30 April 2020.

(b) Nonetheless, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these financial statements.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2019.

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.

Not applicable.

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		GROUP	
	3 months ended		12 months ended	
	<u>4Q2020</u>	<u>4Q2019</u>	<u>12M2020</u>	<u>12M2019</u>
Earnings/(loss) (S\$'000)				
Attributable to the owners of the Company				
Profit/(loss) for the period/year	2,513	(25,069)	638	(28,076)
Earnings/(loss) per share (cents)				
- Basic	0.14	(1.42)	0.04	(1.59)
- Diluted	0.14	(1.42)	0.04	(1.59)
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

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		Company	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	3.69	3.64	3.34	3.42
Net asset value as at end of period (S\$'000)	65,285	64,515	59,132	60,488
No. of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a. Revenue

The Group's revenue increased by 5% from S\$32.68 million in 4Q2019 to S\$34.25 million in 4Q2020 mainly due to increase in revenue generated by the precision metal stamping segment due to increase in demand for our customers' products in 4Q2020.

The Group's revenue decreased by 11% from S\$123.35 million in 12M2019 to S\$109.36 million in 12M2020 mainly due to decrease in revenue generated by the precision metal stamping segment as a result of the COVID-19 pandemic which caused significant drop in global demand for our customers' products mainly consisting of office equipment such as copiers in 2Q2020 and 3Q2020.

Precision metal stamping

A breakdown of revenue by countries is set out as follows:

	3 months ended		12 months ended		4Q +/(-)	12M +/(-)
	4Q2020 \$'000	4Q2019 \$'000	12M2020 \$'000	12M2019 \$'000		
Singapore	469	355	990	1,195	32%	(17%)
Malaysia	14,023	11,693	45,978	42,921	20%	7%
Vietnam	16,521	18,420	52,522	70,332	(10%)	(25%)
Thailand	3,211	2,199	9,747	8,712	46%	12%
China	25	-	79	-	n.m.	n.m.
	<u>34,249</u>	<u>32,667</u>	<u>109,316</u>	<u>123,160</u>	5%	(11%)

Note:

n.m. - not meaningful

As mentioned in the above, the precision metal stamping recorded an increase in revenue in 4Q2020 due to increase in demand of our customers' products mainly consisting of office equipment such as copiers and the decrease in revenue in 12M2020 is due to a significant drop in global demand for these products in 2Q2020 and 3Q2020.

E-commerce

E-commerce segment reported a decrease in revenue from S\$17,000 in 3Q2019 to S\$294 in 4Q2020 and decrease in revenue from S\$191,000 in 12M2019 to S\$47,000 in 12M2020.

ABO and its subsidiary, Asia Box Office (HK) Limited (collectively, “**ABO Group**”) did not record revenue in 4Q2020 (4Q2019: S\$Nil) and 12M2020 (12M2019: S\$5,000) as it is facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The COVID-19 pandemic has further worsened the situation as many physical concerts and events have been cancelled and/or postponed.

Activpass Holdings Pte. Ltd. (“**Activpass**”) recorded a decrease in revenue from S\$17,000 in 4Q2019 to S\$294 in 4Q2020 and decrease in revenue from S\$186,000 in 12M2019 to S\$47,000 in 12M2020. This is due to the audit matters as announced on 8 May 2019 which caused delay in funding and inability to secure funding internally and externally. As such, Activpass is unable to execute marketing plans locally and overseas to motivate merchants and users to join its platform.

b. Operating results

A breakdown of the Group’s profit/(loss) before tax by segment is set out as follows:

	3 months ended		12 months ended		4Q +/(–)	12M +/(–)
	4Q2020 \$’000	4Q2019 \$’000	12M2020 \$’000	12M2019 \$’000		
Corporate	(429)	(802)	(1,179)	(2,718)	(47%)	(57%)
Precision Metal Stamping	3,128	1,986	2,108	1,576	58%	34%
E-commerce	(58)	(28,303)	(161)	(29,132)	(100%)	(99%)
	<u>2,641</u>	<u>(27,119)</u>	<u>768</u>	<u>(30,274)</u>	n.m.	n.m.

Note:

n.m. - not meaningful

The Group recorded profit before tax (“**PBT**”) of S\$2.64 million in 4Q2020 and PBT of S\$0.77 million in 12M2020 as compared to loss before tax (“**LBT**”) of S\$27.12 million in 4Q2019 and LBT of S\$30.27 million in 12M2019 respectively, mainly due to the higher profit recorded by the precision metal stamping segment and lower losses recorded by the corporate and e-commerce segments as shown in the breakdown above.

Corporate

The decrease in LBT by 47% from 4Q2019 to 4Q2020 and by 57% from 12M2019 to 12M2020 is mainly due to a decrease in (i) legal and other professional fees arising from the audit matters as announced on 8 May 2019 and the JLC Issue in 2019; and (ii) payroll related costs and other general & administrative (“**G&A**”) expenses as part of the cost control measures undertaken by the Company in light of the COVID-19 pandemic.

Precision metal stamping

The increase in PBT from 4Q2019 to 4Q2020 by 58% is largely due to the increase in revenue by 5% as highlighted in the revenue analysis section, increase in other income by 16%, improvement in gross margin due to the decrease in overhead costs and sub-contractor costs by an aggregate of 72% and decrease in finance costs by 23%. The increase in PBT by 34% from 12M2019 to 12M2020 despite the decline in revenue by 11% is largely due to the increase in other income by 17%, decrease in G&A expenses by 22% and finance costs by 14%.

E-commerce

ABO Group reported LBT of S\$25,000 in 4Q2020 as compared to LBT of S\$10.66 million in 4Q2019. It recorded LBT of S\$161,000 in 12M2020 as compared to LBT of S\$10.95 million in 12M2019. The lower LBT in 4Q2020 and 12M2020 as compared to 4Q2019 and 12M2019 is due to recognition of impairment losses from goodwill arising from the acquisition of ABO Group in April 2018 and other debtors amounting to an aggregate of S\$10.33 million in 4Q2019 and 12M2019 and there is no such impairment loss assessed in 4Q2020 and 12M2020 as these balances had been fully impaired in FY2019.

Activpass reported LBT of S\$33,000 in 4Q2020 as compared to LBT of S\$17.65 million in 4Q2019. It recorded PBT of S\$270 in 12M2020 as compared to LBT of S\$18.18 million in 12M2019. The lower loss in 4Q2020 and 12M2020 as compared to 4Q2019 and 12M2019 is mainly due to the impairment loss of S\$17.27 million recognised on goodwill arising from acquisition of Activpass in July 2018 and the balance had been fully impaired in FY2019.

Cost of revenue

Cost of revenue (“**COR**”) consists of material cost, labour cost, sub-contractor cost and overhead costs and procurement cost of e-commerce services. COR increased from S\$28.73 million in 4Q2019 to S\$29.04 million in 4Q2020 and decreased from S\$114.69 million in 12M2019 to S\$101.01 million in 12M2020. The movement in COR is in tandem with the increase in revenue from 4Q2019 to 4Q2020 and the decrease in revenue from 12M2019 to 12M2020.

Depreciation

Depreciation of property, plant and equipment (“**PPE**”) recorded in COR and G&A expenses amounted to an aggregate of S\$0.76 million in 4Q2020 and S\$3.03 million in 12M2020 as compared to S\$0.80 million in 4Q2019 and S\$3.40 million in 12M2019 respectively. The decrease is largely due to certain PPE that had fully depreciated.

Depreciation of right-of-use assets (“**ROU**”) recorded in COR and G&A expenses amounted to a total of S\$0.21 million in 4Q2020 and S\$0.82 million in 12M2020 as compared to S\$0.34 million in 4Q2019 and S\$1.01 million in 12M2019 respectively. The decrease is mainly due to certain ROU assets that had fully impaired in FY2019.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE and sundry income. The other income has decreased from S\$0.23 million in 4Q2019 and to S\$0.26 million in 4Q2020 and variance between the two periods is not significant. The other income has increased from S\$0.87 million in 12M2019 to S\$1.09 million in 12M2020. The increase is mainly due to (i) income of S\$0.59 million arising from the Job Support Scheme (“**JSS**”) announced by the Singapore Government at the Budget 2020 on 18 February 2020 and two supplementary budgets on 26 March 2020 and 6 April 2020 respectively to co-fund the wages of local employees for a period of ten months, wage credit scheme and wage subsidy and hiring incentives given by the Malaysian government; and (ii) consultancy income received for provision of parts and tooling designs services. The increase is offset by the loss on disposal of PPE recorded in 12M2020 instead of gain on disposal of PPE recorded in 12M2019, decrease in interest income and absence of amortisation of deferred interest income.

General and administrative expenses

G&A expenses mainly include professional fees, salaries and other payroll related costs, directors’ fee, office expenses and foreign exchange (gain)/loss. G&A expenses decreased from S\$30.94 million in 4Q2019 and S\$38.71 million in 12M2019 to S\$2.51 million in 4Q2020 and S\$7.74 million in 12M2020 respectively. The decrease is mainly due to (i) absence of impairment losses from goodwill arising from the acquisition of ABO Group and Activpass, other debtors, PPE and ROU amounting to an aggregate of S\$28.22 million recognised in 4Q2019 and 12M2019 and there is no such impairment loss assessed in

4Q2020 and 12M2020 as these balances had been fully impaired in FY2019 (ii) decrease in payroll related costs as part of cost control measures for the Group in light of COVID-19 pandemic and scale-down of e-commerce business given the reasons mentioned in the revenue analysis section.

Allowance for impairment on trade debtors increased from S\$22,000 in 4Q2019 and S\$36,000 in FY2019 to S\$85,000 in 4Q2020 and S\$85,000 in FY2020 respectively mainly due to the increase in expected credit loss recognised in accordance with SFRS(I) 9 arising from the COVID-19 pandemic situation.

Finance costs

Finance costs decreased from S\$0.36 million in 4Q2019 and S\$1.10 million in 12M2019 to S\$0.27 million in 4Q2020 and S\$0.94 million in 12M2020 respectively. The decrease is mainly due to lower interest on loans and borrowings as a result of decrease in interest rates between approximately 45 basis points to 140 basis points.

Income tax expense

The Group recorded an increase in income tax expense from S\$46,000 in 4Q2019 to S\$157,000 in 4Q2020 mainly due to increase in taxable income for subsidiary in Vietnam for 4Q2020 which was offset by the decrease in overprovision of previous years income tax of an e-commerce subsidiary in Singapore. The Group recorded a decrease in income tax expense from S\$304,000 in 12M2019 to S\$210,000 in 12M2020 mainly due to the subsidiary in Vietnam having a lower taxable income on a year on year basis.

c. Balance Sheet

Group

Intangible assets relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass in April 2018 and July 2018 respectively; (ii) contractual customer relationships arising from existing contracts in force with Activpass; and (iii) corporate contract arising from a material corporate contract with a fixed fee in force with Activpass that were acquired in a business combination in July 2018. Intangible assets are recorded at S\$Nil as at 31 December 2020 and 31 December 2019 as they had been fully impaired as at 31 December 2019.

PPE decreased from S\$27.26 million as at 31 December 2019 to S\$25.68 million as at 31 December 2020 mainly due to depreciation charged of S\$3.03 million, which is offset by additions in PPE of S\$1.66 million.

Right-of-use assets (“**ROU**”) decreased from S\$5.33 million as at 31 December 2019 to S\$4.62 million as at 31 December 2020 largely due to depreciation charged of S\$0.82 million which is offset by additions in ROU of S\$0.11 million.

Investment in joint venture relates to the Group’s 50% interest in the ownership and voting rights in a joint venture (“**JV**”), ABO Labs Pte. Ltd. that is held by ABO, amounting to S\$50. This JV is incorporated in Singapore and its principal business activities are software consultancy and development of other software and programming activities with its main focus to develop a proprietary e-commerce ticketing system. The Group jointly controls the venture with another partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at S\$Nil as at 31 December 2020 and 31 December 2019.

Other investments relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry. The increase from S\$2.07 million as at 31 December 2019 to S\$2.36 million as at 31 December 2020 is mainly due to fair value gain recognized as a result of better financial performance of the Taiwanese company.

Inventories decreased from S\$15.88 million as at 31 December 2019 to S\$13.53 million as at 31 December 2020 mainly due to decrease in work-in-progress and raw materials amounting to S\$3.11

million as a result of utilisation to meet customers' demand, which is offset by the increase in finished goods of \$0.76 million.

Trade debtors decreased from S\$25.95 million as at 31 December 2019 to S\$22.99 million as at 31 December 2020 largely due to collection from customers which is offset by the increase in revenue during the period as highlighted in the "Revenue" section.

Other debtors decreased from S\$1.44 million as at 31 December 2019 to S\$0.99 million as at 31 December 2020 mainly due to refund of VAT receivable, which is offset by the increase in grant receivables of S\$0.04 million arising from the accounting treatment of JSS.

Contract assets decreased from S\$1.19 million as at 31 December 2019 to S\$0.28 million as at 31 December 2020 due to the recognition of tooling purchases upon the completion of tooling projects.

Prepayments and advances to suppliers decreased from S\$0.28 million as at 31 December 2019 to S\$0.23 million as at 31 December 2020 largely due to the decrease in prepayments made to suppliers to purchase services, materials and machineries.

Fixed deposits decreased from S\$2.73 million as at 31 December 2019 to S\$1.68 million as at 31 December 2020 mainly due to withdrawals for operation use.

Amount due from a law firm relates to cash of S\$33.15 million as at 31 December 2020 and 31 December 2019 which were held in trust and/or in escrow by JLC as disclosed in Note 1(c) of the announcement.

Trade creditors decreased from S\$30.86 million as at 31 December 2019 to S\$24.92 million as at 31 December 2020 mainly due to repayments made to suppliers and lesser purchases made during the year as a result of the significant drop in global demand for our customers' products as highlighted in the "Revenue" section.

Contract liabilities decreased from S\$0.49 million as at 31 December 2019 to S\$0.18 million as at 31 December 2020 largely due to recognition of tooling sales upon the completion of tooling projects.

Lease liabilities (current and non-current) decreased from S\$5.79 million as at 31 December 2019 to S\$5.10 million as at 31 December 2020 mainly due to payment of additional lease liabilities of S\$0.79 million during the year which is offset by additions of S\$0.11 million for renewal of leases for office and factory.

Other creditors and accruals increased from S\$7.11 million as at 31 December 2019 to S\$7.32 million as at 31 December 2020 mainly due to increase in accrued operating expenses such as payroll related costs and other miscellaneous expenses during the year which is offset by payments made to sundry creditors i.e. non-trade suppliers.

Deferred grant income arises from the accounting treatment of the JSS.

Amount due to a former director relates to the compensation payable to a former director of the Company arising from the termination of service agreement with the director.

Amount due to a non-controlling shareholder of a subsidiary relates to advances from the 49% non-controlling shareholder of Activpass to fund the operations of Activpass and director's fee and allowance payable to the same non-controlling shareholder, who is also one of the directors of Activpass.

Loans and borrowings (current and non-current) decreased from S\$10.63 million as at 31 December 2019 to S\$9.70 million as at 31 December 2020 mainly due to repayment of bank borrowings of S\$26.33 million made during the year which is offset by drawdown of bank borrowings of S\$25.41 million for operational needs.

Income tax payable decreased from S\$0.17 million as at 31 December 2019 to S\$0.08 million as at 31 December 2020 largely due to income tax of S\$0.29 million paid, which is offset by provision of current year income tax and previous years' tax of S\$0.22 million during the period.

Deferred tax liabilities mainly relate to temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, which include, amongst others, differences in depreciation and amortisation, fair value adjustments on acquisition of subsidiaries and unabsorbed capital allowances.

Equity attributable to owners of the Company increased from S\$67.30 million as at 31 December 2019 to S\$68.16 million as at 31 December 2020 largely due to profit for the year of S\$0.87 million.

Company

Amount due to a subsidiary increased from S\$0.75 million as at 31 December 2019 to S\$1.65 million as at 31 December 2020 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flow Statement

The Group recorded an increase in net cashflows generated from operating activities of S\$2.34 million in 4Q2019 and net cashflows used in operating activities of S\$1.22 million in 12M2019 as compared to net cashflows generated from operating activities of S\$3.92 million in 4Q2020 and S\$5.04 million in 12M2020 largely due to higher profit recorded during the period/year.

The Group recorded an increase in net cash used in investing activities from S\$0.16 million in 4Q2019 to S\$0.20 million in 4Q2020 mainly due to purchase of PPE for replacement of old PPE.

The Group recorded a decrease in net cash used in investing activities from S\$4.54 million in 12M2019 to S\$1.38 million in 12M2020 mainly due to decrease in capital expenditure to conserve cashflows for working capital.

The Group recorded an increase in net cash used in financing activities of S\$1.25 million in 4Q2019 to S\$2.87 million in 4Q2020 is largely due to increase in repayment of loans and borrowings made during the period, which is offset by the decrease in drawdown of loans and borrowings and fixed deposits placed as the Group has maintained sufficient cashflows for working capital.

The Group recorded net cash used in financing activities of S\$0.63 million in 12M2020 as compared to net cash generated from financing activities of S\$1.57 million in 12M2019 is mainly due to increase in repayment of loans and borrowings used for working capital purpose.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

The business environment within the next 12 months is expected to remain challenging for the Group in light of the weak global economic outlook and the JLC issue as disclosed in Note 1(c) of the announcement. The worsening business environment is further exacerbated by the COVID-19 issue that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy may cause a decline in global demand for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in its precision metal stamping segment. The Group has explored ways, and will continue to look at ways to reduce expenditure. The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

The Group is also working towards completing the special audit, and resolving the audit issues highlighted by our auditor as announced on 8 May 2019. The Group is also taking all steps necessary to recover the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared or recommended

None.

(b) (i) Amount per share

Not applicable.

(i) Previous corresponding period

None.

(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) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend for the period ended 31 December 2020 has been declared or recommended as the Company is in a loss-making position and an accumulated loss position.

- 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 Company has not obtained a general mandate from shareholders for interested person transactions.

- 14 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalyst Rules) under Rule 720(1) of the Catalyst Rules.

- 15 **Use of proceeds**

On 31 October 2017, the Company completed the issuance of 675,164,460 ordinary shares via placement and raised net proceeds of S\$33.40 million ("**Net Proceeds**").

On 4 April 2018, the Company announced the completion of acquisition of 51% of the entire issued and fully paid-up capital of ABO Group ("**ABO Acquisition**"). Consideration sum of S\$30.00 million and the ABO Acquisition related transaction costs of S\$0.15 million had been paid to professional parties.

The table below reflected the status on the use of Net Proceeds as at the date of announcement:

Use of Net Proceeds	<u>Allocation of Net Proceeds</u> S\$ 'million	<u>Net Proceeds utilised as at the date of announcement</u> S\$ 'million	<u>Balance of Net Proceeds as at the date of announcement</u> S\$ 'million
(i) Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion	30.06	(30.06)	-
(ii) General working capital purposes	3.34	(0.09)	3.25
	<u>33.40</u>	<u>(30.15)</u>	<u>3.25</u>

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note 1(c) of the announcement.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Year 2020	Corporate	Precision Metal Stamping					E-commerce			
<u>(\$'000)</u>	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong	Elimination	Group
Segment revenue										
External customers	-	990	45,978	52,522	9,747	79	47	-	-	109,363
Inter segment revenue		-	-	-	5	1,323	-	-	(1,328)	-
Total revenue	-	990	45,978	52,522	9,752	1,402	47	-	(1,328)	109,363
Segment (loss)/profit	(1,179)	110	(445)	1,371	1,714	289	(131)	(21)	-	1,708
Finance costs										(940)
Profit before tax										768
Income tax expense										(210)
Profit for the year										558
Segment assets	33,186	1,255	42,663	26,730	7,399	704	46	-	-	111,983
Unallocated assets										2,361
										114,344
Other segment information										
Additions to non-current assets	-	-	1,356	155	146	-	-	-	-	1,657
Depreciation and amortization	2	110	3,074	509	137	23	-	-	-	3,855
Allowance for/(write-back of) inventory obsolescence	-	-	90	247	(17)	-	-	-	-	320
Allowance for impairment on: - trade debtors	-	4	81	-	-	-	-	-	-	85
Loss/(gain) on disposal of property, plant and equipment	-	-	89	-	-	-	(7)	-	-	82

16 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Year 2019

(S\$'000)

	Corporate	Precision Metal Stamping					E-commerce		Elimination	Group
	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong		
Segment revenue										
External customers	-	1,195	42,921	70,332	8,712	-	191	-	-	123,351
Inter segment revenue		-	-	-	6	1,889	-	-	(1,895)	-
Total revenue	-	1,195	42,921	70,332	8,718	1,889	191	-	(1,895)	123,351
Segment (loss)/profit	(2,718)	(145)	(1,288)	3,012	1,127	(42)	(28,935)	(186)	-	(29,175)
Finance costs										(1,099)
Loss before tax										(30,274)
Income tax expense										(304)
Loss for the year										(30,578)
Segment assets	33,331	1,156	45,015	34,006	4,906	665	84	4	-	119,167
Unallocated assets										2,070
										121,237
Other segment information										
Additions to non-current assets	395	-	6,756	366	9	-	13	-	-	7,539
Depreciation and amortization	15	110	2,918	492	638	23	260	-	-	4,456
Allowance for/(write-back of)										
inventory obsolescence	-	-	96	(73)	31	-	-	-	-	54
(Write-back of)/allowance for impairment on:										
- trade debtors	(2)	(2)	(4)	1	1	-	-	42	-	36
- other debtors	-	-	-	199	-	-	3,652	-	-	3,851
Loss/(gain) on disposal of property, plant and equipment	60	-	(132)	(4)	(22)	-	-	-	-	(98)
Impairment loss on:										
- property, plant & equipment	-	-	-	-	-	-	191	-	-	191
- right-of-use assets	-	-	-	-	-	-	232	-	-	232
- goodwill	-	-	-	-	-	-	23,948	-	-	23,948
Written-off of:										
- trade debtors	-	-	-	-	-	-	5	-	-	5

17 A breakdown of sales.

A breakdown of sales is as follows:

Group	12M2020 S\$'000	12M2019 S\$'000	+/(-) %
Sales reported for first half year	49,711	56,511	(12%)
Operating loss after tax before deducting non-controlling interests reported for first half of the year	(2,054)	(3,858)	(47%)
Sales reported for second half year	59,652	66,840	(11%)
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half of the year	2,612	(26,720)	n.m.

Note:

(i) n.m. - not meaningful

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

ON BEHALF OF THE BOARD

Leow Wee Kia Clement
Chief Executive Officer and Executive Director

1 March 2021

**APPENDIX V – UNAUDITED CONSOLIDATED STATEMENTS OF THE GROUP FOR
FY2021**

The unaudited consolidated financial statements of the Group for FY2021 which are set out below have been reproduced from the Company's unaudited condensed interim financial statements for FY2021, and were not specifically prepared for inclusion in this Circular. All capitalised terms used in the notes to the unaudited consolidated financial statements of the Group for FY2021 set out below shall have the same meanings given to them in the Company's unaudited condensed interim financial statements for FY2021.



ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

FOURTH QUARTER AND TWELVE MONTHS UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd (“SGX Regco”) on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“Catalist Rules”) with effect from 7 February 2020.

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.

The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.

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Allied Technologies Limited and Subsidiaries

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF YEAR AND FULL YEAR RESULTS

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	GROUP					
		3 months ended			12 months ended		
		4Q2021	4Q2020	+ / (-)	12M2021	12M2020	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue		25,913	34,249	(24%)	102,895	109,363	(6%)
Cost of revenue		(22,815)	(29,041)	(21%)	(94,908)	(101,005)	(6%)
Gross profit		3,098	5,208	(41%)	7,987	8,358	(4%)
Other income		76	212	(64%)	1,052	1,085	(3%)
General and administrative expenses		(2,136)	(2,509)	(15%)	(7,080)	(7,735)	(8%)
Finance costs		(154)	(270)	(43%)	(730)	(940)	(22%)
Profit before tax	6	884	2,641	(67%)	1,229	768	60%
Income tax expense	7	(138)	(157)	(12%)	(254)	(210)	21%
Profit for the financial period/ year		746	2,484	(70%)	975	558	75%
Attributable to:							
Owners of the Company		755	2,513	(70%)	1,034	638	62%
Non-controlling interests		(9)	(29)	(69%)	(59)	(80)	(26%)
Profit for the financial period/ year		746	2,484	(70%)	975	558	75%
Earnings per share (cents per share)							
- Basic		0.04	0.14		0.06	0.04	
- Diluted		0.04	0.14		0.06	0.04	
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Net fair value gain on equity instrument at fair value through other comprehensive income		1,322	291	354%	1,322	291	354%
Foreign currency translation of foreign subsidiaries		(18)	23	n.m	(471)	(79)	496%
Total comprehensive income for the financial period/year		2,050	2,798	(27%)	1,826	770	137%
Attributable to:							
Owners of the Company		2,058	2,824	(27%)	1,886	848	122%
Non-controlling interests		(8)	(26)	(69%)	(60)	(78)	(23%)
Total comprehensive income for the financial period/year		2,050	2,798	(27%)	1,826	770	137%

Note:

N.m - Not meaningful

Allied Technologies Limited and Subsidiaries

Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		31.12.2021 S\$'000	31.12.2020 S\$'000	31.12.2021 S\$'000	31.12.2020 S\$'000
Non-current assets					
Intangible assets	11	-	-	-	-
Property, plant and equipment	12	23,831	25,620	-	2
Right-of-use assets		4,134	4,615	-	-
Investment in joint venture		-	-	-	-
Investment in subsidiary companies		-	-	30,925	30,925
Goodwill		-	-	-	-
Loan receivables from subsidiary companies		-	-	13	-
Deferred tax assets		28	-	-	-
Other investments		3,683	2,361	-	-
		<u>31,676</u>	<u>32,596</u>	<u>30,938</u>	<u>30,927</u>
Current assets					
Inventories		20,240	13,534	-	-
Amounts due from subsidiary companies		-	-	-	-
Trade debtors		19,154	22,988	-	-
Other debtors		1,954	986	2	19
Contract assets		206	283	-	-
Prepayments and advances to suppliers		1,055	229	3	3
Amount due from a director		-	-	-	-
Contract assets		-	-	-	-
Fixed deposits		1,495	1,676	-	-
Cash and bank balances		6,508	8,899	137	8
Amount due from a law firm		33,153	33,153	33,153	33,153
		<u>83,765</u>	<u>81,748</u>	<u>33,295</u>	<u>33,183</u>
Current liabilities					
Amount due to a subsidiary		-	-	2,629	1,646
Trade creditors		22,893	24,918	-	-
Contract liabilities		203	184	-	-
Lease liabilities		807	858	-	-
Other creditors and accruals		7,499	7,315	2,238	2,149
Deferred Grant income		-	54	-	-
Amount due to a former director		1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary		418	415	-	-
Loans and borrowings	13	5,923	3,792	-	-
Income tax payable		30	84	-	-
		<u>38,956</u>	<u>38,803</u>	<u>6,050</u>	<u>4,978</u>
Net current assets		44,809	42,945	27,245	28,205
Non-current liabilities					
Accruals		80	85	-	-
Hire purchase creditors		-	-	-	-
Lease liabilities		3,774	4,242	-	-
Loans and borrowings	13	5,501	5,910	-	-
Deferred tax liabilities		19	19	-	-
		<u>9,374</u>	<u>10,256</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>67,111</u>	<u>65,285</u>	<u>58,183</u>	<u>59,132</u>
Equity attributable to owners of the Company					
Share capital	14	115,898	115,898	115,898	115,898
Statutory reserve fund		241	241	-	-
Other reserves		189	189	189	189
Fair value adjustment reserve		1,478	156	-	-
Accumulated losses		(48,328)	(49,362)	(57,904)	(56,955)
Foreign currency translation reserve		565	1,035	-	-
		<u>70,043</u>	<u>68,157</u>	<u>58,183</u>	<u>59,132</u>
Non-controlling interests		(2,932)	(2,872)	-	-
		<u>67,111</u>	<u>65,285</u>	<u>58,183</u>	<u>59,132</u>

Allied Technologies Limited and Subsidiaries

Condensed interim statements of changes in equity

(In S\$'000)

Group

	Ordinary shares S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve fund S\$'000	Other reserves S\$'000	Fair value adjustment reserve S\$'000	Accumulated losses S\$'000	Total equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
12M2021									
Balance as at 1 January 2021	115,898	1,035	241	189	156	(49,362)	68,157	(2,872)	65,285
Profit/(loss) for the period	-	-	-	-	-	601	601	(14)	587
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(171)	-	-	-	-	(171)	(1)	(172)
Balance as at 31 March 2021	115,898	864	241	189	156	(48,761)	68,587	(2,887)	65,700
Loss for the period	-	-	-	-	-	(51)	(51)	(22)	(73)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(114)	-	-	-	-	(114)	-	(114)
Balance as at 30 June 2021	115,898	750	241	189	156	(48,812)	68,422	(2,909)	65,513
Loss for the period	-	-	-	-	-	(271)	(271)	(14)	(285)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(166)	-	-	-	-	(166)	(1)	(167)
Balance as at 30 September 2021	115,898	584	241	189	156	(49,083)	67,985	(2,924)	65,061
Profit/(loss) for the period	-	-	-	-	-	755	755	(9)	746
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(19)	-	-	-	-	(19)	1	(18)
Fair value reserve	-	-	-	-	1,322	-	1,322	-	1,322
Balance as at 31 December 2021	115,898	565	241	189	1,478	(48,328)	70,043	(2,932)	67,111
12M2020									
Balance as at 1 January 2020	115,898	1,116	231	189	(135)	(49,990)	67,309	(2,794)	64,515
Loss for the period	-	-	-	-	-	(267)	(267)	(33)	(300)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	31	-	-	-	-	31	(5)	26
Balance as at 31 March 2020	115,898	1,147	231	189	(135)	(50,257)	67,073	(2,832)	64,241
Loss for the period	-	-	-	-	-	(1,735)	(1,735)	(19)	(1,754)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(21)	-	-	-	-	(21)	2	(19)
Balance as at 30 June 2020	115,898	1,126	231	189	(135)	(51,992)	65,317	(2,849)	62,468
Profit for the period	-	-	-	-	-	127	127	1	128
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(111)	-	-	-	-	(111)	2	(109)
Balance as at 30 September 2020	115,898	1,015	231	189	(135)	(51,865)	65,333	(2,846)	62,487
Profit/(loss) for the period	-	-	-	-	-	2,513	2,513	(29)	2,484
<i>Other comprehensive income:</i>									
Transfer to capital reserve	-	-	10	-	-	(10)	-	-	-
Foreign currency translation	-	20	-	-	-	-	20	3	23
Fair value reserve	-	-	-	-	291	-	291	-	291
Balance as at 31 December 2020	115,898	1,035	241	189	156	(49,362)	68,157	(2,872)	65,285

Allied Technologies Limited and Subsidiaries

Condensed interim statements of changes in equity

(In S\$'000) <u>Company</u>	Ordinary shares S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	Total equity attributable to owners of the Company S\$'000
12M2021				
Balance as at 1 January 2021	115,898	189	(56,955)	59,132
Total comprehensive income for the period	-	-	(196)	(196)
Balance as at 31 March 2021	115,898	189	(57,151)	58,936
Total comprehensive income for the period	-	-	(275)	(275)
Balance as at 30 June 2021	115,898	189	(57,426)	58,661
Total comprehensive income for the period	-	-	(256)	(256)
Balance as at 30 September 2021	115,898	189	(57,682)	58,405
Total comprehensive income for the period	-	-	(222)	(222)
Balance as at 31 December 2021	115,898	189	(57,904)	58,183
12M2020				
Balance as at 1 January 2020	115,898	189	(55,599)	60,488
Total comprehensive income for the period	-	-	(303)	(303)
Balance as at 31 March 2020	115,898	189	(55,902)	60,185
Total comprehensive income for the period	-	-	(302)	(302)
Balance as at 30 June 2020	115,898	189	(56,204)	59,883
Total comprehensive income for the period	-	-	(145)	(145)
Balance as at 30 September 2020	115,898	189	(56,349)	59,738
Total comprehensive income for the period	-	-	(606)	(606)
Balance as at 31 December 2020	115,898	189	(56,955)	59,132

Allied Technologies Limited and Subsidiaries

Condensed interim consolidated statement of cash flows

	Note	Group			
		3 months ended		12 months ended	
		4Q2021	4Q2020	12M2021	12M2020
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Profit before tax		884	2,641	1,229	768
Adjustments for:					
(Gain)/loss on disposal of property, plant and equipment	6	(10)	(1)	(26)	82
Depreciation of property, plant and equipment	6	720	756	2,878	3,032
Depreciation of right of use assets	6	212	206	824	823
Interest income	6	(17)	(24)	(59)	(76)
Interest expense	6	93	200	477	647
Interest expense - lease liabilities	6	61	70	253	293
Dividend income from other investments	6	-	-	(435)	(232)
Exchange differences		325	399	(29)	75
Operating profit before working capital changes		2,268	4,247	5,112	5,412
(Increase)/decrease in inventories		(5,972)	(1,707)	(6,426)	2,314
(Increase)/decrease in trade debtors and other debtors		(5,411)	(5,268)	1,970	4,410
Decrease/(increase) in trade creditors and other creditors		7,937	6,910	(2,344)	(5,944)
Cash (used in)/ generated from operations		(1,178)	4,182	(1,688)	6,192
Interest paid		(93)	(200)	(477)	(647)
Interest paid for lease liabilities		(61)	(70)	(253)	(293)
Interest received		17	24	59	76
Tax paid		(51)	(13)	(337)	(286)
Net cash (used in)/ generated from operating activities		(1,366)	3,923	(2,696)	5,042
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		9	29	27	44
Purchase of property, plant and equipment		(250)	(225)	(1,188)	(1,657)
Dividend receipt from other investments		-	-	435	232
Net cash used in investing activities		(241)	(196)	(726)	(1,381)
Cash flows from financing activities					
Repayment of lease liabilities		(225)	(204)	(858)	(790)
Increase in amount due to non-controlling shareholder		1	-	3	3
Drawdown of bank borrowings		5,752	6,655	22,255	25,407
Repayment of bank borrowings		(4,969)	(9,605)	(20,474)	(26,328)
Net decrease in fixed deposit		495	287	157	1,078
Net cash generated from/ (used in) financing activities		1,054	(2,867)	1,083	(630)
Net (decrease) / increase in cash and cash equivalents		(553)	860	(2,339)	3,031
Cash and cash equivalents at beginning of period/ year	A	6,985	8,103	8,899	5,946
Effects of exchange rates on opening cash and cash equivalents		76	(64)	(52)	(78)
Cash and cash equivalents at end of period/ year		6,508	8,899	6,508	8,899

Allied Technologies Limited and Subsidiaries

Condensed interim consolidated statement of cash flows (cont'd)

Note A:

Reference is made to:

- (a) the announcement of the Company (and together with its subsidiaries, the "**Group**") on 8 May 2019 in relation to the notice of compliance dated 8 May 2019 received by the Company from the Singapore Exchange Securities Trading Limited, and in particular, the funds which have been deposited by the Company into an escrow account held by JLC Advisors LLP ("**JLC**"), a Singapore law firm; and
- (b) the announcements of the Company on 23 May 2019, 25 May 2019, 28 May 2019 and 29 May 2019 in relation to escrow monies deposited with JLC.

The opening balance as at the respective period is not inclusive of the funds which have been deposited with JLC of S\$33.15 million from JLC (the "**Escrow Funds**").

The Group and the Company have classified the cash of S\$33.15 million (31 December 2020: S\$33.15 million) and S\$33.15 million (31 December 2020: S\$33.15 million) as amount due from a law firm respectively as at 31 December 2021 instead of cash and cash equivalents as the Company is monitoring the situation closely and will take rigorous steps to protect its interests and the recovery of escrow funds of S\$33.15 million from JLC (the "**JLC Issue**"), as previously announced. However, the whereabouts of the Escrow Funds remain unclear to the Company as at the date of this report. The Company will continue to provide further updates to shareholders on subsequent material developments.

1. Corporate information

Allied Technologies Limited (the "**Company**") is a limited liability company listed on the Singapore Exchange. It is incorporated and domiciled in Singapore with its registered office and principal place of business at 2 Venture Drive, #16-09 Vision Exchange, Singapore 608526. These condensed interim financial statements as at and for the fourth quarter and twelve months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are:

- (a) Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services;
- (b) Events promoter and ticketing agencies; and
- (c) Business and management consultancy services – the wellness, fitness and beauty platform.

2. Basis of preparation

The condensed interim financial statements for the fourth quarter and twelve months ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last unaudited annual financial statements for the year ended 31 December 2020.

The management of the Group's subsidiary, Asia Box Office Pte. Ltd. ("**ABO**") initiated a reconstruction exercise of ABO and its subsidiary's current and previous year financial statements. As at the date of this report, the reconstruction exercise has not been completed due to absence of certain documents and the inability to identify the underlying reasons behind certain transactions. Hence, the management financial statements of ABO have been used for the purpose of preparing the condensed interim financial statements of the Group for the fourth quarter and twelve months ended 31 December 2021. In view of the foregoing, the board of directors is unable to determine whether the financial statements of ABO were appropriately presented and disclosed in the condensed interim financial statements for the fourth quarter and twelve months ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2 to the condensed interim financial statements.

The condensed interim financial statements, which are presented in Singapore Dollars (SGD or S\$), have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.1. Basis of going concern assumption

The Group incurred a net profit of S\$746,000 and S\$975,000 and the Company incurred net losses of S\$222,000 and S\$949,000 during the fourth quarter and twelve months ended 31 December 2021 respectively (Group: a net profit of S\$2,484,000 for the fourth quarter ended 31 December 2020 ("**4Q2020**") and a net profit of S\$558,000 for the twelve months ended 31 December 2020 ("**12M2020**"); Company: net losses of S\$606,000 for 4Q2020 and S\$1,356,000 for 12M2020).

2.1 Basis of going concern assumption (cont'd)

As at 31 December 2021, the Group's and the Company's current assets exceeded its current liabilities by \$44,809,000 and \$27,245,000 (31.12.2020: \$42,945,000 and \$28,205,000) and the Group's and the Company's total assets exceeded its total liabilities by \$67,111,000 and \$58,183,000 (31.12.2020: \$65,285,000 and \$59,132,000) respectively.

Reference is made to Note A of the condensed interim consolidated statement of cash flows above in relation to the Escrow Funds and JLC Issue. The Company is monitoring the situation closely and will take rigorous steps to protect its interests. The Company will continue to provide further updates to shareholders on subsequent material developments. In light of the abovementioned, cash of \$33,153,000 has been classified as amount due from a law firm as at 31 December 2021 and 31 December 2020 respectively, pending recovery of the remaining balance of \$33,153,000 subsequent to year end.

The board of directors of the Company (the "**Board**") had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte. Ltd. as special auditor to undertake a special audit to look into issues highlighted by the Company's auditor during the audit for the financial year ended 31 December 2018. More information can be found in Note 2 of the other information to the condensed interim financial statements below. To date, the special auditor has yet to complete the special audit and has given the Company an update as to the factors resulting in further time being required for the preparation and release of the special audit report, as set out in our announcement dated 15 April 2021. As such, the Board is not in a position to comment on the resolution of these issues at the present time.

Arising from the foregoing, the Group's stakeholders including, amongst others, customers, suppliers, bankers and some shareholders have raised concerns on the implication on the business of the Group in relation to the abovementioned matters as well as the negative public news on the Company relating to these matters.

The factors highlighted in the earlier paragraphs indicate the existence of material uncertainties which may cast significant doubts about the Group's and the Company's ability to continue as a going concern.

Nonetheless, the Board believes that the use of the going concern in the preparation of the condensed interim financial statements for the fourth quarter and twelve months ended 31 December 2021 is still appropriate after taking into consideration the following assumptions and measures:

- (a) The Group and the Company are able to obtain new banking facilities and other potential fund-raising options for their working capital requirements for the next twelve months as and when required;
- (b) The Group's existing lenders continue to support the current credit facilities for their working capital requirements and purchase of property, plant and equipment for the next twelve months as and when required;
- (c) The Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out reorganisation and restructuring of the Group as and when appropriate;
- (d) Given the positive net tangible assets ("**NTA**") position of the Group of \$67,111,000 (NTA of \$33,958,000 without taking into consideration the amount due from a law firm) as at 31 December 2021, the ability to unlock some value from a restructuring process;

2.1 Basis of going concern assumption (cont'd)

- (e) That the Group is able to preserve and maintain its revenue streams from its business operations over the next twelve months;
- (f) The Group will continue to engage and maintain good relationship with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group; and
- (g) The COVID-19 global outbreak does not have a material adverse impact on the demand from customers, our suppliers nor the ability to carry on production in our factories.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their 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 balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these condensed interim financial statements.

2.2 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2021.

- Amendment to FRS 116 *Leases*: COVID-19-Related Rent Concessions
- Amendments to FRS 109 *Financial Instruments*, FRS 39 *Financial Instruments: Recognition and Measurement*, FRS 107 *Financial Instruments: Disclosures*, FRS 104 *Insurance Contracts*, FRS 116 *Leases*: Interest Rate Benchmark Reform – Phase 2

The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unaudited consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.3 Use of judgements and estimates (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements is included in the following notes:

- Note 10 to the condensed interim financial statements – Classification of equity investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 to the condensed interim financial statements – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their business segments and geographical locations in each business segments. There are three business segments: Corporate, Precision Metal Stamping and E-commerce.

Management monitors the operating results of its business units separately for the purpose of making decisions which in certain respects, as explained in the table below, is measured differently from operating income statement in the condensed interim financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments. Inter-segment pricing is on terms agreed between the segments.

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim financial statements

4.1. Reportable segments

1 January 2021 to 31 December 2021

(S\$'000)

	Corporate	Precision Metal Stamping					E-commerce		Elimination	Group
	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong		
Segment revenue										
External customers	-	1,125	39,932	51,688	9,996	154	-	-	-	102,895
Inter segment revenue	-	-	-	-	5	1,054	-	-	(1,059)	-
Total revenue	-	1,125	39,932	51,688	10,001	1,208	-	-	(1,059)	102,895
Segment (loss)/profit	(863)	1,067	(1,072)	1,172	1,757	12	(116)	2	-	1,959
Finance costs										(730)
Profit before tax										1,229
Income tax expense										(254)
Profit for the year										975
Segment assets	33,295	1,282	39,185	30,121	7,075	759	41	-	-	111,758
Unallocated assets										3,683
										115,441
Other segment information										
Additions to non-current assets	-	-	481	107	600	-	-	-	-	1,188
Depreciation and amortization	2	82	3,049	372	174	23	-	-	-	3,702
Allowance for/(write-back of)										
inventory obsolescence	-	-	69	(108)	36	-	-	-	-	(3)
Allowance for/(write-back of) impairment on:										
- trade debtors	-	(2)	(11)	62	26	-	-	-	-	75
- other debtors	(3)	-	-	-	-	-	-	-	-	(3)
Gain on disposal of property, plant and equipment	-	-	(10)	(5)	(11)	-	-	-	-	(26)

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim financial statements

4.1. Reportable segments (cont'd)

1 January 2020 to 31 December 2020

(S\$'000)

	Corporate	Precision Metal Stamping					E-commerce		Elimination	Group
	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong		
Segment revenue										
External customers	-	990	45,978	52,522	9,747	79	47	-	-	109,363
Inter segment revenue	-	-	-	-	5	1,323	-	-	(1,328)	-
Total revenue	-	990	45,978	52,522	9,752	1,402	47	-	(1,328)	109,363
Segment (loss)/profit	(1,179)	110	(445)	1,371	1,714	289	(131)	(21)	-	1,708
Finance costs										(940)
Profit before tax										768
Income tax expense										(210)
Profit for the year										558
Segment assets	33,186	1,255	42,663	26,730	7,399	704	46	-	-	111,983
Unallocated assets										2,361
										114,344
Other segment information										
Additions to non-current assets	-	-	1,356	155	146	-	-	-	-	1,657
Depreciation and amortization	2	110	3,074	509	137	23	-	-	-	3,855
Allowance for/(write-back of) inventory obsolescence	-	-	90	247	(17)	-	-	-	-	320
Allowance for impairment on: - trade debtors	-	4	81	-	-	-	-	-	-	85
Loss/(gain) on disposal of property, plant and equipment	-	-	89	-	-	-	(7)	-	-	82

4.2. Disaggregation of Revenue

12M2021	<u>Precision Metal</u>	<u>Group</u>	<u>Total revenue</u>
	<u>Stamping</u>	<u>E-commerce</u>	
	S\$'000	S\$'000	S\$'000
Major product or service lines			
Metal stamped parts	100,996	-	100,996
Tooling	1,813	-	1,813
Provision of design services	86	-	86
Total revenue	102,895	-	102,895
Timing of revenue recognition:			
At a point in time	102,895	-	102,895
Total revenue	102,895	-	102,895
Geographical information:			
Vietnam	51,688	-	51,688
Malaysia	39,932	-	39,932
Thailand	9,996	-	9,996
Singapore	1,125	-	1,125
People's Republic of China	154	-	154
Total revenue	102,895	-	102,895
12M2020	<u>Precision metal</u>	<u>E-commerce</u>	<u>Total revenue</u>
	<u>stamping</u>		
	S\$'000	S\$'000	S\$'000
Major product or service lines			
Metal stamped parts	105,480	-	105,480
Tooling	3,748	-	3,748
Provision of design services	87	-	87
Provision of IT related services	-	-	-
Sponsorship	-	33	33
Provision of software as a service	-	14	14
Commission fee	-	1	1
Total revenue	109,315	48	109,363
Timing of revenue recognition:			
At a point in time	109,315	48	109,363
Total revenue	109,315	48	109,363
Geographical information:			
Vietnam	52,521	-	52,521
Malaysia	45,978	-	45,978
Thailand	9,747	-	9,747
Singapore	990	48	1,038
People's Republic of China	79	-	79
Hong Kong	-	-	-
Total revenue	109,315	48	109,363

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
<i>Financial assets at amortised cost</i>				
Trade debtors	19,154	22,988	–	–
Other debtors	1,953	532	2	4
Fixed deposits	1,495	1,676	–	–
Cash and bank balances	6,508	8,899	137	8
Amount due from a law firm	33,153	33,153	33,153	33,153
Total	62,263	67,248	33,292	33,165
<i>Financial assets at fair value through other comprehensive income (OCI)</i>				
Other investments	3,683	2,361	–	–
<i>Financial liabilities at amortised cost</i>				
Trade creditors	22,893	24,918	–	–
Other creditors and accruals	7,499	7,339	2,237	2,190
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder	418	415	–	–
Loans and borrowings	11,424	10,971	–	–
Lease liabilities	4,581	5,881	–	–
Amount due to a subsidiary	–	–	25,629	1,646
Total	47,998	50,707	29,049	5,019

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.1. Significant items

Notes:

A: Loss before income tax is arrived at after (crediting)/charging the following:

	GROUP					
	<u>4Q2021</u> S\$'000	<u>4Q2020</u> S\$'000	+/-)	<u>12M2021</u> S\$'000	<u>12M2020</u> S\$'000	+/-)
(a) Cost of revenue:						
Allowance/(write-back of) for inventory obsolescence	117	(190)	n.m	(3)	320	n.m
Depreciation of property, plant and equipment	642	668	(4%)	2,571	2,650	(3%)
Depreciation of right-of-use assets	155	148	5%	595	592	1%
Salaries, bonus and other costs	3,236	3,751	(14%)	13,113	14,088	(7%)
(b) Other income:						
Interest income	(17)	(24)	(29%)	(59)	(76)	(22%)
Dividend income from other investment	-	-	n.m	(435)	(232)	88%
(Gain)/loss on disposal of property, plant and equipment	(10)	(1)	900%	(26)	82	n.m
Government Grant Income	(15)	(136)	(89%)	(379)	(392)	(3%)
(c) General and administrative expenses:						
Legal and other professional fees	88	149	(41%)	398	511	(22%)
Salaries, bonus and other costs	822	785	5%	3,309	3,274	1%
Allowance/(write-back of) for impairment on						
- trade debtors	77	85	(9%)	75	85	(12%)
- other debtors	(1)	-	n.m	(3)	-	n.m
Depreciation of property, plant and equipment	78	88	(11%)	307	382	(20%)
Depreciation of right-of-use assets	57	58	(2%)	229	231	(1%)
Foreign exchange loss	301	401	(25%)	85	303	(72%)
(d) Finance costs						
Interest of loans and borrowings	93	200	(54%)	477	647	(26%)
Interest of lease liabilities	61	70	(13%)	253	293	(14%)

Note:

(i) n.m. - not meaningful

6.2. Related party transactions

In addition to related party transactions disclosed in other notes to the condensed interim financial statements, the following are significant related party transactions entered into, at terms agreed between the parties, by the Group with:

(i) Transactions with related parties

The transactions and outstanding balances related to key management personnel, close family members of key management personnel and entities in which the key management personnel have control or joint control were as follows:

Related parties	Transactions		Group			
			Transactions for the period ended		Outstanding balances as at	
			31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
			S\$'000	S\$'000	S\$'000	S\$'000
Mr Peter Seow	Advances for working capital to Activpass	(a)	3	3	178	175
Mr Peter Seow	Settlement of liability on behalf for Activpass	(b)	–	–	14	14
Mr Peter Seow	Unpaid director's fee and allowance due to non-controlling shareholder	(c)	–	–	187	187
Ms Amy Leow	Advances for working capital to Activpass	(a)	–	–	10	10
Ms Amy Leow	Outstanding salaries and allowance	(d)	–	–	29	29
Mr Kenneth Low	Deposit paid on behalf of ABO for an event	(e)	–	–	234	234
Mr Kenneth Low	Settlement of liability on behalf of ABO	(b)	–	–	3	3
Platform Capital Asia (Singapore) Pte Ltd	Advances for working capital to ABO	(a)	–	6	255	255
Hawker Food Delivery Pte Ltd	Rendering of services by Activpass	(f)	–	3	2	2
Asia Box Office Pte Ltd	Advances for working capital by the Company	(g)	45	68	3,932*	3,887*
Asia Box Office Pte Ltd	Provision of office space to the Company	(h)	–	–	34*	34*
Asia Box Office Pte Ltd	Corporate support rendered by the Company	(i)	40	76	198*	155*

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

6.2. Related party transactions (cont'd)

(i) Transactions with related parties (cont'd)

Related parties	Transactions	Group			
		Transactions for the period ended		Outstanding balances as at	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
Asia Box Office Pte Ltd	Provision of office space by the Company (j)	–	–	18*	18*
Asia Box Office (HK) Limited	Advances paid for working capital by the Company (g)	–	–	15*	15*
Activpass Holdings Pte Ltd	Advances for working capital by the Company (g)	3	14	234*	231*
Activpass Holdings Pte Ltd	Corporate support rendered by the Company (i)	7	7	17*	9*
Allied Technologies Holdings Pte Ltd	Advances to the Company (k)	920	880	2,550	1,630
Allied Technologies Holdings Pte Ltd	Interest payable (k)	63	16	79	16

- (a) The Group received advances from (i) Mr Peter Seow and Ms Amy Leow who are non-controlling shareholders and directors of Activpass Holdings Pte Ltd (“**Activpass**”), (ii) Platform Capital Asia (Singapore) Pte. Ltd., a company controlled by Mr Kenneth Low, a director of the Company appointed on 27 June 2018 and (iii) Mr Kenneth Low. The advances were received for working capital purpose, are non-interest bearing, due and payable on demand.
- (b) Activpass incurred utilities, tele-communication and entertainment expenses which were paid on behalf by Mr Peter Seow.
- (c) Activpass incurred director’s fee and allowance payable to Mr Peter Seow. The liability is due and payable on demand.
- (d) Activpass incurred salaries and allowance payable to Ms Amy Leow. The liability is due and payable on demand.
- (e) ABO recorded an event deposit, which was paid on behalf by Mr Kenneth Low. The liability is due and payable on demand.
- (f) Activpass rendered administrative services to Hawker Food Delivery Pte Ltd, which Mr Peter Seow has controlling interest in. The services are based on normal market rate for such services and payable on demand.

6.2. Related party transactions (cont'd)

(i) Transactions with related parties (cont'd)

- (g) Activpass, ABO and Asia Box Office (HK) Limited (“**ABO HK**”) received advances from the Company. The advances were received for working capital purpose, are non-interest bearing, due and payable on demand. The Company did not advance more than S\$100,000 in any single transaction to any of Activpass, ABO and ABO HK.
- (h) ABO provided office space to the Company from May to September 2019. The services are based on normal market rate for such services. The liability is due and payable on demand.
- (i) The Company rendered corporate support services to ABO and Activpass. The services are based on normal market rate for such services. The liability is due and payable on demand.
- (j) The Company provided office space to ABO from September 2019 to July 2020. The services are based on normal market rate for such services. The liability is due and payable on demand.
- (k) Allied Technologies Holdings Pte Ltd, a wholly-owned subsidiary of the Company, provided advances to the Company for working capital purpose which are non-trade in nature and bear interest ranging from 3.000% - 3.050% per annum (2020: 2.250% - 2.254%). The liability is due and payable on or before 31 December 2022.

* The Company has provided full impairment on loans receivables from subsidiaries and amount due from subsidiaries.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	3 months ended		12 months ended	
	4Q2021	4Q2020	12M2021	12M2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense				
- Current income taxation	(162)	(155)	(253)	(193)
- (Under)/ over provision in respect of previous years	(3)	3	(28)	(12)
	(165)	(152)	(281)	(205)
Deferred income tax				
Origination and reversal of temporary difference	27	(5)	27	(5)
Income tax recognised in profit or loss	(138)	(157)	(254)	(210)

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

8. Earnings per share

	Group			
	3 months ended 4Q2021	3 months ended 4Q2020	12 months ended 12M2021	12 months ended 12M2020
Profit attributable to the owners of the Company (S\$'000)	755	2,513	1,034	638
Profit per share (cents)				
- Basic	0.04	0.14	0.06	0.04
- Diluted	0.04	0.14	0.06	0.04
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

9. Net asset value

	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per ordinary share based on issued share capital as at end of the period/year (in cents)	3.79	3.69	3.29	3.34
Number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

10. Financial assets at fair value through other comprehensive income (FVOCI)

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group – 31 Dec 2021				
Financial assets				
FVOCI investments (Quoted investments)	–	–	3,683	3,683
Group – 31 Dec 2020				
Financial assets				
FVOCI investments (Quoted investments)	–	–	2,361	2,361

11. Intangible assets

	Group				Total S\$'000
	Goodwill S\$'000	Contractual customer relationships S\$'000	Corporate contract S\$'000	Consultancy agreement S\$'000	
At 31 Dec 2020					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-
At 31 December 2021					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-

(i) Contractual customer relationships

Contractual customer relationships relate to the existing contracts in force with the Group's subsidiary, Activpass Holdings Pte. Ltd. ("**Activpass**"), that were acquired in a business combination in July 2018. The balance was fully impaired as at 31 December 2019.

(ii) Corporate contract

Corporate contract relates to a material corporate contract with fixed fee in force with the Group's subsidiary, Activpass, that was acquired in a business combination in July 2018. The corporate contract expires in September 2020. The balance was fully impaired as at 31 December 2019.

(iii) Consultancy agreement

Consultancy agreement relates to an agreement for which the Group's subsidiary, Asia Box Office Pte. Ltd. ("**ABO**"), provided consultation services in relation to an international sporting event, that was acquired in business combination in April 2018. As of date of acquisition, the consultancy agreement had remaining useful life of 9 months and the contract expired on 31 December 2018.

Amortisation expense

The amortisation of membership rights, contractual customer relationships, corporate contract, consultancy agreement is included in the "General and administrative expenses" line item in income statement.

Impairment testing of goodwill

Goodwill acquired through business combinations relates to two cash-generating units within the e-commerce segment - ABO and Activpass, which was fully impaired as at 31 December 2019.

12. Property, plant and equipment

During the twelve months ended 31 December 2021, the Group acquired assets amounting S\$1,188,000 (31 December 2020: S\$1,657,000) and disposed of assets amounting to S\$386,000 (31 December 2020: S\$731,000).

13. Loans and borrowings

	31 Dec 2021 S\$'000	Group 31 Dec 2020 S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	5,923	3,792
Unsecured	909	906
<u>Amount repayable after one year</u>		
Secured	5,501	5,910
Unsecured	–	–

The current and non-current borrowings bear effective interest rates ranging from 3.15% to 4.00% (2020: 3.16% to 4.52%) per annum.

Loans and borrowings are secured facilities granted to the Group. The facilities granted are secured as follows:

- (a) S\$8,988,000 (2020: S\$8,998,000) of the outstanding loans are secured by corporate guarantees of the Company and fixed deposits pledged by the respective subsidiaries.
- (b) S\$8,082,000 (2020: S\$8,533,000) of the outstanding loans are secured by pledging freehold land of a subsidiary and leasehold properties of certain subsidiaries.
- (c) S\$2,436,000 (2020: S\$704,000) of the loans and borrowings are secured by pledging leasehold land and properties of a subsidiary.
- (d) S\$8,082,000 (2020: S\$8,533,000) of the loans and borrowings are secured using a debenture by way of fixed and floating charge over the entire assets of a subsidiary.

The Group's unsecured borrowings comprise the following:

- (i) amount due to a non-controlling shareholder of a subsidiary;
- (ii) amount due to a director-related company (included in other creditors and accruals); and
- (iii) amount due to a director (included in other creditors and accruals).

The amounts due to a non-controlling shareholder of a subsidiary, a director-related company and a director are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

14. Share capital

	Group and Company			
	31 Dec 2021		31 Dec 2020	
	No. of shares '000	\$ S\$'000	No. of shares '000	\$ S\$'000
Beginning of interim period	1,770,329	115,899	1,770,329	115,899
End of interim period	1,770,329	115,899	1,770,329	115,899

Since 31 December 2020, there has been no change in 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.

As at 31 December 2021 and 31 December 2020, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings. There are no statements to be made on the sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on, as the Company did not have any treasury shares and subsidiary holdings as at 31 December 2021.

Allied Technologies Limited and Subsidiaries

**PART II - OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST
RULES**

Other information

1. Review

The condensed interim statement of financial position of Allied Technologies Limited and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed consolidated statement of cash flows for the fourth quarter and twelve months then ended and certain explanatory notes have not been audited or reviewed.

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

Reference is made to pages 64 to 66 of the FY2019 Annual Report. The disclaimer of opinion by the Company's auditor arose from the following five (5) issues:

- 1) Funds held with JLC Advisors LLP (the "**Missing Funds**");
- 2) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries;
- 3) Asia Box Office Pte. Ltd. and its subsidiary;
- 4) On-going special audit and investigation; and
- 5) Going concern assumption.

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

In relation to issues (1) to (4) above, the Company has, as announced on 14 June 2019, appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to undertake a special audit to look into, amongst others, the issues pertaining to issues (1) to (4) above. To date, the Special Auditor has yet to complete the special audit and has given the Company an update as to the factors resulting in further time being required for the preparation and release of the special audit report, as set out in our announcement dated 15 April 2021. As such, the Company is not in a position to comment on the resolution of these issues at the present time. Notwithstanding the foregoing, the Company has provided its full cooperation during the course of the special audit. The Board will review the findings of the special audit and use its best efforts to resolve the outstanding issues surrounding the special audit.

As regards the Missing Funds, as the Company had stated in our announcement dated 23 May 2019, JLC informed the Company that the Company's funds of "S\$33.4 million" had been purportedly paid out from the escrow account, and that JLC is still investigating, but has reasons to believe that the said funds were paid out on the instructions of its partner, Mr. Ong Su Aun, Jeffrey, and "might have been unauthorized". More information can be found in the Company's announcement dated 23 May 2019.

The Company noted from the media reports on the following dates that the managing director for JLC has since been charged in relation to the Company's Escrow Funds:

- (i) On 24 February 2020, he has been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds;
- (ii) On 30 June 2020, he has been charged with additional 15 different charges, 14 of which involving cheating the Company by deceiving the Company into believing its escrow account maintained by JLC contained certain balance amounts on certain dates; and
- (iii) On 11 August 2020, he has been charged with additional 4 charges of criminal breach of trust as an attorney in relation to misappropriation of S\$11.7 million from the escrow facility held by JLC for the Company.

Other information

However, the whereabouts of the escrow funds remain unclear to the Company as at the date of this announcement.

As the Company had previously announced on 30 July 2019, the Company had been advised by our legal counsel to await the conclusion of the special audit and/or further information before deciding on what steps to take, and against who, to recover the Missing Funds. This is in the interest of not incurring unnecessary costs. To date, the special audit is still ongoing, and to the best of the Company's knowledge, the investigations by the Commercial Affairs Department is still ongoing, 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.

In any event, and as announced on, amongst others, our announcement of 30 July 2019, the Company had already taken all other practicable steps to recover the Missing Funds. More details can be found in our announcement of 30 July 2019.

In relation to issue (5) above, the Board, together with the management of the Company, has assessed and is of the view that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate. The assumptions and measures for this assessment can be found in our announcement of 13 April 2020. In relation to the assumption set out in item (g) of the announcement dated 13 April 2020 and the Group's efforts in this regard, please refer to the Company's various updates on the movement control orders implemented by the Malaysian Government and the COVID-19 situation in the various countries our subsidiaries operate in, in our announcements dated 30 April 2020 and 12 August 2021. The Group's factories have resumed its full operations between October 2021 and November 2021.

(b) Nonetheless, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these condensed interim financial statements.

3. Review of performance of the Group

a. Revenue

The Group's revenue decreased by 24% from S\$34.25 million in 4Q2020 to S\$25.91 million in 4Q2021 and decreased by 6% from S\$109.36 million in 12M2020 to S\$102.90 million in 12M2021 respectively mainly attributable to the decrease in revenue generated by the precision metal stamping segment.

Precision metal stamping

A geographical breakdown of revenue recorded by the precision metal stamping segment is set out as follows:

	3 months ended			12 months ended		
	4Q2021	4Q2020	4Q	12M2021	12M2020	12M
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Singapore	177	469	(62%)	1,125	990	14%
Malaysia	10,487	14,023	(25%)	39,932	45,978	(13%)
Vietnam	12,861	16,521	(22%)	51,688	52,522	(2%)
Thailand	2,273	3,211	(29%)	9,996	9,747	3%
China	115	25	>100%	154	79	95%
	<u>25,913</u>	<u>34,249</u>	(24%)	<u>102,895</u>	<u>109,316</u>	(6%)

Allied Technologies Limited and Subsidiaries

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The precision metal stamping segment recorded a decrease in revenue from S\$34.25 million in 4Q2020 to S\$25.91 million in 4Q2021 and from S\$109.32 million in 12M2020 to S\$102.90 million in 12M2021, mainly due to the ongoing global chip shortage and supply chain disruption, which caused a decline in the demand and production of our customers' products mainly consisting of office equipment such as copiers and printers.

E-commerce

E-commerce segment did not report any revenue since 4Q2020 and report a decrease in revenue from S\$47,000 in 12M2020 to S\$Nil in 12M2021.

Asia Box Office Pte. Ltd. ("**ABO**") and its subsidiary, Asia Box Office (HK) Limited (collectively, "**ABO Group**") did not record revenue since 4Q2019 as it is still facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The COVID-19 pandemic has further worsened the situation as many physical concerts and events have been cancelled and/or postponed.

Activpass Holdings Pte. Ltd. ("**Activpass**") did not record revenue since 4Q2020 and it recorded a decrease in revenue from S\$47,000 in 12M2020 to S\$Nil in 12M2021 respectively. This is due to the audit matters as announced on 8 May 2019 which caused delay in funding and inability to secure funding internally and externally. As such, Activpass is unable to execute marketing plans locally and overseas to motivate merchants and users to join its platform.

b. Operating results

A breakdown of the Group's profit before tax by segment, after consolidation adjustments, is set out as follows:

	3 months ended		4Q + / (-)	12 months ended		12M + / (-)
	4Q2021 S\$'000	4Q2020 S\$'000		12M2021 S\$'000	12M2020 S\$'000	
Corporate	(207)	(429)	(52%)	(863)	(1,179)	(27%)
Precision Metal Stamping	1,124	3,128	(64%)	2,210	2,108	5%
E-commerce	(33)	(58)	(43%)	(118)	(161)	(27%)
	<u>884</u>	<u>2,641</u>	<u>(67%)</u>	<u>1,229</u>	<u>768</u>	<u>60%</u>

The Group recorded a decrease in profit before tax ("**PBT**") from S\$2.64 million in 4Q2020 to S\$0.88 million in 4Q2021 mainly due to the decrease in revenue of the precision metal stamping segment as highlighted under the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above.

It recorded an increase in PBT from S\$0.77 million in 12M2020 to S\$1.23 million in 12M2021 mainly due to the higher profit recorded by the precision metal stamping segment and lower losses recorded by the corporate and e-commerce segments as shown in the breakdown above.

Corporate

The decrease in loss before tax ("**LBT**") by 52% from LBT of S\$0.43 million in 4Q2020 to LBT of S\$0.21 million 4Q2021 and decrease in LBT by 27% from LBT of S\$1.18 million in 12M2020 to LBT of S\$0.86 million in 12M2021 respectively mainly due to decrease in fees arising from special audit, payroll related costs and other general and administrative ("**G&A**") expenses as part of the cost control measures undertaken by the Company in light of the COVID-19 situation.

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Precision metal stamping

The precision metal stamping segment recorded a decrease in PBT from S\$3.13 million in 4Q2020 to S\$1.12 million in 4Q2021 largely due to the decrease in revenue as highlighted under the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above and decrease in gross profit margin as a result of higher overhead costs.

It recorded an increase in PBT from S\$2.11 million in 12M2020 to S\$2.21 million in 12M2021 and variance from 12M2020 to 12M2021 is less than 10% and is not material.

E-commerce

The e-commerce segment recorded a decrease in LBT by 43% from LBT of S\$58,000 in 4Q2020 to LBT of S\$33,000 in 4Q2021 and a decrease in LBT by 27% from LBT of S\$161,000 in 12M2020 to LBT of S\$118,000 in 12M2021 as a result of cost control measures undertaken by ABO Group and Activpass due to the reasons mentioned in the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above.

Cost of revenue

Cost of revenue (“**COR**”) mainly consists of material cost, labour cost, sub-contractor cost and overhead costs. COR decreased from S\$29.04 million in 4Q2020 to S\$22.82 million in 4Q2021 and it decreased from S\$101.00 million in 12M2020 to S\$94.91 million in 12M2021 respectively. The decrease in COR is in tandem with the decrease in revenue from 4Q2020 to 4Q2021 and from 12M2020 to 12M2021 respectively.

Depreciation

Depreciation of property, plant and equipment (“**PPE**”) and right-of-use assets recorded in COR and G&A expenses amounted to S\$0.93 million in 4Q2021 and S\$3.70 million in 12M2021 as compared to S\$0.96 million in 4Q2020 and S\$3.86 million in 12M2020 respectively. The variance for 4Q and 12M is less than 10% and is not material.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE, dividend income from other investment and sundry income. Other income decreased from S\$0.21 million in 4Q2020 to S\$0.08 million in 4Q2021 and decreased from S\$1.09 million in 12M2020 to S\$1.05 million in 12M2021 respectively. The variance for 4Q is mainly due to the decrease in government grant income arising from job support scheme, wage subsidy and hiring incentives given by Singapore and Malaysia government. The variance for 12M is less than 10% and is not material.

General and administrative expenses

G&A expenses mainly include professional fees, salaries and other payroll related costs, directors’ fee, office expenses and foreign exchange (gain)/loss. G&A expenses decreased from S\$2.51 million in 4Q2020 to S\$2.14 million in 4Q2021 mainly due to the decrease in fees arising from special audit and compliance related costs. It decreased from S\$7.74 million in 12M2020 to S\$7.08 million in 12M2021 and the variance for 12M is less than 10% and it not material.

Other information

Finance costs

Finance costs decreased from S\$0.27 million in 4Q2020 to S\$0.15 million in 4Q2021 largely due to decrease in interest rates between approximately 10 basis points to 50 basis points. It decreased from S\$0.94 million in 12M2020 to S\$0.73 million in 12M2021 mainly due to lower interest on loans and borrowings as a result of decrease in interest rates between approximately 10 basis points to 110 basis points.

Income tax expense

The Group recorded a decrease in income tax expense from S\$157,000 in 4Q2020 to S\$138,000 in 4Q2021 and an increase in income tax expense from S\$210,000 in 12M2020 to S\$254,000 in 12M2021 mainly due to decrease (4Q)/ increase (12M) in taxable income position reporting by our operating subsidiaries.

c. Balance Sheet

Group

Intangible assets relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass in April 2018 and July 2018 respectively; (ii) contractual customer relationships arising from existing contracts in force with Activpass; and (iii) corporate contract arising from a material corporate contract with a fixed fee in force with Activpass that were acquired in a business combination in July 2018. Intangible assets are recorded at S\$Nil as at 31 December 2021 and 31 December 2020 as they had been fully impaired as at 31 December 2019.

PPE decreased from S\$25.62 million as at 31 December 2020 to S\$23.83 million as at 31 December 2021. Variance is between 31 December 2021 and 31 December 2020 is less than 10% and is not material.

Right-of-use assets (“**ROU**”) decreased from S\$4.62 million as at 31 December 2020 to S\$4.13 million as at 31 December 2021 largely due to depreciation charged of S\$0.82 million, which is offset by addition of new leases for office and factory of S\$0.41 million.

Investment in joint venture relates to the Group’s 50% interest in the ownership and voting rights in a joint venture (“**JV**”), ABO Labs Pte. Ltd. that is held by ABO, amounting to S\$50. This JV is incorporated in Singapore and its principal business activities are software consultancy and development of other software and programming activities with its main focus to develop a proprietary e-commerce ticketing system. The Group jointly controls the venture with another partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at S\$Nil as at 31 December 2021 and 31 December 2020.

Other investments relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry. The increase from S\$2.36 million as at 31 December 2020 to S\$3.68 million as at 31 December 2021 is mainly due to fair value gain recognised through other comprehensive income as a result of better financial performance of the Taiwanese company.

Inventories increased from S\$13.53 million as at 31 December 2020 to S\$20.24 million as at 31 December 2021 mainly due to increase in work-in-progress, raw materials and finished goods to cater for customers’ demands in the upcoming period.

Trade debtors decreased from S\$22.99 million as at 31 December 2020 to S\$19.15 million as at 31 December 2021 largely due to the collection from customers and decrease of revenue during the year.

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Other debtors increased from S\$0.99 million as at 31 December 2020 to S\$1.95 million as at 31 December 2021 mainly due to increase in VAT receivables, pending refund from the local tax authority of the overseas subsidiaries and sundry debtors.

Contract assets decreased from S\$0.28 million as at 31 December 2020 to S\$0.21 million as at 31 December 2021 mainly to due to recognition of tooling purchases upon completion of tooling projects.

Prepayments and advances to suppliers increased from S\$0.23 million as at 31 December 2020 to S\$1.06 million as at 31 December 2021 largely due to the increase in prepayments made to suppliers to purchase PPE.

Fixed deposits decreased from S\$1.68 million as at 31 December 2020 to S\$1.50 million as at 31 December 2021 mainly due to utilisation for operational requirements.

Amount due from a law firm relates to cash of S\$33.15 million as at 31 December 2021 and 31 December 2020 which were held in escrow by JLC as disclosed in Note A of the condensed interim consolidated statement of cash flows.

Trade creditors decreased from S\$24.92 million as at 31 December 2020 to S\$22.89 million as at 31 December 2021 mainly due to payments made to suppliers during the period.

Contract liabilities increased from S\$0.18 million as at 31 December 2020 to S\$0.20 million as at 31 December 2021 largely due to ongoing tooling projects which have yet to be completed.

Lease liabilities (current and non-current) decreased from S\$5.10 million as at 31 December 2020 to S\$4.58 million as at 31 December 2021 mainly due to payment of lease liabilities of S\$0.44 million during the period.

Other creditors and accruals decreased from S\$7.32 million as at 31 December 2020 to S\$7.50 million as at 31 December 2021. Variance between 31 December 2021 and 31 December 2020 is less than 10% and is not material

Deferred grant income as at 31 December 2020 arose from the accounting treatment of the job support scheme provided by the Singapore government.

Amount due to a former director relates to the compensation payable to a former director of the Company arising from the termination of service agreement with the director. There is no movement between 31 December 2021 and 31 December 2020.

Amount due to a non-controlling shareholder of a subsidiary relates to advances from the 49% non-controlling shareholder of Activpass to fund the operations of Activpass and director's fee and allowance payable to the same non-controlling shareholder, who is also one of the directors of Activpass. Variance between 31 December 2021 and 31 December 2020 is less than 10% and is not material.

Loans and borrowings (current and non-current) increased from S\$9.70 million as at 31 December 2020 to S\$11.42 million as at 31 December 2021 mainly due to drawdown of bank borrowings of S\$22.26 million for operational needs which is offset by repayment of bank borrowings of S\$20.47 million made during the year.

Income tax payable decreased from S\$84,000 as at 31 December 2020 to S\$30,000 as at 31 December 2021 largely due to income tax of \$0.34 million paid which is offset by provision of current period income tax and previous years' tax of S\$0.28 million.

Other information

Deferred tax assets/liabilities mainly relate to temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, which include, amongst others, differences in depreciation and amortisation, fair value adjustments on acquisition of subsidiaries and unabsorbed capital allowances.

Equity attributable to owners of the Company increased from S\$68.16 million as at 31 December 2020 to S\$70.04 million as at 31 December 2021 largely due to profit for the year under review of S\$1.03 million and fair value gain on equity instrument at fair value through other comprehensive income of S\$1.32 million which is offset by foreign currency translation loss of S\$0.47 million.

Company

Amount due to a subsidiary increased from S\$1.65 million as at 31 December 2020 to S\$2.63 million as at 31 December 2021 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flows Statement

The Group recorded net cash flows used in operating activities of S\$1.37 million in 4Q2021 as compared to net cash flows generated from operating activities of S\$3.92 million in 4Q2020 largely due lesser profit from operations as compared to the prior period. The Group recorded net cashflows used in operating activities of S\$2.70 million in 12M2021 as compared to net cashflows generated from operating activities of S\$5.04 million in 12M2020 mainly due to the utilisation of cashflows to stock up inventories to cater for demand in the upcoming period.

The Group recorded an increase in net cash used in investing activities from S\$0.20 million in 4Q2020 to S\$0.24 million in 4Q2021 mainly due to increase in purchase of PPE for operational needs, which is offset by the decrease in the proceeds from disposal of PPE. The Group reported a decrease in net cash used in investing activities from S\$1.38 million in 12M2020 to S\$0.73 million in 12M2021 mainly due to decrease in capital expenditure to conserve cashflows for working capital, offset by an increase in dividend receipt from other investments by S\$0.20 million.

The Group recorded net cash flows generated from financing activities of S\$1.05 million in 4Q2021 as compared to net cash flows used in financing activities of S\$2.87 million in 4Q2020 largely due to higher net bank borrowings in 4Q2021 and the utilisation of fixed deposits for operational needs. It recorded net cash flows generated from financing activities of S\$1.08 million in 12M2021 as compared to net cash flows used in financing activities of S\$0.63 million in 12M2020 mainly due to higher net bank borrowings in 12M2021 to meet operational requirements.

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

No forecast or prospect statement has been previously disclosed to shareholders.

5. 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 operating period and the next 12 months

The business environment within the next 12 months is expected to remain challenging for the Group in light of the uncertain global economic outlook and the JLC Issue as disclosed in Note A of the condensed interim consolidated statement of cash flows. The worsening business

Other information

environment is further exacerbated by the COVID-19 pandemic that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy, coupled with the ongoing global chip shortage and supply chain disruption, may cause a decline in global demand and production for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in its precision metal stamping segment. The Group has explored, and will continue to look for, ways to reduce expenditure. The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

The Group is also working towards completing the special audit, and resolving the audit issues highlighted by our auditor as announced on 8 May 2019. The Group is doing its best to recover the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group.

6. Dividend information

- (a) Whether an interim (final) ordinary dividend has been declared or recommended
None.
- (b)(i) Amount per share
Not applicable.
- (b)(ii) Previous corresponding period
None.
- (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) Date payable
Not applicable.
- (e) Books closure date
Not applicable.

Allied Technologies Limited and Subsidiaries

Other information

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

No dividend for the period ended 31 December 2021 has been declared or recommended as the Company is in a loss-making position and an accumulated loss position.

8. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Catalist Rule 720(1)

The Company confirms that it has received undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules, pursuant to Catalist Rule 720(1).

10. Use of proceeds

On 31 October 2017, the Company completed the issuance of 675,164,460 ordinary shares via placement and raised net proceeds of S\$33.40 million (“**Net Proceeds**”)

On 4 April 2018, the Company announced the completion of acquisition of 51% of the entire issued and fully paid-up capital of ABO Group (“**ABO Acquisition**”). The Company had applied the Net Proceeds towards the consideration sum of S\$30.00 million, payment of stamp duty of S\$0.06 million and the ABO Acquisition related transaction costs of S\$0.09 million paid to professional parties.

The table below reflects the status of the use of Net Proceeds, as at the date of this announcement, which have been in accordance with the intended use and allocation:

Use of Net Proceeds	<u>Allocation of Net Proceeds</u>		<u>Net Proceeds utilised as at the date of this announcement</u>	<u>Balance of Net Proceeds as at the date of this announcement</u>
	S\$ 'million	%	S\$ 'million	S\$ 'million
(i) Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion	30.06	90	(30.06)	-
(ii) General working capital purposes	3.34	10	(0.09)*	3.25
	33.40	100	(30.15)	3.25

* Payment of professional fees in connection with the ABO Acquisition.

Allied Technologies Limited and Subsidiaries

Other information

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note A of the condensed interim consolidated statement of cashflows to the condensed interim financial statements above.

11. Breakdown of sales

Group	FY2021 S\$'000	FY2020 S\$'000	+/(-) %
Sales reported for first half year	59,249	49,711	19%
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half of the year	514	(2,054)	n.m
Sales reported for second half year	43,646	59,652	(27%)
Operating profit after tax before deducting non-controlling interests reported for second half of the year	461	2,612	(82%)

Note:

(i) n.m. - not meaningful

12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Leow Wee Kia Clement
Chief Executive Officer and Executive Director
28 February 2022

**APPENDIX VI – UNAUDITED CONSOLIDATED STATEMENTS OF THE GROUP FOR
Q12022**

The unaudited consolidated financial statements of the Group for 1Q2022 which are set out below have been reproduced from the Company's unaudited condensed interim financial statements for 1Q2022, and were not specifically prepared for inclusion in this Circular. All capitalised terms used in the notes to the unaudited consolidated financial statements of the Group for 1Q2022 set out below shall have the same meanings given to them in the Company's unaudited condensed interim financial statements for 1Q2022.



ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

FIRST QUARTER UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd (“SGX Regco”) on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“Catalist Rules”) with effect from 7 February 2020.

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.

The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 6389 3000, Email: bernard.lui@morganlewis.com.

Allied Technologies Limited and Subsidiaries

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4),
HALF YEAR AND FULL YEAR RESULTS

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	GROUP		
		3 months ended		
		1Q2022	1Q2021	+ / (-)
		S\$'000	S\$'000	%
Revenue		34,458	37,654	(8%)
Cost of revenue		(32,461)	(35,380)	(8%)
Gross profit		1,997	2,274	(12%)
Other income		133	268	(50%)
General and administrative expenses		(1,546)	(1,676)	(8%)
Finance costs		(217)	(192)	13%
Profit before tax	6	367	674	(46%)
Income tax expense	7	(146)	(87)	68%
Profit for the financial period		221	587	(62%)
Attributable to:				
Owners of the Company		234	601	(61%)
Non-controlling interests		(13)	(14)	(7%)
Profit for the financial period		221	587	(62%)
Earnings per share (cents per share)				
- Basic		0.01	0.03	
- Diluted		0.01	0.03	
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation of foreign subsidiaries		(273)	(172)	59%
Total comprehensive income for the financial period		(52)	415	n.m
Attributable to:				
Owners of the Company		(39)	430	n.m
Non-controlling interests		(13)	(15)	(13%)
Total comprehensive income for the financial period		(52)	415	n.m

Note:

N.m - Not meaningful

Allied Technologies Limited and Subsidiaries

Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		31.03.2022 S\$'000	31.12.2021 S\$'000	31.03.2022 S\$'000	31.12.2021 S\$'000
Non-current assets					
Intangible assets	11	-	-	-	-
Property, plant and equipment	12	23,715	23,831	-	-
Right-of-use assets		3,905	4,134	-	-
Investment in joint venture		-	-	-	-
Investment in subsidiary companies		-	-	30,925	30,925
Goodwill		-	-	-	-
Loan receivables from subsidiary companies		-	-	-	13
Deferred tax assets		28	28	-	-
Other investments		3,683	3,683	-	-
		<u>31,331</u>	<u>31,676</u>	<u>30,925</u>	<u>30,938</u>
Current assets					
Inventories		13,336	20,240	-	-
Amounts due from subsidiary companies		-	-	-	-
Trade debtors		21,831	19,154	-	-
Other debtors		2,181	1,954	104	2
Contract assets		192	206	-	-
Prepayments and advances to suppliers		1,753	1,055	16	3
Fixed deposits		1,429	1,495	-	-
Cash and bank balances		5,705	6,508	47	137
Amount due from a law firm		33,153	33,153	33,153	33,153
		<u>79,580</u>	<u>83,765</u>	<u>33,320</u>	<u>33,295</u>
Current liabilities					
Amount due to a subsidiary		-	-	3,126	2,629
Trade creditors		20,332	22,893	-	-
Contract liabilities		183	203	-	-
Lease liabilities		788	807	-	-
Hire purchase creditors		116	-	-	-
Other creditors and accruals		6,730	7,499	1,978	2,238
Amount due to a former director		1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary		418	418	-	-
Loans and borrowings	13	4,762	5,923	-	-
Income tax payable		185	30	-	-
		<u>34,697</u>	<u>38,956</u>	<u>6,287</u>	<u>6,050</u>
Net current assets		44,883	44,809	27,033	27,245
Non-current liabilities					
Accruals		79	80	-	-
Hire purchase creditors		234	-	-	-
Lease liabilities		3,551	3,774	-	-
Loans and borrowings	13	5,272	5,501	-	-
Deferred tax liabilities		19	19	-	-
		<u>9,155</u>	<u>9,374</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>67,059</u>	<u>67,111</u>	<u>57,958</u>	<u>58,183</u>
Equity attributable to owners of the Company					
Share capital	14	115,898	115,898	115,898	115,898
Statutory reserve fund		241	241	-	-
Other reserves		189	189	189	189
Fair value adjustment reserve		1,478	1,478	-	-
Accumulated losses		(48,094)	(48,328)	(58,129)	(57,904)
Foreign currency translation reserve		292	565	-	-
		<u>70,004</u>	<u>70,043</u>	<u>57,958</u>	<u>58,183</u>
Non-controlling interests		(2,945)	(2,932)	-	-
		<u>67,059</u>	<u>67,111</u>	<u>57,958</u>	<u>58,183</u>

Allied Technologies Limited and Subsidiaries

Condensed interim statements of changes in equity

<u>Group</u>	Ordinary shares S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve fund S\$'000	Other reserves S\$'000	Fair value adjustment reserve S\$'000	Accumulated losses S\$'000	Total equity attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2022	115,898	565	241	189	1,478	(48,328)	70,043	(2,932)	67,111
Profit/(loss) for the period	-	-	-	-	-	234	234	(13)	221
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(273)	-	-	-	-	(273)	-	(273)
Balance as at 31 March 2022	115,898	292	241	189	1,478	(48,094)	70,004	(2,945)	67,059
Balance as at 1 January 2021	115,898	1,035	241	189	156	(49,362)	68,157	(2,872)	65,285
Profit/(loss) for the period	-	-	-	-	-	601	601	(14)	587
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(171)	-	-	-	-	(171)	(1)	(172)
Balance as at 31 March 2021	115,898	864	241	189	156	(48,761)	68,587	(2,887)	65,700

Company

	Ordinary shares S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	Total equity attributable to owners of the Company S\$'000
Balance as at 1 January 2022	115,898	189	(57,904)	58,183
Total comprehensive income for the period	-	-	(225)	(225)
Balance as at 31 March 2022	115,898	189	(58,129)	57,958
Balance as at 1 January 2021	115,898	189	(56,955)	59,132
Total comprehensive income for the period	-	-	(196)	(196)
Balance as at 31 March 2021	115,898	189	(57,151)	58,936

Allied Technologies Limited and Subsidiaries

Condensed interim consolidated statement of cash flows

	Note	Group	
		3 months ended	
		1Q2022	1Q2021
		S\$'000	S\$'000
Cash flows from operating activities			
Profit before tax		367	674
Adjustments for:			
Gain on disposal of property, plant and equipment	6	(92)	(9)
Depreciation of property, plant and equipment	6	717	721
Depreciation of right of use assets	6	204	206
Interest income	6	(4)	(6)
Interest expense	6	156	125
Interest expense - lease liabilities	6	61	67
Exchange differences		(142)	(32)
Operating profit before working capital changes		1,267	1,746
Decrease in inventories		6,854	2,281
Increase in trade debtors and other debtors		(3,732)	(5,855)
(Increase)/decrease in trade creditors and other creditors		(3,163)	2,470
Cash generated from operations		1,226	642
Interest paid		(156)	(125)
Interest paid for lease liabilities		(61)	(67)
Interest received		4	6
Tax refund/(paid)		10	(82)
Net cash generated from operating activities		1,023	374
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		92	9
Purchase of property, plant and equipment		(728)	(138)
Net cash used in investing activities		(636)	(129)
Cash flows from financing activities			
Repayment of lease liabilities		(215)	(211)
Increase in amount due to non-controlling shareholder		350	2
Drawdown of bank borrowings		7,403	7,981
Repayment of bank borrowings		(8,727)	(6,874)
Net increase/(decrease) in fixed deposit		55	(306)
Net cash (used in)/ generated from financing activities		(1,134)	592
Net (decrease)/increase in cash and cash equivalents		(747)	837
Cash and cash equivalents at beginning of period	A	6,508	8,899
Effects of exchange rates on opening cash and cash equivalents		(56)	(68)
Cash and cash equivalents at end of period		5,705	9,668

Allied Technologies Limited and Subsidiaries

Condensed interim consolidated statement of cash flows (cont'd)

Note A:

Reference is made to:

- (a) the announcement of the Company (and together with its subsidiaries, the “**Group**”) on 8 May 2019 in relation to the notice of compliance dated 8 May 2019 received by the Company from the Singapore Exchange Securities Trading Limited, and in particular, the funds which have been deposited by the Company into an escrow account held by JLC Advisors LLP (“**JLC**”), a Singapore law firm; and
- (b) the announcements of the Company on 23 May 2019, 25 May 2019, 28 May 2019 and 29 May 2019 in relation to escrow monies deposited with JLC.

The opening balance as at the respective period is not inclusive of the funds which have been deposited with JLC of S\$33.15 million from JLC (the “**Escrow Funds**”).

The Group and the Company have classified the cash of S\$33.15 million (31 December 2021: S\$33.15 million) and S\$33.15 million (31 December 2021: S\$33.15 million) as amount due from a law firm respectively as at 31 March 2022 instead of cash and cash equivalents as the Company is monitoring the situation closely and will take rigorous steps to protect its interests and the recovery of escrow funds of S\$33.15 million from JLC (the “**JLC Issue**”), as previously announced. However, the whereabouts of the Escrow Funds remain unclear to the Company as at the date of this report. The Company is working with its legal advisors on its next steps to protect its interests and recover the escrow funds, will continue to provide further updates to shareholders on subsequent material developments.

1. Corporate information

Allied Technologies Limited (the "**Company**") is a limited liability company listed on the Singapore Exchange Securities Trading Limited. It is incorporated and domiciled in Singapore with its registered office and principal place of business at 2 Venture Drive, #16-09 Vision Exchange, Singapore 608526. These condensed interim financial statements as at and for the first quarter ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are:

- (a) Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services;
- (b) Events promoter and ticketing agencies; and
- (c) Business and management consultancy services – the wellness, fitness and beauty platform.

2. Basis of preparation

The condensed interim financial statements for the first quarter ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last unaudited annual financial statements for the year ended 31 December 2021.

The management of the Group's subsidiary, Asia Box Office Pte. Ltd. ("**ABO**") initiated a reconstruction exercise of ABO and its subsidiary's current and previous year financial statements. As at the date of this report, the reconstruction exercise has not been completed due to absence of certain documents and the inability to identify the underlying reasons behind certain transactions. Hence, the management financial statements of ABO have been used for the purpose of preparing the condensed interim financial statements of the Group for the first quarter ended 31 March 2022. In view of the foregoing, the board of directors (the "**Board**") is unable to determine whether the financial statements of ABO were appropriately presented and disclosed in the condensed interim financial statements for the first quarter ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2 to the condensed interim financial statements.

The condensed interim financial statements, which are presented in Singapore Dollars (SGD or S\$), have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

2.1. Basis of going concern assumption

The Group incurred a net profit of S\$221,000 and the Company incurred a net loss of S\$225,000 during the first quarter ended 31 March 2022 respectively (Group: a net profit of S\$587,000 for the first quarter ended 31 March 2021 ("**1Q2021**"); Company: a net loss of S\$196,000 for 1Q2021).

2.1 Basis of going concern assumption (cont'd)

As at 31 March 2022, the Group's and the Company's current assets exceeded its current liabilities by S\$44,883,000 and S\$27,033,000 (31.12.2021: S\$44,809,000 and S\$27,245,000) and the Group's and the Company's total assets exceeded its total liabilities by S\$67,059,000 and S\$57,958,000 (31.12.2021: S\$67,111,000 and S\$58,183,000) respectively.

Reference is made to Note A of the condensed interim consolidated statement of cash flows above in relation to the Escrow Funds and JLC Issue. The Company is monitoring the situation closely and will take rigorous steps to protect its interests. The Company will continue to provide further updates to shareholders on subsequent material developments. In light of the abovementioned, cash of S\$33,153,000 has been classified as amount due from a law firm as at 31 March 2022 and 31 December 2021 respectively, pending recovery of the remaining balance of S\$33,153,000 subsequent to period end.

The Board of the Company had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte. Ltd. as special auditor to undertake a special audit to look into issues highlighted by the Company's auditor during the audit for the financial year ended 31 December 2018. More information can be found in Note 2 of the other information to the condensed interim financial statements below. The special audit has been completed and the Board has received the executive summary of the report from the special auditor on 6 April 2022. The Board is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors.

Arising from the foregoing, the Group's stakeholders including, amongst others, customers, suppliers, bankers and some shareholders have raised concerns on the implication on the business of the Group in relation to the abovementioned matters as well as the negative public news on the Company relating to these matters.

The factors highlighted in the earlier paragraphs indicate the existence of material uncertainties which may cast significant doubts about the Group's and the Company's ability to continue as a going concern.

Nonetheless, the Board believes that the use of the going concern in the preparation of the condensed interim financial statements for the first quarter ended 31 March 2022 is still appropriate after taking into consideration the following assumptions and measures:

- (a) The Group and the Company are able to obtain new banking facilities and other potential fund-raising options for their working capital requirements for the next twelve months as and when required;
- (b) The Group's existing lenders continue to support the current credit facilities for their working capital requirements and purchase of property, plant and equipment for the next twelve months as and when required;
- (c) The Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out reorganisation and restructuring of the Group as and when appropriate;
- (d) Given the positive net tangible assets ("NTA") position of the Group of S\$67,059,000 (NTA of S\$33,906,000 without taking into consideration the amount due from a law firm) as at 31 March 2022, the ability to unlock some value from a restructuring process;
- (e) That the Group is able to preserve and maintain its revenue streams from its business operations over the next twelve months;

2.1 Basis of going concern assumption (cont'd)

- (f) The Group will continue to engage and maintain good relationship with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group; and
- (g) The COVID-19 global outbreak does not have a material adverse impact on the demand from customers, our suppliers nor the ability to carry on production in our factories.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their 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 balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these condensed interim financial statements.

2.2 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2022.

The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unaudited consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements is included in the following notes:

- Note 10 to the condensed interim financial statements – Classification of equity investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 to the condensed interim financial statements – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

For management purposes, the Group is organised into business units based on their business segments and geographical locations in each business segments. There are three business segments: Corporate, Precision Metal Stamping and E-commerce.

Management monitors the operating results of its business units separately for the purpose of making decisions which in certain respects, as explained in the table below, is measured differently from operating income statement in the condensed interim financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments. Inter-segment pricing is on terms agreed between the segments.

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim financial statements

4.1. Reportable segments

1Q2022	Corporate		Precision Metal Stamping				E-commerce		Elimination	Group
<u>(\$'000)</u>	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong		
Segment revenue										
External customers	-	174	10,508	20,463	3,313	-	-	-	-	34,458
Inter segment revenue	-	-	-	-	-	133	-	-	(133)	-
Total revenue	-	174	10,508	20,463	3,313	133	-	-	(133)	34,458
Segment (loss)/profit	(219)	(76)	(537)	1,033	452	(43)	(26)	-	-	584
Finance costs										(217)
Profit before tax										367
Income tax expense										(146)
Profit for the year										221
Segment assets	33,320	952	38,480	26,077	7,572	784	42	-	-	107,227
Unallocated assets										3,683
										110,910
Other segment information										
Additions to non-current assets	-	36	626	9	57	-	-	-	-	728
Depreciation and amortization	-	21	752	87	55	6	-	-	-	921
Allowance for/(write-back of)										
inventory obsolescence	-	-	(32)	(18)	109	-	-	-	-	59
Allowance for/(write-back of) impairment on:										
- trade debtors	-	(1)	(1)	10	10	-	-	-	-	18
Gain on disposal of property, plant and equipment	-	-	-	-	(92)	-	-	-	-	(92)

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim financial statements

4.1. Reportable segments (cont'd)

1Q2021	Corporate	Precision Metal Stamping					E-commerce			
(S\$'000)	Singapore	Singapore	Malaysia	Vietnam	Thailand	Others	Singapore	Hong Kong	Elimination	Group
Segment revenue										
External customers	-	128	14,072	20,326	3,128	-	-	-	-	37,654
Inter segment revenue	-	-	-	-	-	202	-	-	(202)	-
Total revenue	-	128	14,072	20,326	3,128	202	-	-	(202)	37,654
Segment (loss)/profit	(195)	233	(400)	967	306	(17)	(27)	(1)	-	866
Finance costs										(192)
Profit before tax										674
Income tax expense										(87)
Profit for the year										587
Segment assets	33,217	1,459	43,982	28,011	8,397	700	42	-	-	115,808
Unallocated assets										2,361
										118,169
Other segment information										
Additions to non-current assets	-	-	49	1	88	-	-	-	-	138
Depreciation and amortization	-	20	777	94	30	6	-	-	-	927
Allowance for/(write-back of) inventory obsolescence	-	-	39	(127)	(11)	-	-	-	-	(99)
Allowance for impairment on:										
- trade debtors	-	1	1	-	-	-	-	-	-	2
Gain on disposal of property, plant and equipment	-	-	-	-	(9)	-	-	-	-	(9)

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

4.2. Disaggregation of Revenue

	<u>Precision Metal</u> <u>Stamping</u> S\$'000	<u>Group</u> <u>E-commerce</u> S\$'000	<u>Total revenue</u> S\$'000
1Q2022			
Major product or service lines			
Metal stamped parts	34,231	-	34,231
Tooling	211	-	211
Provision of design services	16	-	16
Total revenue	34,458	-	34,458
Timing of revenue recognition:			
At a point in time	34,458	-	34,458
Total revenue	34,458	-	34,458
Geographical information:			
Vietnam	20,463	-	20,463
Malaysia	10,508	-	10,508
Thailand	3,313	-	3,313
Singapore	174	-	174
People's Republic of China	-	-	-
Total revenue	34,458	-	34,458
1Q2021			
Major product or service lines			
Metal stamped parts	37,309	-	37,309
Tooling	324	-	324
Provision of design services	21	-	21
Total revenue	37,654	-	37,654
Timing of revenue recognition:			
At a point in time	37,654	-	37,654
Total revenue	37,654	-	37,654
Geographical information:			
Vietnam	20,326	-	20,326
Malaysia	14,072	-	14,072
Thailand	3,128	-	3,128
Singapore	128	-	128
Total revenue	37,654	-	37,654

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 31 December 2021:

	Group		Company	
	31 Mar 2022 S\$'000	31 Dec 2021 S\$'000	31 Mar 2022 S\$'000	31 Dec 2021 S\$'000
<i>Financial assets at amortised cost</i>				
Trade debtors	21,831	19,154	–	–
Other debtors	2,181	1,954	104	2
Fixed deposits	1,429	1,495	–	–
Cash and bank balances	5,705	6,508	47	137
Amount due from a law firm	33,153	33,153	33,153	33,153
Total	64,299	62,264	33,304	33,292
<i>Financial assets at fair value through other comprehensive income (OCI)</i>				
Other investments	3,683	3,683	–	–
<i>Financial liabilities at amortised cost</i>				
Trade creditors	20,332	22,893	–	–
Other creditors and accruals	6,730	7,499	1,978	2,238
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder	418	418	–	–
Loans and borrowings	10,034	11,424	–	–
Lease liabilities	4,339	4,581	–	–
Amount due to a subsidiary	–	–	3,126	2,629
Total	43,036	47,998	6,287	6,050

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.1. Significant items

Notes:

A: Profit before income tax is arrived at after (crediting)/charging the following:

	1Q2022	GROUP	
	S\$'000	1Q2021	+/(-)
		S\$'000	
(a) Cost of revenue:			
Allowance/(write-back of) for inventory obsolescence	59	(99)	n.m
Depreciation of property, plant and equipment	639	645	(1%)
Depreciation of right-of-use assets	147	149	(1%)
Salaries, bonus and other costs	3,662	4,192	(13%)
(b) Other income:			
Interest income	(4)	(6)	(33%)
Gain on disposal of property, plant and equipment	(92)	(9)	922%
Government grant income	(13)	(195)	(93%)
(c) General and administrative expenses:			
Legal and other professional fees	83	95	(13%)
Salaries, bonus and other costs	911	882	3%
Allowance for impairment on:			
- trade debtors	18	2	800%
Depreciation of property, plant and equipment	78	76	3%
Depreciation of right-of-use assets	57	57	0%
Foreign exchange gain	(164)	(26)	531%
(d) Finance costs			
Interest on loans and borrowings	152	125	22%
Interest on lease liabilities	61	67	(9%)
Hire purchase interest	4	-	n.m

Note:

(i) n.m. - not meaningful

6.2. Related party transactions

In addition to related party transactions disclosed in other notes to the condensed interim financial statements, the following are significant related party transactions entered into, at terms agreed between the parties, by the Group with:

(i) Transactions with related parties

The transactions and outstanding balances related to key management personnel, close family members of key management personnel and entities in which the key management personnel have control or joint control were as follows:

Related parties	Transactions		Group			
			Transactions for the period ended		Outstanding balances as at	
			31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
			S\$'000	S\$'000	S\$'000	S\$'000
Mr Peter Seow	Advances for working capital to Activpass	(a)	–	3	178	178
Mr Peter Seow	Settlement of liability on behalf for Activpass	(b)	–	–	14	14
Mr Peter Seow	Unpaid director's fee and allowance due to non-controlling shareholder	(c)	–	–	187	187
Ms Amy Leow	Advances for working capital to Activpass	(a)	–	–	10	10
Ms Amy Leow	Outstanding salaries and allowance	(d)	–	–	29	29
Mr Kenneth Low	Deposit paid on behalf of ABO for an event	(e)	–	–	234	234
Mr Kenneth Low	Settlement of liability on behalf of ABO	(b)	–	–	3	3
Platform Capital Asia (Singapore) Pte Ltd	Advances for working capital to ABO	(a)	(6)	–	249	255
Hawker Food Delivery Pte Ltd	Rendering of services by Activpass	(f)	–	–	2	2
Asia Box Office Pte Ltd	Advances for working capital by the Company	(g)	(13)	45	3,919*	3,932*
Asia Box Office Pte Ltd	Provision of office space to the Company	(h)	–	–	34*	34*
Asia Box Office Pte Ltd	Corporate support rendered by the Company	(i)	8	40	206*	198*

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

6.2. Related party transactions (cont'd)

(i) Transactions with related parties (cont'd)

Related parties	Transactions	Group			
		Transactions for the period ended		Outstanding balances as at	
		31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
		S\$'000	S\$'000	S\$'000	S\$'000
Asia Box Office Pte Ltd	Provision of office space by the Company	–	–	18*	18*
Asia Box Office (HK) Limited	Advances paid for working capital by the Company	–	–	15*	15*
Activpass Holdings Pte Ltd	Advances for working capital by the Company	–	3	234*	234*
Activpass Holdings Pte Ltd	Corporate support rendered by the Company	2	7	19*	17*
Allied Technologies Holdings Pte Ltd	Advances to the Company	480	920	3,030	2,550
Allied Technologies Holdings Pte Ltd	Interest payable	13	63	92	79

- (a) The Group received advances from (i) Mr Peter Seow and Ms Amy Leow who are non-controlling shareholders and directors of Activpass Holdings Pte Ltd (“**Activpass**”), (ii) Platform Capital Asia (Singapore) Pte. Ltd., a company controlled by Mr Kenneth Low, a director of the Company appointed on 27 June 2018 and (iii) Mr Kenneth Low. The advances were received for working capital purpose, are non-interest bearing, due and payable on demand.
- (b) Activpass incurred utilities, tele-communication and entertainment expenses which were paid on behalf by Mr Peter Seow.
- (c) Activpass incurred director’s fee and allowance payable to Mr Peter Seow. The liability is due and payable on demand.
- (d) Activpass incurred salaries and allowance payable to Ms Amy Leow. The liability is due and payable on demand.
- (e) ABO recorded an event deposit, which was paid on behalf by Mr Kenneth Low. The liability is due and payable on demand.
- (f) Activpass rendered administrative services to Hawker Food Delivery Pte Ltd, which Mr Peter Seow has controlling interest in. The services are based on normal market rate for such services and payable on demand.

6.2. Related party transactions (cont'd)

(i) Transactions with related parties (cont'd)

- (g) Activpass, ABO and Asia Box Office (HK) Limited (“**ABO HK**”) received advances from the Company. The advances were received for working capital purpose, are non-interest bearing, due and payable on demand. The Company did not advance more than S\$100,000 in any single transaction to any of Activpass, ABO and ABO HK.
- (h) ABO provided office space to the Company from May to September 2019. The services are based on normal market rate for such services. The liability is due and payable on demand.
- (i) The Company rendered corporate support services to ABO and Activpass. The services are based on normal market rate for such services. The liability is due and payable on demand.
- (j) The Company provided office space to ABO from September 2019 to July 2020. The services are based on normal market rate for such services. The liability is due and payable on demand.
- (k) Allied Technologies Holdings Pte. Ltd., a wholly-owned subsidiary of the Company, provided advances to the Company for working capital purpose which are non-trade in nature and bear interest ranging from 2.033% - 2.110% per annum (31 December 2021: 3.000% - 3.050%). The liability is due and payable on or before 31 December 2022.

* The Company has provided full impairment on loans receivables from subsidiaries and amount due from subsidiaries.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	3 months ended	
	1Q2022	1Q2021
	S\$'000	S\$'000
Current income tax expense		
- Current income taxation	(148)	(193)
- Over / (under) provision in respect of previous years	2	(12)
	<u>(146)</u>	<u>(205)</u>
Deferred income tax		
Origination and reversal of temporary difference	-	(5)
Income tax recognised in profit or loss	<u>(146)</u>	<u>(87)</u>

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

8. Earnings per share

	Group 3 months ended	
	1Q2022	1Q2021
Profit attributable to the owners of the Company (S\$'000)	234	601
Profit per share (cents)		
- Basic	0.01	0.03
- Diluted	0.01	0.03
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329

9. Net asset value

	Group		Company	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Net asset value per ordinary share based on issued share capital as at end of the period/year (in cents)	3.79	3.79	3.27	3.29
Number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

10. Financial assets at fair value through other comprehensive income (FVOCI)

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group – 31 Mar 2022				
Financial assets				
FVOCI investments (Quoted investments)	–	–	3,683	3,683
Group – 31 Dec 2021				
Financial assets				
FVOCI investments (Quoted investments)	–	–	3,683	3,683

Allied Technologies Limited and Subsidiaries

Notes to the condensed interim consolidated financial statements

11. Intangible assets

	Group				
	Goodwill	Contractual customer relationships	Corporate contract	Consultancy agreement	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 Dec 2021					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-
At 31 Mar 2022					
Cost	55,222	76	78	545	55,921
Accumulated amortisation and impairment	(55,222)	(76)	(78)	(545)	(55,921)
Net book amount	-	-	-	-	-

(i) Contractual customer relationships

Contractual customer relationships relate to the existing contracts in force with the Group's subsidiary, Activpass Holdings Pte. Ltd. ("**Activpass**"), that were acquired in a business combination in July 2018. The balance was fully impaired as at 31 December 2019.

(ii) Corporate contract

Corporate contract relates to a material corporate contract with fixed fee in force with the Group's subsidiary, Activpass, that was acquired in a business combination in July 2018. The corporate contract expires in September 2020. The balance was fully impaired as at 31 December 2019.

(iii) Consultancy agreement

Consultancy agreement relates to an agreement for which the Group's subsidiary, Asia Box Office Pte. Ltd. ("**ABO**"), provided consultation services in relation to an international sporting event, that was acquired in business combination in April 2018. As of date of acquisition, the consultancy agreement had remaining useful life of 9 months and the contract expired on 31 December 2018.

Amortisation expense

The amortisation of membership rights, contractual customer relationships, corporate contract, consultancy agreement is included in the "General and administrative expenses" line item in income statement.

Impairment testing of goodwill

Goodwill acquired through business combinations relates to two cash-generating units within the e-commerce segment - ABO and Activpass, which was fully impaired as at 31 December 2019.

12. Property, plant and equipment

During the first quarter ended 31 March 2022, the Group acquired assets amounting S\$728,000 (31 December 2021: S\$1,188,000) and disposed of assets amounting to S\$220,000 (31 December 2021: S\$386,000).

13. Loans and borrowings

	Group	
	31 Mar 2022 S\$'000	31 Dec 2021 S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	4,878	5,923
Unsecured	904	909
<u>Amount repayable after one year</u>		
Secured	5,506	5,501
Unsecured	–	–

The current and non-current borrowings bear effective interest rates ranging from 3.25% to 4.00% (31 December 2021: 3.15% to 4.00%) per annum.

The average interest rate implicit in the hire purchase obligation is 3.5% (31 December 2021: Nil) per annum.

Loans and borrowings are secured facilities granted to the Group. The facilities granted are secured as follows:

- (a) S\$8,144,000 (31 December 2021: S\$8,998,000) of the outstanding loans are secured by corporate guarantees of the Company and fixed deposits pledged by the respective subsidiaries.
- (b) S\$7,790,000 (31 December 2021: S\$8,082,000) of the outstanding loans are secured by pledging freehold land of a subsidiary and leasehold properties of certain subsidiaries.
- (c) S\$1,890,000 (31 December 2021: S\$2,436,000) of the loans and borrowings are secured by pledging leasehold land and properties of a subsidiary.
- (d) S\$7,790,000 (31 December 2021: S\$8,082,000) of the loans and borrowings are secured using a debenture by way of fixed and floating charge over the entire assets of a subsidiary.
- (e) Plant and equipment with net book value of S\$475,000 (31 December 2021: S\$ Nil) acquired under hire purchase agreement.

The Group's unsecured borrowings comprise the following:

- (i) amount due to a non-controlling shareholder of a subsidiary;
- (ii) amount due to a director-related company (included in other creditors and accruals); and
- (iii) amount due to a director (included in other creditors and accruals).

13. Loans and borrowings (cont'd)

The amounts due to a non-controlling shareholder of a subsidiary, a director-related company and a director are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

14. Share capital

	Group and Company			
	31 Mar 2022		31 Dec 2021	
	No. of shares '000	No. of shares '000	No. of shares '000	\$ S\$'000
Beginning of interim period	1,770,329	1,770,329	1,770,329	115,899
End of interim period	1,770,329	1,770,329	1,770,329	115,899

Since 31 December 2021, there has been no change in 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.

As at 31 March 2021, 31 March 2022 and 31 December 2021, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings. There are no statements to be made on the sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on, as the Company did not have any treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2022.

**PART II - OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST
RULES**

Other information

1. Review

The condensed interim statement of financial position of Allied Technologies Limited and its subsidiaries as at 31 March 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed consolidated statement of cash flows for the first quarter then ended and certain explanatory notes have not been audited or reviewed.

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

Reference is made to pages 64 to 66 of the Company's FY2019 Annual Report. The disclaimer of opinion by the Company's auditor arose from the following five (5) issues:

- 1) Funds held with JLC Advisors LLP (the "**Missing Funds**");
- 2) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries;
- 3) Asia Box Office Pte. Ltd. and its subsidiary;
- 4) On-going special audit and investigation; and
- 5) Going concern assumption.

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

In relation to issues (1) to (4) above, the Company has, as announced on 14 June 2019, appointed PricewaterhouseCoopers Risk Services Pte Ltd as the special auditor to undertake a special audit to look into, amongst others, the issues pertaining to issues (1) to (4) above.

The special audit has been completed and the Board has received the executive summary of the report from the special auditor on 6 April 2022. The Board is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors. The Company will make further announcements to update shareholders on its next course of action in due course.

In relation to issue (5) above, the Board, together with the management of the Company, has assessed and is of the view that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate. The assumptions and measures for this assessment can be found in our announcement of 13 April 2020.

(b) Nonetheless, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these condensed interim financial statements.

3. Review of performance of the Group

a. Revenue

The Group's revenue decreased by 8% from S\$37.65 million in 1Q2021 to S\$34.46 million in 1Q2022 mainly attributable to the decrease in revenue generated by the precision metal stamping segment.

Allied Technologies Limited and Subsidiaries

Other information

Precision metal stamping

A geographical breakdown of revenue recorded by the precision metal stamping segment is set out as follows:

	3 months ended		
	1Q2022	1Q2021	1Q
	S\$'000	S\$'000	+ / (-)
Singapore	174	128	36%
Malaysia	10,508	14,072	(25%)
Vietnam	20,463	20,326	1%
Thailand	3,313	3,128	6%
	<u>34,458</u>	<u>37,654</u>	(8%)

The precision metal stamping segment recorded a decrease in revenue from S\$37.65 million in 1Q2021 to S\$34.46 million in 1Q2022, mainly due to the ongoing global chip shortage and supply chain disruption, which caused a decline in the demand and production of our customers' products (mainly consisting of office equipment such as copiers and printers). In addition, our subsidiary in Malaysia was further affected by our main customer's plant shutdown for one week due to COVID-19 situation around end of January 2022 and early February 2022.

E-commerce

E-commerce segment did not report any revenue since 4Q2020 and it has become dormant.

Asia Box Office Pte. Ltd. ("**ABO**") and its subsidiary, Asia Box Office (HK) Limited (collectively, "**ABO Group**") did not record revenue since 4Q2019 as it is still facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The COVID-19 pandemic has further worsened the situation as many physical concerts and events have been cancelled and/or postponed.

Activpass Holdings Pte. Ltd. ("**Activpass**") did not record revenue since 4Q2020. This is due to the audit matters as announced on 8 May 2019 which caused delay in funding and inability to secure funding internally and externally. As such, Activpass is unable to execute marketing plans locally and overseas to motivate merchants and users to join its platform.

b. Operating results

A breakdown of the Group's profit before tax by segment, after consolidation adjustments, is set out as follows:

	3 months ended		
	1Q2022	1Q2021	1Q
	S\$'000	S\$'000	+ / (-)
Corporate	(219)	(196)	12%
Precision Metal Stamping	612	898	(32%)
E-commerce	(26)	(28)	(7%)
	<u>367</u>	<u>674</u>	(46%)

The Group recorded a decrease in profit before tax ("**PBT**") from S\$0.67 million in 1Q2021 to S\$0.37 million in 1Q2022 mainly due to the decrease in revenue of the precision metal stamping segment as highlighted under the revenue analysis section in Note 3a of the other information

Allied Technologies Limited and Subsidiaries

Other information

to the condensed interim financial statements above and decrease in other income by 50% from 1Q2021 to 1Q2022.

Corporate

The increase in loss before tax (“**LBT**”) by 12% from LBT of S\$0.20 million in 1Q2021 to LBT of S\$0.22 million 1Q2022 mainly due to increase in general and administrative (“**G&A**”) expenses mainly payroll related costs and professional fees due to the cost control measures undertaken by the Company in the prior period.

Precision metal stamping

The precision metal stamping segment recorded a decrease in PBT from S\$0.90 million in 1Q2021 to S\$0.61 million in 1Q2022 largely due to the decrease in revenue as highlighted under the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above, decrease in other income by 43% and increase in finance costs by 13% from 1Q2021 to 1Q2022.

E-commerce

The e-commerce segment recorded a decrease in LBT by 7% from LBT of S\$28,000 in 1Q2021 to LBT of S\$26,000 in 1Q2022 as a result of cost control measures undertaken by ABO Group and Activpass due to the reasons mentioned in the revenue analysis section in Note 3a of the other information to the condensed interim financial statements above.

Cost of revenue

Cost of revenue (“**COR**”) mainly consists of material cost, labour cost, sub-contractor cost and overhead costs. COR decreased from S\$35.38 million in 1Q2021 to S\$32.46 million in 1Q2022. The decrease in COR is in tandem with the decrease in revenue from 1Q2021 to 1Q2022.

Depreciation

Depreciation of property, plant and equipment (“**PPE**”) and right-of-use assets recorded in COR and G&A expenses amounted to S\$0.92 million in 1Q2022 as compared to S\$0.93 million in 1Q2021. The variance for 1Q is less than 10% and is not material.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE and sundry income. Other income decreased from S\$0.27 million in 1Q2021 to S\$0.13 million in 1Q2022. The variance for 1Q is mainly due to the decrease in government grant income arising from job support scheme, wage subsidy and hiring incentives given by Singapore and Malaysia government which is offset by the increase in gain on disposal of PPE as a result of more proceeds received from the sale of PPE which were fully depreciated.

General and administrative expenses

G&A expenses mainly include professional fees, salaries and other payroll related costs, directors’ fee, office expenses and foreign exchange (gain)/loss. G&A expenses decreased from S\$1.68 million in 1Q2021 to S\$1.55 million in 1Q2022. The variance for 1Q is less than 10% and is not material.

Other information

Finance costs

Finance costs increased from S\$0.19 million in 1Q2021 to S\$0.22 million in 1Q2022 largely due to increase in interest on short-term bank borrowings by approximately 10 basis points and higher drawdown and outstanding short-term borrowings of our subsidiary located in Vietnam to cater for operational needs.

Income tax expense

The Group recorded an increase in income tax expense from S\$87,000 in 1Q2021 to S\$146,000 in 1Q2022 mainly due to increase in taxable income position reporting by our Vietnam operating subsidiary.

c. Balance Sheet

Group

Intangible assets relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass in April 2018 and July 2018 respectively; (ii) contractual customer relationships arising from existing contracts in force with Activpass; and (iii) corporate contract arising from a material corporate contract with a fixed fee in force with Activpass that were acquired in a business combination in July 2018. Intangible assets are recorded at S\$Nil as at 31 March 2022 and 31 December 2021 as they had been fully impaired as at 31 December 2019.

PPE decreased from S\$23.83 million as at 31 December 2021 to S\$23.72 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Right-of-use assets decreased from S\$4.13 million as at 31 December 2021 to S\$3.91 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Investment in joint venture relates to the Group's 50% interest in the ownership and voting rights in a joint venture ("JV"), ABO Labs Pte. Ltd. that is held by ABO, amounting to S\$50. This JV is incorporated in Singapore and its principal business activities are software consultancy and development of other software and programming activities with its main focus to develop a proprietary e-commerce ticketing system. The Group jointly controls the venture with another partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at S\$Nil as at 31 March 2022 and 31 December 2021.

Other investments of S\$3.68 million as at 31 March 2022 and 31 December 2021 relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry. There is no movement between 31 December 2021 and 31 March 2022.

Inventories decreased from S\$20.24 million as at 31 December 2021 to S\$13.34 million as at 31 March 2022 mainly due to decrease in work-in-progress, raw materials and finished goods as a result of delivery of goods to customers during the period.

Trade debtors increased from S\$19.15 million as at 31 December 2021 to S\$21.83 million as at 31 March 2022 largely due to increase in revenue from S\$25.91 million for the fourth quarter ended 31 December 2021 to S\$34.46 million for the first quarter ended 31 March 2022.

Other debtors increased from S\$1.95 million as at 31 December 2021 to S\$2.18 million as at 31 March 2022 mainly due to increase in sundry debtors and deposits for operational needs.

Allied Technologies Limited and Subsidiaries

Other information

Contract assets decreased from S\$0.21 million as at 31 December 2021 to S\$0.19 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Prepayments and advances to suppliers increased from S\$1.06 million as at 31 December 2021 to S\$1.75 million as at 31 March 2022 largely due to the downpayment made to suppliers to purchase services, materials and PPE.

Fixed deposits decreased from S\$1.50 million as at 31 December 2021 to S\$1.43 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Amount due from a law firm relates to cash of S\$33.15 million as at 31 March 2022 and 31 December 2021 which were held in escrow by JLC as disclosed in Note A of the condensed interim consolidated statement of cash flows.

Trade creditors decreased from S\$22.89 million as at 31 December 2021 to S\$20.33 million as at 31 March 2022 mainly due to payments made to suppliers during the period.

Contract liabilities decreased from S\$0.20 million as at 31 December 2021 to S\$0.18 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Lease liabilities (current and non-current) decreased from S\$4.58 million as at 31 December 2021 to S\$4.34 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Other creditors and accruals decreased from S\$7.50 million as at 31 December 2021 to S\$6.73 million as at 31 March 2022. The decrease is mainly due to the amount due to sundry creditors i.e. non-trade suppliers and payments made for accrued operating expenses such as payroll related costs and other miscellaneous expenses during the period.

Amount due to a former director relates to the compensation payable to a former director of the Company arising from the termination of service agreement with the director. There is no movement between 31 March 2022 and 31 December 2021.

Amount due to a non-controlling shareholder of a subsidiary relates to advances from the 49% non-controlling shareholder of Activpass to fund the operations of Activpass and director's fee and allowance payable to the same non-controlling shareholder, who is also one of the directors of Activpass. There is no movement between 31 December 2021 and 31 March 2022.

Hire purchase creditors (current and non-current) increased from S\$Nil as at 31 December 2021 to S\$0.35 million as at 31 March 2022 mainly due to purchase of machinery and equipment under hire purchase agreement.

Loans and borrowings (current and non-current) decreased from S\$11.42 million as at 31 December 2021 to S\$10.03 million as at 31 March 2022 mainly due to repayment of bank borrowings of S\$8.73 million which is offset by drawdown of bank borrowings of S\$7.40 million for operational needs made during the period.

Income tax payable increased from S\$30,000 as at 31 December 2021 to S\$185,000 as at 31 March 2022 to largely due to provision of current period income tax and previous years' tax of S\$146,000 and net income tax refund of \$10,000 during the period.

Deferred tax assets/liabilities mainly relate to temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, which include, amongst others, differences in depreciation and amortisation, fair value adjustments on

Other information

acquisition of subsidiaries and unabsorbed capital allowances. There is no movement between 31 December 2021 and 31 March 2022.

Equity attributable to owners of the Company decreased from S\$70.04 million as at 31 December 2021 to S\$70.00 million as at 31 March 2022. Variance is between 31 December 2021 and 31 March 2022 is less than 10% and is not material.

Company

Amount due to a subsidiary increased from S\$2.63 million as at 31 December 2021 to S\$3.13 million as at 31 March 2022 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flows Statement

The Group recorded an increase in net cash flows generated from operating activities of S\$0.37 million in 1Q2021 to S\$1.02 million in 1Q2022 largely due to the increase in the amount of delivery of inventories to meet customers' demand.

The Group recorded an increase in net cash used in investing activities from S\$0.13 million in 1Q2021 to S\$0.64 million in 1Q2022 mainly due to increase in purchase of PPE for operational needs and offset by increase in the proceeds from disposal of PPE.

The Group recorded net cash flows used in financing activities of S\$1.13 million in 1Q2022 as compared to net cash flows generated from financing activities of S\$0.59 million in 1Q2021 largely due to higher repayment of bank borrowings and lower drawdown of bank borrowings which is dependent on operational requirements.

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

No forecast or prospect statement has been previously disclosed to shareholders.

5. 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 operating period and the next 12 months

The business environment within the next 12 months is expected to remain challenging for the Group in light of the uncertain global economic outlook and the JLC Issue as disclosed in Note A of the condensed interim consolidated statement of cash flows. The worsening business environment is further exacerbated by the COVID-19 pandemic that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy, coupled with the ongoing global chip shortage, supply chain disruption and the recent lockdown in Shanghai, the People's Republic of China, may cause a decline in global demand and production for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months. As at the date of this announcement, the Group's subsidiary in Suzhou, China, has not been materially affected by the lockdown in the People's Republic of China as it is a representative office dealing mainly with inter-company transactions and does not have a material amount of sales to external customers.

Other information

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in its precision metal stamping segment. The Group has explored, and will continue to look for, ways to reduce expenditure. The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

With the completion of the special audit, the Group is in the process of reviewing the contents of the executive summary to assess the findings and determine its next course of action alongside its appointed legal advisors. The Group is also working with its legal advisors on the next steps in order to do its best in recovering the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and maintain good relationships with its stakeholders and provide assurance to these stakeholders that business is as usual for the Group.

6. Dividend information

(a) Whether an interim (final) ordinary dividend has been declared or recommended.

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(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) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend for the period ended 31 March 2022 has been declared or recommended as the Company is in a loss-making position for the financial period and in an accumulated loss position.

Other information

8. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

9. Negative confirmation by the Board pursuant to Catalist Rule 705(5)

The Board of the Company hereby confirms to the best of its knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the first quarter ended 31 March 2022 to be false or misleading in any material aspect.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Catalist Rule 720(1)

The Company confirms that it has received undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules, pursuant to Catalist Rule 720(1).

11. Use of proceeds

On 31 October 2017, the Company completed the issuance of 675,164,460 ordinary shares via placement and raised net proceeds of S\$33.40 million ("**Net Proceeds**").

On 4 April 2018, the Company announced the completion of acquisition of 51% of the entire issued and fully paid-up capital of ABO Group ("**ABO Acquisition**"). The Company had applied the Net Proceeds towards the consideration sum of S\$30.00 million, payment of stamp duty of S\$0.06 million and the ABO Acquisition related transaction costs of S\$0.09 million paid to professional parties.

The table below reflects the status of the use of Net Proceeds, as at the date of this announcement, which have been in accordance with the intended use and allocation:

Use of Net Proceeds	Allocation of Net Proceeds		Net Proceeds utilised as at the date of this announcement	Balance of Net Proceeds as at the date of this announcement
	S\$ 'million	%	S\$ 'million	S\$ 'million
(i) Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion	30.06	90	(30.06)	-
(ii) General working capital purposes	3.34	10	(0.09)*	3.25
	33.40	100	(30.15)	3.25

* Payment of professional fees in connection with the ABO Acquisition.

Allied Technologies Limited and Subsidiaries

Other information

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note A of the condensed interim consolidated statement of cashflows to the condensed interim financial statements above.

On behalf of the Board of Directors

Ong Lizhen, Daisy
Chief Financial Officer
10 May 2022