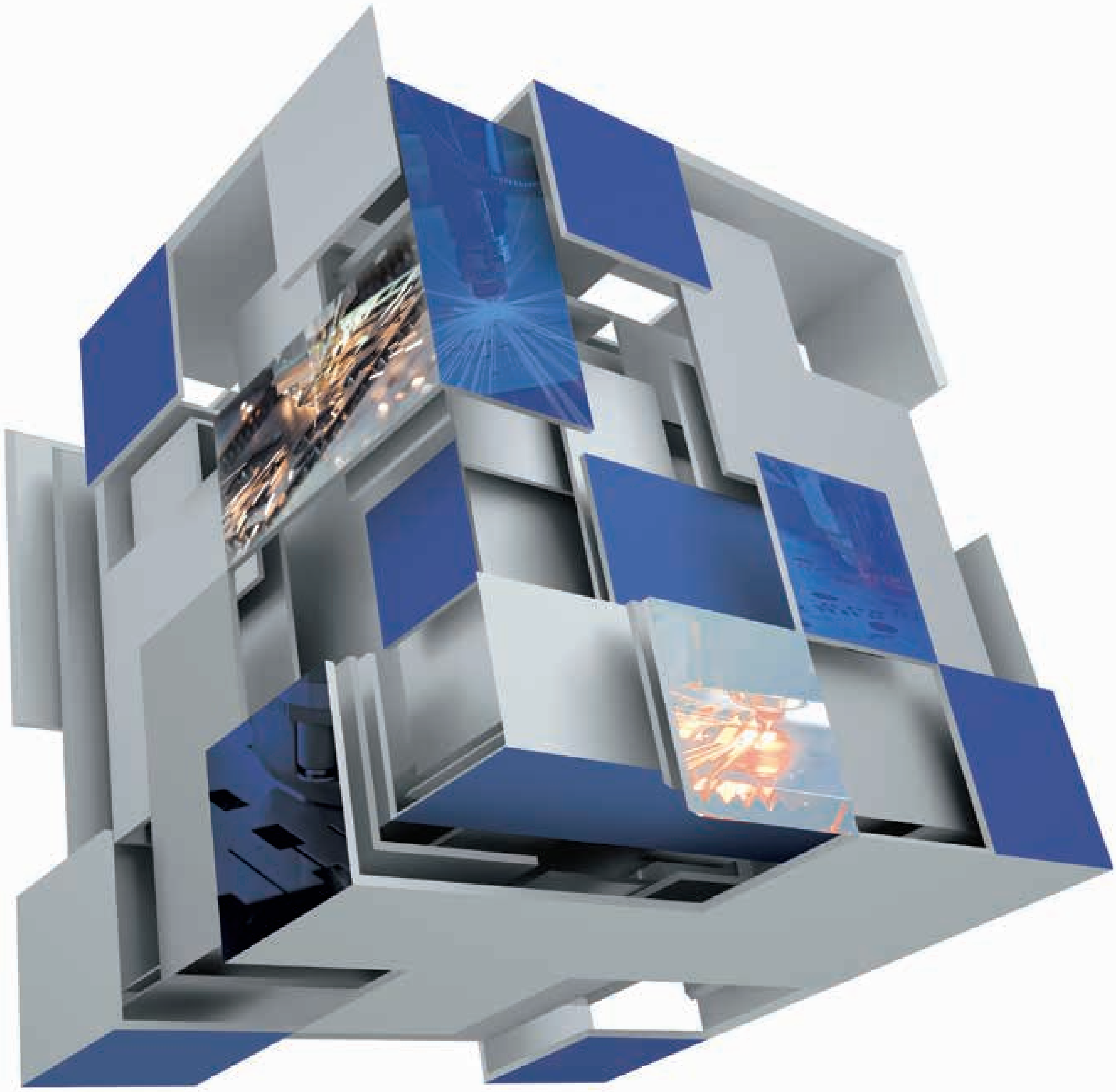
ALLIED TECHNOLOGIES LIMITED



ADVANCING OUR GROWTH WITH STRENGTH AND EXPERTISE

ANNUAL REPORT 2018

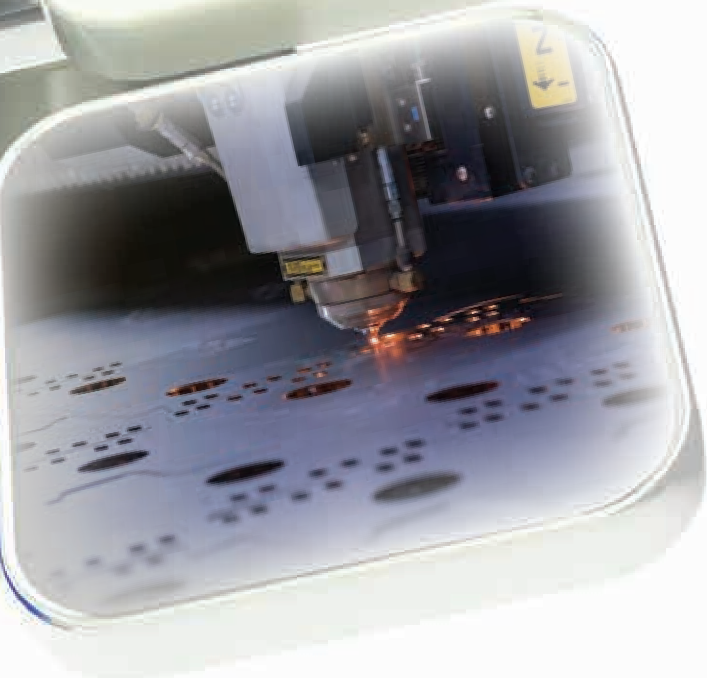


TABLE OF CONTENTS

CORPORATE **PROFILE**

Listed on the Main Board of the Singapore Exchange in June 2003 and transferred to the Catalist Board in May 2017, Allied Technologies Limited ("Allied Technologies"), together with its subsidiaries (the "Group"), is a manufacturer of precision stamped metal parts and has recently entered into the E-commerce space. Allied Technologies commenced its metal stamping operations in May 1994 and 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.

Over the years, Allied Technologies's, metal stamping business has expanded and marked its footprint in various countries such as China, Malaysia, Vietnam and Thailand as a metal stamped parts supplier to world renowned customers.

The Group's major customers include Konica Minolta, and Cal-comp Group, which have been customers for over a decade, as well as MNCs such as Flextronics Group, Samsung and the Hewlett Packard Group. The products manufactured by the Group are used as components in various industries, including computer and computer peripherals, consumer electronics and home appliances, office equipment, automotive, plastic and other industries.

Following the streamlining and restructuring plan started in 2016 of its metal stamping business with disposal of two subsidiaries located in China, namely Shanghai and Taicang, Allied Technologies had in 2017 liquidated its two dormant or inactive subsidiaries located in Dongguan, China and Taiwan, and commenced disposal of its Suzhou subsidiary. These exercises were done with the view to improve the overall financial performance, increase the cost efficiency and reduce potential business risk of the Group. After the completion of disposal of Suzhou subsidiary on 31 January 2018, the Group has a total of four production facilities in South East Asia, specifically in Malaysia (two facilities), Vietnam and Thailand as well as a marketing office located in Suzhou, China, which was incorporated in May 2018.

In March 2018, the Group proposed and received shareholders' approval to diversify into new business arena, mainly in E-commerce and related technologies such as e-payment systems and platforms. This move is aimed at achieving diversified returns for shareholders as the Group seeks to build a new pillar of growth in the years ahead.

The Group completed the acquisition of Asia Box Office Pte. Ltd., in April 2018 and of Activpass Holdings Pte. Ltd., in July 2018, marking its first move into the E-commerce, promotion of events and event ticketing industry.

VISION

Our vision is to be the leading original design manufacturer and provider of fully integrated manufacturing solutions in the electronics and precision engineering industries, and the leading E-commerce platform in the area of ticketing, class booking, and events management and promoting.

MISSION

To create long-term, sustainable growth for all stakeholders, and to deliver sustained and superior returns to all shareholders.

REGIONAL **PRESENCE**

ALLIED TECHNOLOGIES LIMITED

LETTER TO **SHAREHOLDERS**

In FY2018, the Group reported revenue of S$125.92 million as compared to S$94.80 million in FY2017.

The 33% increase in revenue achieved by the Group's continuing operations was mainly contributed by the subsidiaries located in Malaysia, Vietnam and the newly acquired subsidiaries during FY 2018.

Dear Shareholders

FY2018 was a year of change for the Group as we completed an internal restructuring exercise and diversified into the e-Commerce, promotion of events and event ticketing industry (the "**Diversification**"). Pursuant to that strategy, we acquired Asia Box Office Pte. Ltd. ("**ABO**") and its subsidiary, Asia Box Office (HK) Limited ("**ABO HK**") (collectively "**ABO Group**") and Activpass Holdings Pte. Ltd. ("**Activpass**") in April and July 2018, respectively.

However, as we are undergoing the changes and reorganising the Group, our auditors from Ernst & Young LLP (the "**Auditor**") have raised certain queries in relation to the impairment assessment of goodwill relating to the Group's acquisitions, and also on certain of the ABO Group's transactions. In connection with the foregoing, Singapore Exchange Regulation Pte. Ltd. ("**SGX Regco**") had, on 8 May 2019, issued a Notice of Compliance (the "**First Notice**") to the Group which required, amongst others, the Group to conduct a special audit on the observations raised by the Auditor (the "**Special Audit**"). On 14 June 2019, Pricewaterhousecoopers Risk Services Pte Ltd was appointed as the Group's special auditor (the "**Special Auditor**") to conduct the said Special Audit.

Further, the Company was also informed on 23 May 2019 that it may have difficulty recovering the escrow funds amounting to approximately S$33.15 million that it had placed with JLC Advisors LLP (the "**JLC Issue**"). This is further elaborated in the "Financial Performance" section. We have been informed that the relevant authorities are conducting their own investigations as regards the JLC Issue. In the meantime, we have appointed Rajah and Tann Singapore LLP as our legal counsel to help in the recovery of escrow funds placed with JLC Advisors LLP. We have also lodged a police report and issued a complaint letter to the Law Society in relation to the JLC Issue.

On 23 May 2019, SGX Regco issued a Notice of Compliance to the Group (the "**Second Notice**") which required, amongst others, the Group and the Special Auditor to look into the circumstances pertaining to the JLC Issue. Further, pursuant to the First Notice, the Company is also required to place any cash and bank balances in excess of the Group's operational requirements into an escrow account (the "**Escrow Account**"). The Company is in the midst of opening an escrow account with a local bank and will keep shareholders informed on any material updates. In view of certain conflicts of interest and after consultation with the SGX Regco following the First Notice, the authorised signatories of this Escrow Account will be both ourselves, Mr. Chin Chee Choon, the Independent non-Executive Director and Chairman, and Mr. Clement Leow Wee Kia, Chief Executive Officer and Executive Director.

While it is a challenging and difficult time for the Group given the JLC Issue, we will exhaust all possible means to resolve the JLC Issue, and to recover the escrow funds that the Company had placed with JLC Advisors LLP. We will also take all steps necessary to complete the Special Audit, and address the audit concerns raised by the Auditor by strengthening the corporate governance and internal controls of the Group.

In addition, going forward, we will also continue to look into enhancing the operational

LETTER TO SHAREHOLDERS

efficiency of the Group to improve the profitability of the existing and newly acquired businesses and continue to explore business opportunities to diversify the Group's business portfolio and improve its prospects.

FINANCIAL PERFORMANCE

In FY2018, the Group had shown improvement in its revenue as a result of higher sales demand from its precision metal stamping subsidiaries as well as revenue generated from the acquisitions of e-commerce subsidiaries.

The Group's revenue increased by 33% from S$94.80 million in FY2017 to S$125.92 million in FY2018. The increase is contributed mainly by the Company's subsidiaries located in Malaysia, Vietnam and the newly acquired subsidiaries during FY2018.

Geographically, our subsidiary located in Vietnam continues to be the largest revenue contributor, contributing to 46% of the Group's revenue in FY2018. This was followed by our 2 subsidiaries located in Malaysia, which contributed to 36% of the Group's FY2018 revenue.

Nevertheless, due to audit issues raised by our Auditor (for more information, please refer to the Company's announcement dated 5 June 2019 titled "Response to SGX Queries" and announcement dated 8 May 2019 titled "Grant of Extension of Time to hold AGM and announce its financial results for 1Q 2019") and the difficulty in the recovery of the escrow funds placed with JLC Advisors LLP of some $33.15 million, our Group accounts have been disclaimed. The Special Auditor was also appointed on 14 June 2019. We expect the Special Auditor to complete their work and issue their report by the end of the third quarter of this year. The Board together with management will review the findings of the Special Auditor and look into the areas where corporate governance and internal controls can be further strengthened to ensure that going forward there will be adequate corporate governance and internal controls. The Group will also take all steps necessary to comply with the directives set out in the First Notice and the Second Notice.

THE BOARD AND MANAGEMENT

The start of 2019 saw some changes in the composition of our Board. We joined the Board on 15 February 2019 (Mr Chin Chee Choon) and 1 March 2019 (Mr Clement Leow Wee Kia) respectively.

We also welcome Ms Daisy Ong Lizhen, who was appointed the Chief Financial Officer of the Group on 1 February 2019. She brings with her a wealth of experience in the accounting and finance industry and we look forward to her contribution to the Group.

SUSTAINABILITY REPORT

In affirmation of our commitment to sustainability, we are proud to present our second Sustainability Report this year. This report documents our sustainability initiatives and achievements related to economic, environmental and social issues over the past financial year.

FUTURE OUTLOOK AND PROSPECTS

Looking ahead, the business environment in the current financial year is expected to remain challenging for the Group in light of the weak global economic outlook and the JLC Issue. Besides streamlining its operations, the Group will be looking to explore other possible avenues for business opportunities in both its precision engineering and e-commerce business segments. With the economic uncertainties ahead, the Group expects to face challenging business conditions in the coming year.

In addition, we are working towards resolving the audit issues highlighted by the Auditor and the recovery of the escrow funds previously placed with JLC Advisors LLP. The Board will also continue to work very hard with the management team to deliver value to our shareholders during this difficult period.

APPRECIATION

On behalf of the Board of Directors, we would like to take this opportunity to express our deepest gratitude to our valued customers, suppliers and business partners for their unrelenting support of the Group in the past year.

We would also like to thank our management and staff for their continued dedication and commitment over the past year and would like to extend our heartfelt appreciation to our shareholders for their ongoing support. We will continue to strive to maximise shareholders' return and hope you will continue to support our endeavours in the years to come.

Yours faithfully

Chin Chee Choon
Independent Non-Executive Director and Chairman

Clement Leow Wee Kia
Chief Executive Officer and Executive Director

OPERATIONS **REVIEW**

In the financial year ended 2018 ("FY2018"), the Group had shown improvement in its revenue as a result of higher sales demand from precision metal stamping subsidiaries as well as revenue generated by its newly acquired e-commerce subsidiaries.

The Group recorded revenue of S$125.92 million in FY2018, an increase of 33% from S$94.80 million reported in FY2017. The largest revenue contributors of the Group were Vietnam subsidiary followed by the Malaysian subsidiaries, representing 46% and 36% of the Group revenue, respectively.

As a result of higher revenue, the cost of revenue had increased by 38% to S$114.56 million in FY2018 compared to that of S$83.30 million in FY2017. This was mainly due to higher material cost incurred as a result of change in material mix for new projects and higher labour cost resulting from the increase in headcount.

The operating income had decreased from S$2.20 million in FY2017 to S$1.68 million in FY2018. This is mainly due to the absence of gain on re-measurement of financial receivables of S$1.31 million recorded in FY2017. The gain on re-measurement of financial receivables arose from the revision of payment plan pursuant to the disposal of the former Shanghai and Taicang subsidiaries in FY2016.

SEGMENTAL CONTRIBUTION

PRECISION METAL STAMPING SEGMENT

Precision metal stamping segment recorded a total of S$112.09 million revenue in FY2018 as compared to S$94.80 million in FY2017.

SINGAPORE

As a result of an internal restructuring exercise, the Company has ceased its operations in the metal stamping business since 4Q FY2018. Majority of the sales were transferred to one of its Malaysia subsidiaries, while the remaining sales were retained in Singapore, via its newly incorporated Singapore subsidiary.

Hence, the metal stamping segment's total revenue in Singapore had decreased from S$7.09 million in FY2017 to S$1.89 million in FY2018.

VIETNAM

The Group's Vietnam subsidiary recorded a higher revenue of S$58.22 million in FY2018 as compared to S$51.12 million in FY2017. The improved top line was mainly contributed by the increase in revenue relating to copier assembly projects and its metal stamping and plastic injection divisions.

MALAYSIA

As the second Malaysia subsidiary started its operation in end of December 2017, the total revenue generated by both the Malaysia subsidiaries of the Group increased from S$29.82 million in FY2017 to S$45.31 million in FY2018.

THAILAND

Our Thailand subsidiary continues to supply printer and copier parts to Cal-comp, which is producing for Hewlett Packard Group and Konica Minolta respectively. It had reported a slightly lower revenue of S$6.67 million in FY2018, as compared to the revenue of S$6.77 million in FY2017, due to lower sales orders received from its existing main customers.

E-COMMERCE SEGMENT

Revenue recorded by the e-commerce segment from the newly acquired subsidiaries amounted to S$13.83 million in FY2018.

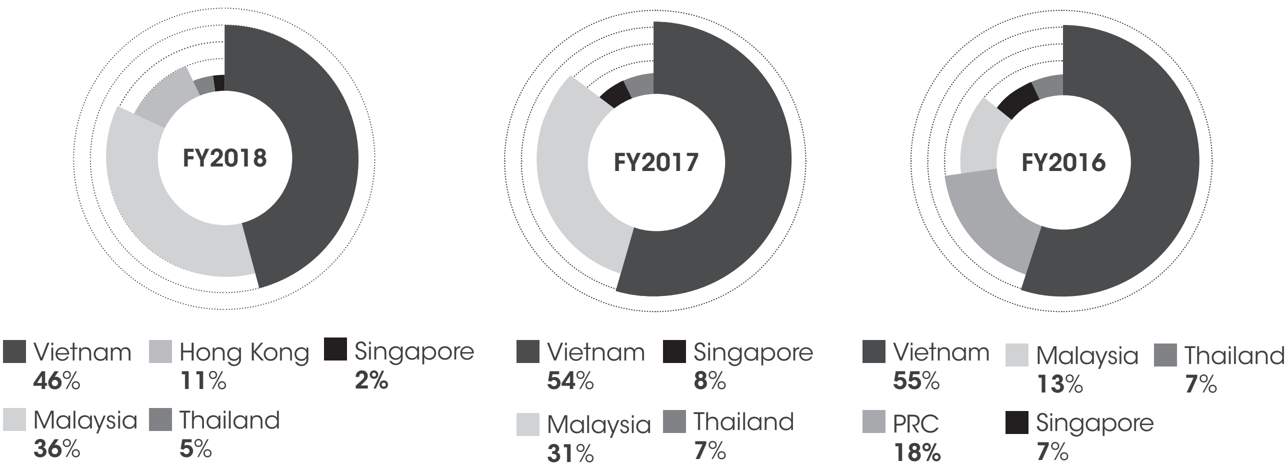
The revenue was mainly derived from ABO Group, who achieved revenue of S$13.50 million and recorded a profit (before impairment loss) of S$0.20 million from a major event, Cirque Du Soleil Inc.'s Big Top touring show "KOOZA', which was held in Hong Kong in 2Q FY2018.

For the purpose of segment reporting, ABO was identified as an operating segment. ABO's financial and Activpass financial aggregate as the "E-Commerce" reportable segment. For the purpose of ABO segment reporting, taking into account impairment loss and other consolidation adjustments, it recorded a loss before tax of S$23.76 million. The loss incurred was mainly due to impairment loss of $23.51 million recognised on goodwill arising from acquisition of ABO Group as the recoverable amount derived based on value in use calculations exceeded the carrying amount.

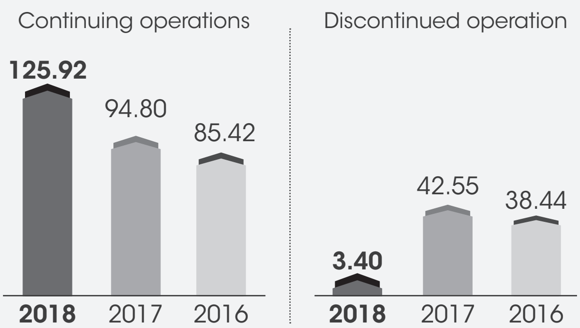
Activpass achieved revenue of S$0.32 million and loss before impairment of S$0.24 million. For the purpose of Activpass segment reporting, after taking into account impairment loss and other consolidation adjustments, it recorded a loss before tax of S$8.02 million in FY2018. The loss incurred was mainly due to lower than expected revenue being recorded as Activpass was preparing to launch its campaign after its acquisition and impairment loss of $7.76 million recognised on goodwill arising from acquisition of Activpass as the recoverable amount derived based on value in use calculations exceeded the carrying amount.

FINANCIAL **HIGHLIGHTS**

REVENUE BY GEOGRAPHICAL LOCATIONS (CONTINUING OPERATIONS)

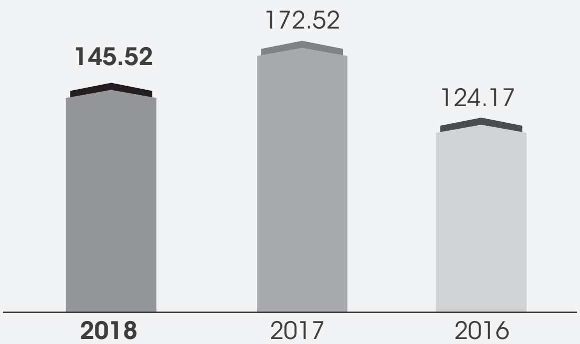


REVENUE ($M)

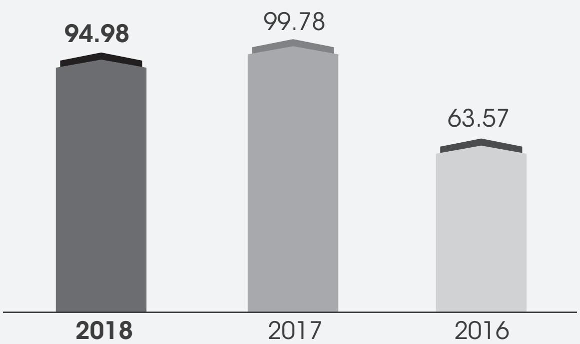


NET PROFIT/(LOSS) ($M)

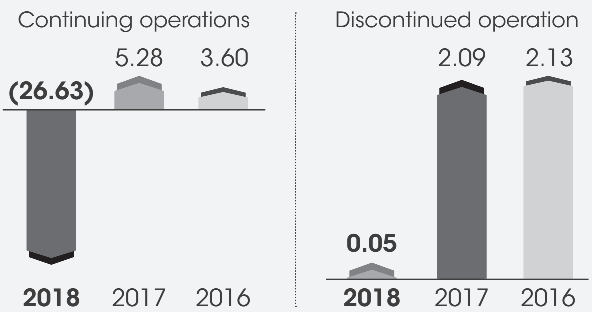
TOTAL ASSETS ($M)



SHAREHOLDERS' EQUITY ($M)



EBITDA/(LBITDA) ($M)



BOARD OF DIRECTORS

MR CHIN CHEE CHOON Independent Non-Executive Director and Chairman

Mr Chin Chee Choon was appointed as an Independent Non-Executive Director and Chairman of the Company on 15 February 2019. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Mr Chin is currently the Head of Advisory at Nexia TS Public Accounting Corporation where he leads the firm's Advisory Services Divisions. Mr Chin is also involved in the audit/assurance engagement where he is the engagement partner of companies from various industries and sizes including companies listed on the Singapore Stock Exchange ("SGX").

He is also a member of the Audit Committee of Nexia International, a Member of the Assurance and Auditing Committee of the Institute of Singapore Chartered Accountants and an Independent Director and Audit Committee Chairman of Versalink Holdings Ltd.

Outside of work, Mr Chin is a Board of Governor and Treasurer of The Spirit Of Enterprise, an IPC charity organisation encouraging entrepreneurship amongst youth in Singapore.

Mr Chin graduated from the University of Oxford with a Postgraduate Diploma in Leadership and the University of South Australia with a Bachelor in Accounting. He is a Fellow Chartered and Public Accountant of the Institute of Singapore Chartered Accountants and a Certified Internal Auditor.

MR LEOW WEE KIA CLEMENT Chief Executive Officer and Executive Director

Mr Leow Wee Kia Clement is our Chief Executive Officer and Executive Director, and is responsible for the overall business development, management and strategy of our Group. Mr Leow was appointed as our Chief Executive Officer and to our Board on 1 March 2019.

Prior to this, Mr Leow was Chief Executive Officer and the Head of Corporate Finance at Crowe Horwath Capital Pte Ltd. He has over 18 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions. Mr Leow has also held senior positions in corporate finance and banking in Singapore.

He is also an Independent Director of Ellipsiz Ltd, Lum Chang Holdings Limited, and Overseas Education Limited, companies listed on the Mainboard of the Singapore Exchange and MSM International Limited, a company listed on the Catalist Board of the Singapore Exchange.

Mr Leow graduated from Cornell University, United States, with a Bachelor of Science in Applied Economics in 1994. He was awarded a Master of Business Administration in 2011 from the University of Oxford, United Kingdom, and was also conferred a Postgraduate Diploma in Financial Strategy in 2009 by the University of Oxford, United Kingdom. He also completed the Governance as Leadership program at Harvard University, United States, in 2010 and has served as a member of the Singapore Institute of Directors since April 2009. He also serves as the President of the Singapore Tennis Association and has been awarded the Singapore Armed Forces Good Service Medal in 2007.

BOARD OF **DIRECTORS**

MR LOW SI REN, KENNETH Executive Director

Mr Low Si Ren, Kenneth was appointed as an Executive Director of the Company on 27 June 2018.

Mr Low has over 12 years of experience as an entrepreneur and investor and currently serves as a director of several private companies that are in the business of investment holding/ management. He has managed investments and invested in various seed and growth stage funding in startups and companies in the areas of E-Commerce, Payments, Sports and Entertainment Events. These investments have included both debt and equity structures.

MR LIM JIN WEI Independent Director, Chairman of the Audit Committee and the Remuneration Committee

Mr Lim was appointed as an Independent Director of the Company on 1 August 2017 and he serves as Chairman of the Audit Committee and Remuneration Committee and is also member of the Nominating Committee. Mr Lim does not hold any shares in the Company or any of its subsidiaries.

Mr Lim had been the Director of Choon Hua Trading Corporation Sdn Bhd, a private limited company in Malaysia since January 2007. He spearheaded various additions and improvement to the company's infrastructure and business of importing and distribution of frozen foods and fast-moving consumer goods (FMCG) in East Malaysia.

Mr Lim started his career as an auditor with Deloitte & Touche, Singapore and became an Audit Manager in 2004. During his career as auditor, he managed the financial audit of multinationals and local companies in several industries including computers & electronics, shipping, manufacturing, construction, food and beverages as well as trading and distribution. He also has experience as Independent Auditor for Initial Public Offerings of PRC Companies in Singapore including on-site due diligence. He was also involved in a Reverse Take Over (RTO) exercise of a Singapore Listed Company and upon completion of the RTO, he remained as the Chief Financial Officer of its property division until February 2015. He graduated from the Queensland University of Technology with a Bachelor of Business (Accountancy) degree and is a Certified Public Accountant with the CPA Australia and also a member of the Singapore Institute of Directors.

MS POK MEE YAU Independent Director, Chairman of the Nominating Committee

Ms Pok was appointed as an Independent Director of the Company on 31 October 2017. She serves as Chairman of the Nominating Committee and is also a member of both the Audit and Remuneration Committees. Ms Pok does not hold any shares in the Company or any of its subsidiaries.

Ms Pok is currently a partner at JLC Advisors LLP, a legal firm that handles both dispute resolutions matters, as well as corporate and commercial affairs.

Over the years, she has provided legal counsel to both private and public companies across a broad spectrum of industries, specialising in mergers & acquisitions work in both the domestic and the international market. Ms Pok has also acted for several charitable foundations and institutions, on their corporate related matters and advising them on their ongoing compliance obligations.

Ms Pok was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 2005 and a Solicitor of England and Wales in 2007. Ms Pok holds a LL.B. (Hons) from University College London and a LL.M from University College London.

KEY **MANAGEMENT**

MS DAISY ONG
Chief Financial Officer

Ms Daisy Ong was appointed Chief Financial Officer of the Company on 1 February 2019. Ms Ong is responsible for the overall financial management, reporting and internal control matters for the Group.

Prior to joining the Company, Ms Ong held the position of Associate Director – Investment in Centurion Corporation Limited, a company listed on both the Singapore Exchange Securities Trading Limited and Hong Kong Stock Exchange Limited. She was on contract as Financial Controller of Singapore Operations with Terracom Limited, a company listed on the Australia Securities Exchange from March 2015 to February 2016. She was the Financial Controller of Sino Construction Limited, a company listed on the Singapore Exchange Securities Trading Limited from May 2012 to March 2014. She was an auditor with Ernst & Young LLP from July 2005 to April 2012.

Ms Daisy Ong graduated from the Nanyang Technological University with a Bachelor of Accountancy in 2005. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MS TAN SIANG KENG
Chief Operating Officer
(Precision Metal Stamping)

Ms Tan joined the Company in 1994 and has been with Allied Technologies for 24 years. She is primarily responsible for the overall operations and business activities of the Group's precision metal stamping business.

She holds a Master of Business Administration degree and a Master of Business degree in Professional Accounting from the Victoria University of Technology and a Bachelor of Science degree in Business and Management Studies from the University of Bradford.

Ms Tan is a member of both the CPA Australia and Institute of Singapore Chartered Accountants. In 2015, Ms Tan was conferred the Public Service Medal (PBM) in recognition of her contribution to the community.

MS ANG LEE AI
Financial Controller
(Precision Metal Stamping)

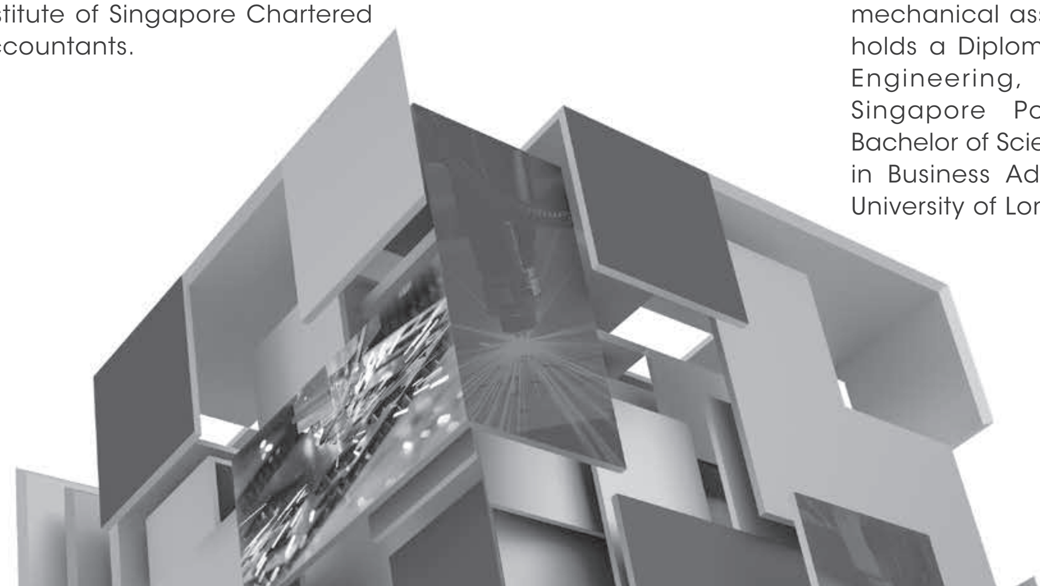
Ms Ang joined the Company in 2014 and is responsible for the accounting and finance matters of the precision metal stamping business. She has more than 7 years of experience in both auditing and accounting areas.

She holds a Bachelor of Science (Hons) Degree in Applied Accounting from Oxford Brookes University. She is also a fellow member of both Association of Chartered Certified Accountants and Institute of Singapore Chartered Accountants.

MR TUNG GEE KHIM
Operation Director
(Precision Metal Stamping)

Mr Tung joined the Company in October 2005 and is responsible for overseeing and managing all operational aspects of Allied Vietnam operations. He supports the operations alignment of the precision metal stamping business, with a key focus on the Key Performance Indicators.

He has extensive experience in both metal stamping and contract manufacturing (electro-mechanical assembly). Mr Tung holds a Diploma in Mechanical Engineering, awarded by Singapore Polytechnic, and Bachelor of Science (Economics) in Business Administration from University of London.



SUSTAINABILITY **REPORT**

SCOPE OF SUSTAINABILITY REPORT

The scope of the report covers information on material sustainability aspects of Allied Technologies Limited ("ATL" or the "Group"), namely the Group's significant subsidiaries, Allied Technologies (Saigon) Co., Ltd ("ATSC"), Allied Precision Technologies (M) Sdn Bhd ("APTM"), Asia Box Office Pte. Ltd. ("ABO"), and Activpass Holdings Pte Ltd. ("Activpass") from 1 January 2018 to 31 December 2018 unless otherwise specified. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. It also considers the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"). In preparing our report, we applied the GRI's principles for defining report content and report quality by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders.

The data and information provided within the report have not been verified by any independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

SUSTAINABILITY CONTACT

We welcome feedback on our sustainability practices and reporting at telephone: 6733 0350.

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY ORGANISATIONAL STRUCTURE

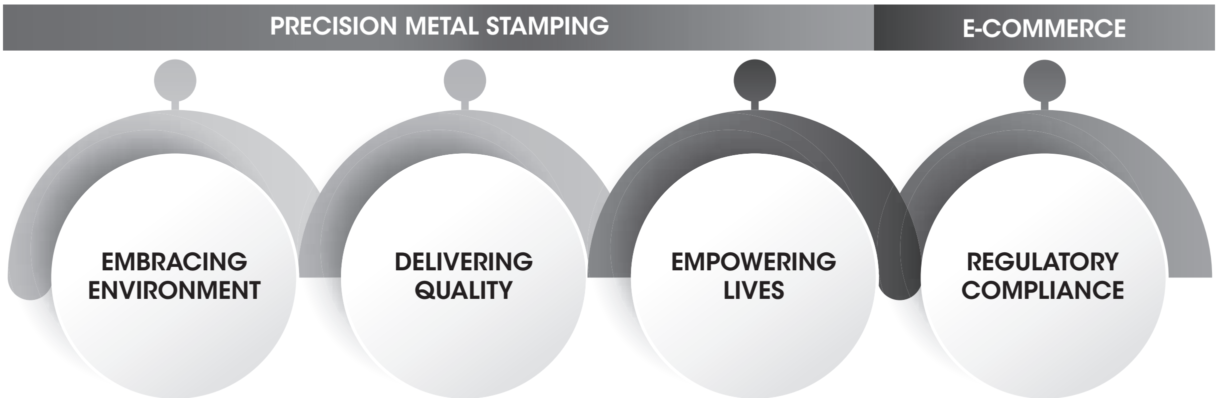
Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:

BOARD OF DIRECTORS AND CEO	OPERATION DIRECTOR	EMPLOYEES
The Board of Directors and CEO formulates related strategies and guidelines.	Operation Director, together with the Corporate Social Responsibility ("CSR") Coordinator, helps to organise and coordinate the CSR work of all departments and subsidiaries.	Related personnel from various departments are responsible for the organisation and implementation of CSR works.

The Board has considered sustainability issues including risks and opportunities as part of its strategic formulation, determined the material environmental, social and governance ("ESG") factors and overseen the management and monitoring of the material ESG factors, as well as considered both risks and opportunities in identifying the material ESG factors.

SUSTAINABILITY STRATEGY

At the Group, our sustainability strategy aims to create integrated values. Not only do we create economic value by maximising profits and shareholder value, but we also take on a broader responsibility as a global corporate citizen to support societal values.



Together with disciplined execution of our strategy and a commitment to doing business responsibly, we commit to deliver value to all our stakeholders through the environment, economic and social aspects to embrace environment, deliver quality, empower lives and ensure regulatory compliance.

The sustainable strategy is underpinned by our comprehensive internal policies on the following:

- Environmental Protection Management, which covers aspects on proper waste management, reduction of energy and resource consumption, and other areas required by ISO 14001: Environmental Management System.

- Quality Management, which covers aspects on the raw materials quality, supplier evaluation, product design, customer communications, quality controls, management of non-conforming products, and other areas required by ISO 9001: Quality Management System.

- Production Safety Management, which covers aspects on safety culture, safety training and development, equipment safety, emergency response procedures, occupational health and safety, and fire safety and prevention.

- Human Resources Management, which covers aspects on employee handbook, department-specific performance evaluations, rewards and penalties.

- Whistle-blowing procedures and ethics guidelines to be followed by all staff.

The strategy is also guided by external sources, including ISO 9001, ISO 14001, Global Reporting Initiative Standards, and the Sustainability Reporting Guide in Practice Practice Note 7F of the SGX-ST Catalist Rules.

SUSTAINABILITY **REPORT**

CONSULTING OUR STAKEHOLDERS

We engage both internal and external stakeholders on a regular basis with the goal of strengthening our sustainability approach and performance. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we've received.

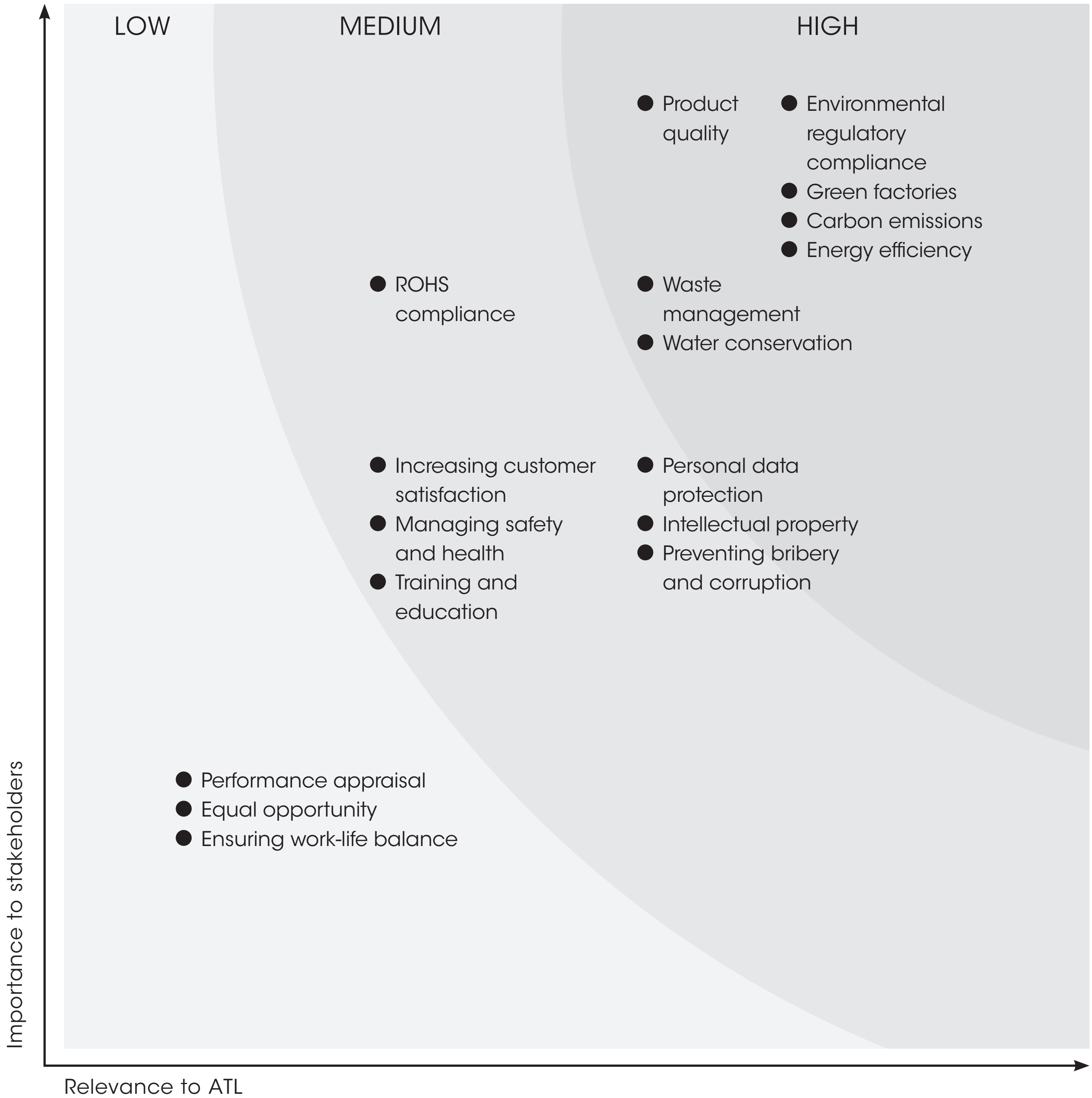
Stakeholders	How we listen	Why we do it	What you've told us
Community	• Press releases • Annual reports	• Provide a sustainable factory environment, e.g. green factory.	• Economic value generated and distributed to local communities
Customers	• Direct feedback via sales channel • Site visit to our factories • Periodic assessment performed by customers relating to impacts on environment and social factors	• Strengthen quality of the product to ascertain product safety and reduce defects. • Provide a sustainable factory environment that meets customers' requirements. • Comply with requirements of the Personal Data Protection Act ("PDPA")	• Strengthen quality of the product • Establish green factory
Employees	• Employee's handbook • Periodic staff meetings • Staff trainings • Labour union meetings • Email feedbacks from staff	• Ensure workplace health and safety enables the employees to work comfortably and safely. • Employment benefits should address basic needs and help to manage stress and improve health. • Training and career development should be in place to improve effectiveness and productivity.	• Manage occupational health and safety • Maintain work life balance • Provide training and education
Governments	• Announcements from regulators • Emails from government • Letters from government	• Attend trainings to keep up with the latest rules and regulations.	• Compliance with relevant rules and regulations
Shareholder and investors	• SGX Announcements • Shareholder's meeting • Annual reports • Allied Company's website • Regular updates and communication	• Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them.	• Long-term profitability • Sustainability matters • Group's performance against targets • Compliance with all relevant requirements
Suppliers	• Periodic supplier's assessment on Restriction of Hazardous Substance ("ROHS") • Supplier's meetings	• Periodic ROHS audit on suppliers to ascertain quality of product and services acquired to ensure that they are free from hazardous substances.	• Maintain ROHS compliance

SUSTAINABILITY MATERIALITY

Based on the stakeholder engagement, we developed our sustainability materiality matrix containing material aspects which are aligned with our principal business and operational risks, and formed our sustainability strategy which has shaped our approach to sustainability reporting, as illustrated in the diagram below.

We have also developed metrics to help us measure our progress, as indicated in our sustainability scorecard in **Appendix A**. We will review and adjust the material issues and relevant metrices each year, as the external and business context changes.

The aspect boundaries 'within' the organisation is limited to ATSC, APTM, ABO and Activpass, whereas the aspect boundaries 'outside' the organisation include community, customers, employees, governments, shareholders and investors, and suppliers.



SUSTAINABILITY REPORT

OUR PERFORMANCE

HOW WE MEASURE OUR PERFORMANCE

Our sustainability strategy is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programs have advanced, through a series of 'commitments'.

METRICS AND TARGETS

We have established key performance indicators for each of the four focus areas outlined in our sustainability strategy. Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

COMMITMENTS

To ensure we have a robust change programme in place, we will also publish the key initiatives we plan to implement within the next year. Over the following pages, we've set out these commitments in a separate table for each area of our sustainability strategy. The progress we've made against each one is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

SYMBOLS USED TO INDICATE PROGRESS AGAINST COMMITMENTS

Symbol	Meaning
Ⓝ	New commitment this year
○	Not started
◑	In progress
◉	Complete
◎	Ongoing commitment: no end date

EMBRACING ENVIRONMENT

OVERVIEW

As economic and population growth increases the level of global consumption, our society is faced with environmental challenges and is required to use energy and resources more efficiently. In order to achieve sustainable growth, a company must not only pursue economic value but also address important environmental problems.

We have established an Environment Management System that is based on the principles of ISO14001:2004 (Environmental Management), focusing on reduction of energy and resource consumption and proper waste management.

Our production facilities abide by our Environmental Management System to ensure our commitment towards environmental protection, reducing carbon emissions, preventing pollution, and minimising waste. We also closely monitor our operations to ensure that our environmental protection targets can be achieved.

ENVIRONMENTAL REGULATORY COMPLIANCE

ATL is fully compliant with the environmental laws and regulations in the countries that we operate in, and follow internationally recognised standards. The Group has established an Environment Management System that is based on the principles of ISO14001:2004 (Environmental Management), focusing on reduction of energy and resource consumption and proper waste management. The ISO14001:2004 certification status of our operations are as follows:

- ATSC: ISO14001:2004 certified since FY2012.
- APTM: First year of full operation in FY2018. On track to obtain ISO14001:2004 certification in FY2019.

As part of our strategy, ATL has committed to the following:

- Full compliance with environmental laws and regulations in our countries of operation
- Full compliance with ISO14001:2004 (Environmental Management)

GREEN FACTORIES

Since FY2015, the Group has also been a keen supporter of the Green Factories Initiative ("GFI") introduced by our key customer, Konica Minolta ("KM"). The purpose of the GFI is to reduce both environmental impact and operating costs. Through the GFI, we can contribute to cost reduction, increase sales opportunities, reduce business risk, and increase the environmental awareness of each employee.

SUSTAINABILITY **REPORT**

Under the GFI, we reported our environmental performance in ATSC and APTM through the Green Supplier Activity Program ("GSAP") to achieve the following Green Supplier Activity Targets:

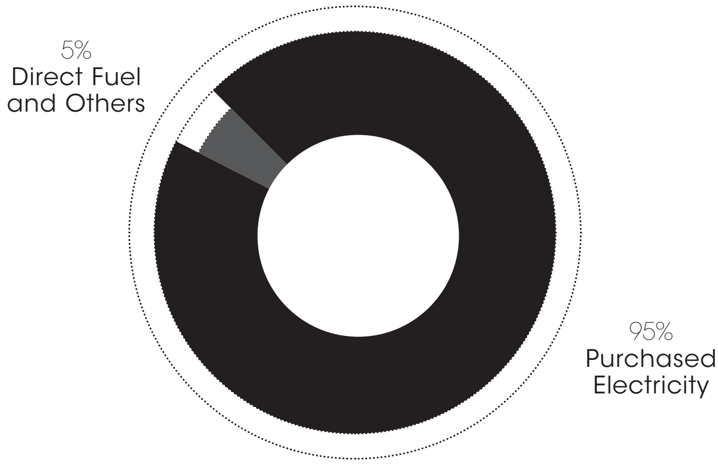
Issue	KM's management index	Target (2.5 years after activity launched)
Prevention of global warming	CO_2 emissions	5% reduction
	Energy costs	5% reduction
Waste reduction	External discharge quantity	12.5% reduction
	Materials/waste cost	Cost reduction greater than waste expenses
	Final disposal rate	0.5% or less
Reduction of chemical risk	Reduction of chemical risk	Compliance with chemical substance guidelines
Environmental legal compliance	Environmental legal compliance	Compliance with environmental laws

As of May 2017, ATSC is certified to have achieved the Green Supplier Activity Targets. As part of our strategy, ATL has committed that our factory in APTM will meet KM's Green Supplier Activity Targets by FY2021.

CARBON EMISSIONS

The corporate culture of protecting the environment is reflected in every operation undertaken by ATL. We are committed to reduce our carbon emission in our production activities. Our production facilities and machines are designed to save electricity consumption. Employees are also reminded to save electricity through regular internal communications.

To determine the carbon footprint, we collect energy usage data from each our businesses and then calculate our total annual greenhouse gas ("GHG") emissions.



In FY2018, ATL generated a carbon footprint of 4,217 tonnes of carbon dioxide emission ("tCO_2e") with a carbon emission intensity of 42.9 tCO_2e per million dollars of revenue. The emission mainly arises from purchased electricity which accounted for close to 95% of the total carbon emission of ATL.

We follow the Greenhouse Gas Protocol established by the World Resources Institute and the World Business Council for Sustainable Development, the standard manual for measuring corporate greenhouse gas emissions.

Using the "control method", we include 100% of the emissions associated with businesses which we directly control. Our carbon footprint includes:

- All fuels used directly by our companies (Scope 1 emissions)
- All purchased electricity used in our facilities (Scope 2 emissions)
- Impact of business air travel (optional Scope 3 emissions)

Carbon footprint per million dollars of revenue decreased substantially from the previous year as a result of our energy efficiency efforts across the Group and more energy efficient operations at our new factory in APTM. We will continue to seek ways to improve energy efficiency, not only to help protect the environment but also lower our financial costs.

As part of our strategy, ATL has committed to reduce our carbon footprint per million dollars of revenue by 5% by FY2021, from a FY2018 baseline.

ENERGY EFFICIENCY

Manufacturing factories are energy-intensive structures and electricity often constitutes a significant proportion of operating expenses, as in the case of ATL.

Energy consumption resulting from purchased electricity in our operations generates close to 95% of our GHG emissions and is one of our largest operating costs. By investing in energy efficiency, we not only help protect the environment but can also lower our financial costs.

As part of our strategy, ATL has committed to reduce our energy consumption intensity by 5% by FY2021, from a FY2018 baseline. We have performed the following steps to reduce our energy consumption with the primary goal of reducing our carbon footprint.

SUSTAINABILITY REPORT

(a) *Optimise eco-efficiency in building operation*

We conducted the following activities to reduce energy consumption:

Before	After
• 3 LED tubes in one fixture	• 2 LED tubes in one fixture
• Small ceiling fan	• Large ceiling fan

(b) *Promote environmental awareness*

We communicated the following initiatives to our employees:

Before	After
• Temperature set at 16°C	• Temperature set at 23 - 25°C
• Lights on when not in use	• Lights off when not in use
• No air compressor filter cleaning schedule	• Monthly air compressor filter cleaning schedule
• 1 hour machine warm up time for degreasing machine before production run.	• ½ hour machine warm up time for degreasing machine before production run.

WASTE MANAGEMENT

We are taking steps to manage our waste production and encourage our employees, customers and suppliers to do the same. This includes reducing waste production at source, increasing recycling initiatives and disposing of waste in a responsible way.

We performed the following steps for waste management:

(a) *Metals* We will continue to optimise usage of the steel mill material for high volume parts. In addition, scrap metals produced during production were sold to authorised vendors periodically.

The amount of recycled metal increased substantially compared to the previous year due to APTM commencing operations in end of December 2017. We are confident that recycled metals will reduce as the production operations in APTM matures.

(b) *Pallets* We reuse pallets if they are in good condition and damaged pallets will be refurbished to stools or new pallets. Due to ongoing efforts of promoting environmental awareness to our employees, we increased the amount of pallets reused in FY2018.

(c) *Packaging materials* We have reused packaging materials such as polyethylene ("PE") bags of the purchased products to pack semi-finished/finished metal products. Due to ongoing efforts of promoting environmental awareness to our employees, we increased the amount of PE bags reused in FY2018.

(d) Hazardous waste

Hazardous waste produced in our operations are as follows:

- Waste water with oil, chemical
- Oil gloves and clothes
- Ink waste
- Battery waste
- Burnt florescent lights
- Grease and oil waste

These hazardous waste were sold to licensed vendors.

WATER CONSERVATION

Water scarcity is a growing concern around the world and a serious global challenge that we must work together to address to.

We have adopted a wide range of measures to reduce water consumption at our factories, including installing watering system with timer control and placing posters at canteen areas to raise awareness of water scarcity issues among our employees. As a result of water conservation efforts across the Group, our water consumption intensity has greatly reduced in FY2018.

As part of our strategy, ATL has committed to reduce our water consumption intensity by 5% by FY2021, from a FY2018 baseline.

COMMITMENTS: EMBRACING ENVIRONMENT

Full compliance with environmental laws and regulations	**Achievements**	**FY2018 progress**
	• Achieved zero environmental regulatory compliance incidents in Vietnam and Malaysia	• We had no environmental regulatory compliance incidents in Vietnam and Malaysia, demonstrating the benefit of integrating environmental initiatives into our business plans and strategies.

Full compliance with ISO14001:2004 (Environmental Management)	**Achievements**	**FY2018 progress**
	• ATSC: ISO14001:2004 certified since FY2012.	• APTM: First year of full operation in FY2018. On track to be ISO14001:2004 certified by FY2019.

Achieve KM's Green Supplier Activity Targets	**Achievements**	**FY2018 progress**
	• ATSC: Achieved KM's Green Supplier Activity Targets since May 2017.	• APTM: First year of full operation in FY2018. On track to achieve KM's Green Supplier Activity Targets by FY2021.

Reduce carbon footprint per million dollars of revenue by 5% (from FY2018 baseline)	**Carbon footprint per million dollars of revenue (tCO_2e)**	**FY2018 progress**
		• As a result of energy efficiency efforts across the Group and more energy efficient operations at our new factory in APTM, our carbon footprint reduced substantially from the previous year. • We will continue to seek ways to improve energy efficiency, not only to help protect the environment but also lower our financial costs.

SUSTAINABILITY **REPORT**

Reduce energy consumption per million dollars of revenue by 5% (from FY2018 baseline)	**Energy consumption per million dollars of revenue (MWh)** 2018 58.6 2017 86.8 2016 86.2	**FY2018 progress** Ⓝ • As a result of energy efficiency efforts across the Group and more energy efficient operations at our new factory in APTM, our energy consumption reduced substantially from the previous year. • We will continue to seek ways to improve energy efficiency, not only to help protect the environment but also lower our financial costs.

Reduce water consumption per million dollars of revenue by 5% (from FY2018 baseline)	**Water consumption per million dollars of revenue (m^3)** 2018 756 2017 1,016 2016 1,067	**FY2018 progress** Ⓝ • As a result of water conservation efforts across the Group, our water consumption reduced substantially from the previous year.

DELIVERING QUALITY

OVERVIEW

Based on customer-oriented and quality-oriented policies, we work on the fundamental target of contributing to society through the supply of high-quality and compliant products that satisfy our customers. We have established a Quality Management System that is based on the principles of ISO9001:2015 (Quality Management Systems) to deliver customer satisfaction through designing and manufacturing quality products and providing quick response to our customers' needs.

In addition, we believe that effective management of environmental, social and economic performance throughout our supply chains can help us conserve resources, optimise processes, increase productivity and promote positive corporate values. We are dedicated to the consistent implementation of our procurement policies and procedures across our entire operation.

PRODUCTION QUALITY

We are totally committed to customer satisfaction with quality products and services delivered through our effective Quality Management System that is based on the principles of ISO9001:2015 (Quality Management Systems). The ISO9001:2015 certification status of our operations are as follows:

- ATSC: ISO9001:2008 certified since FY2009, and ISO9001:2015 certified since FY2015.
- APTM: First full year of operation in FY2018. ISO9001:2015 certified since January 2019.

An annual audit is conducted by accredited ISO Consultant. There are no major deficiencies noted and we shall continuously improve based on the recommendation provided by the ISO consultant. This will ensure that our customers are satisfied with the quality of our products.

In addition, we also implement comprehensive control in the quality of our manufacturing processes to ensure our staff learn and acquire new skills to increase their productivity. These training programs enable us to maintain a productive workforce, whose skills are constantly upgraded to keep pace with the new changes in technology and our marketplace. In FY2018, we have conducted 20 staff trainings related to quality matters with 100% attendance from staff.

As part of our strategy, ATL has committed to the following:

- Full compliance with ISO9001:2015 (Quality Management Systems)
- Achieve 100% attendance from our staff for quality trainings

ROHS COMPLIANCE

We require our suppliers of raw materials and components to comply with ROHS in their products. When receiving goods, our quality assurance department will also ascertain that raw material and components are ROHS compliant and attached with a mill certificate to certify their origins.

The purpose of complying with ROHS is to restrict the use of hazardous materials that may harm the environment and pollute landfills, and are dangerous in terms of occupational exposure during manufacturing and disposal.

We assess the work environment of our suppliers as a way to manage risks in consideration of the environment, human rights, and other sustainability aspects. We also help them with making necessary improvements to ensure compliance with ROHS requirements and operate in accordance with local regulations and international standards. Furthermore, we continuously support our suppliers to build mutual competitive edge and growth.

As part of our strategy, ATL has committed to achieving 100% ROHS compliance from our suppliers. In FY2018, we have conducted 20 supplier audits and 100% of them are assessed to be ROHS compliant.

INCREASING CUSTOMER SATISFACTION

We assist our customers by providing advice and information on technical aspects of product development as early as when they are formulating the concept of their products. We constantly strive to improve our services by increasing the speed and efficiency of our production, maintaining consistency in the quality of our products and ensuring on-time delivery to our customers. We also ensure that continuing support and after-sales services are provided to our customers expeditiously.

A customer survey form has been put up on line at http://www.allied-tech.com.sg/survey/survey.asp to collect customer feedback. In addition, some customers also conduct audits on us periodically to ascertain that our quality, environmental, safety and health are in compliance to their standards.

As part of our strategy, ATL has committed to achieving 100% "Good" rating from our customer audits. In FY2018, we were subjected to five customer audits and 100% of them achieved a "Good" rating with no major deficiencies noted. For other improvements, we have provided improvement plans to the customers on a timely manner. We shall continuously improve based on the recommendation provided by the customers.

AWARDS AND RECOGNITIONS

ATSC received Excellence Supplier Award 2016 from Konica Minolta and Best Supplier Award 2014 from Samsung in recognition of our efforts on ensuring product quality and customer satisfaction.

SUSTAINABILITY REPORT

COMMITMENTS: DELIVERING QUALITY

Full compliance with ISO9001:2015 (Quality Management Systems)	Achievements	FY2018 progress
	• ATSC: ISO9001:2008 certified since FY2009 and ISO9001:2015 certified since FY2015.	• APTM: First year of full operation in FY2018. ISO9001:2015 certified in Jan 2019.

Achieve 100% attendance from our staff for quality trainings	Achievements	FY2018 progress
	• Achieved 100% attendance from staff for quality trainings.	• Conducted 20 staff trainings related to quality matters with 100% attendance from staff.

Achieve 100% ROHS compliance from our suppliers	Achievements	FY2018 progress
	• Achieved 100% ROHS compliance from our suppliers.	• Conducted 20 supplier audits with 100% of the suppliers assessed to be ROHS compliant.

Achieve 100% "Good" rating from our customer audits	Achievements	FY2018 progress
	• Achieved 100% "Good" rating from our customer audits.	• Subjected to five customer audits and 100% of them achieved a "Good" rating with no major deficiencies noted. • For other improvements, we have provided improvement plans to the customers on a timely manner. • We shall continuously improve based on the recommendation provided by the customers.

EMPOWERING LIVES

OVERVIEW

People are the cornerstone of our businesses. One of our most important and fundamental responsibilities lies in respecting and protecting the rights of all employees. Creating an environment where every employee can maintain both physical and mental health is essential to ensuring that they can maximise their potential.

We have established the Safety Management System to ensure a respectful, harmonious and safe work environment and provide training and career development opportunities for our employees.

MANAGING SAFETY AND HEALTH

We are totally committed to provide a safe and healthy work environment for all our employees, contractors and visitors, through our effective Safety Management System. In order to ensure compliance to the above, we have formed a Safety Committee to promote workplace safety through the following:

- Developing safe work practices
- Developing written safety program
- Facilitating safety training
- Workplace self-inspections
- Accident investigations

Our policies clearly outline the responsibilities of employees at different ranks. This is to ensure that the employees understand their responsibility fully and carry out the preventive measures and response to safety incidents effectively.

To increase the awareness to the production safety and evaluation the safety performance, a safety meeting is conducted weekly, quarterly and annually by the Production Safety Committee and Production Department. Safety concerns are discussed and action plans are determined and followed up during the meeting.

As part of our strategy, ATL has committed to achieving zero incidents and workplace injuries. In FY2018, there were no serious incidents and workplace injuries.

To ensure a healthy workforce, we also provide complimentary health screening annually for all employees who have been with us for more than one year.

TRAINING AND EDUCATION

Personal and professional development is an ongoing journey. We consider an effective learning and development program to be a critical part of keeping our employees motivated and encouraging them to build a strong sense of loyalty and pride towards our business.

Our training and employee development initiatives are centered on operational skills, ISO9001:2015 (Quality Management System), and ISO14001:2004 (Environmental Management).

To ensure that our employee excel, we emphasise on continuous learning in the workplace. Every employee has equal opportunities to upgrade and sharpen their skill sets through formal and on-the-job internal training programs, as well as inter-departmental job-rotation.

In FY2018, we organised training courses, tutorials and workshops to equip our people with the necessary skills and knowledge to help them excel as employees and individuals. Our programs fall into one or more of the following broad categories:

- Staff orientation
- Language skills
- Customer service
- Professional development
- Leadership and team building
- Health and safety
- Laws and regulations

PERFORMANCE APPRAISAL

To ensure the Company achieves its goals, we have various performance appraisal methods in place to determine the performance of the Company as well as each individual employee.

The employee performance appraisal comprises mainly quantifiable evaluation criteria. In addition, we actively collect performance information for each employee each month through inputs from direct supervisors and feedbacks, as well as periodical employee communication sessions.

SUSTAINABILITY REPORT

These collected information allow us to understand the performance and skills development needs of each team and individual employee from multiple aspects. This is crucial for the Company to develop annual training programs for employee that are designed to enhance the skills of the employee and aims to improve the overall productivity.

In FY2018, 87.9% of our employees are at least subject to an annual performance appraisal by their superiors, comprising 100% from ATSC, 64% from APTM, and 0% from ABO and Activpass. As part of our strategy, ATL has committed to achieving 100% annual performance appraisal by FY2019.

EQUAL OPPORTUNITY

We always strive to create a fair workplace for our employees based on the principle of equality and non-discrimination. From recruitment, remuneration, promotion, to employee benefits, equal opportunities are given to all employees regardless of gender, race, marital status, pregnancy, disability, age or family status.

We attract talent through fair, and flexible recruitment strategy that includes recruitment application, job description, job applications, interview, selection, approval, and job offer. Promotion is based on performance and suitability.

Remuneration packages (which includes the necessary social benefits) are reviewed periodically to ensure consistency with employment market. Dismissal also complies with employment laws and regulations relating to non-discrimination.

In FY2018, female employees comprise 43.5% of our entire workforce, with female representation in management at 47.8%.

ENSURING WORK-LIFE BALANCE

We provide a minimum of 12 days paid annual leaves to all employees. The leaves will be increased based on the employee's length of service. To enhance employee teamwork and cohesion, improve employee health and improve employee work-life balance, we also organise annual union trips and inter-department football tournament for all staffs.

We will continuous to periodically assess the needs of the employee and strike to reasonably improve the welfare of the employees.

COMMITMENTS: EMPOWERING LIVES

Achieve zero incidents and workplace injuries	Achievements	FY2018 progress
	• Achieved zero incidents and workplace injuries	• We had zero incidents and workplace injuries in Vietnam and Malaysia, demonstrating our commitment to provide a safe and healthy work environment for all our employees.

Achieve 100% annual performance appraisal	Achievements	FY2018 progress
	• ATSC: Achieved 100% annual performance appraisal.	• APTM: Achieved 64% annual performance appraisal. • ABO and Activpass: Annual performance appraisal not commenced.

REGULATORY COMPLIANCE

OVERVIEW

To maintain a fair, ethical and efficient business and working environment in the events and lifestyle industry, the Group, including ABO and Activpass, strictly adheres to the local laws and regulations relating to PDPA, intellectual property ("IP"), anti-corruption and bribery, irrespective of the area or country where the Group conducts its business.

PERSONAL DATA PROTECTION

Personal data refers to data, whether true or not, about an individual who can be identified from that data; or from that data and other information to which the organisation has or is likely to have access to.

Today, large amounts of personal data are collected, used and even transferred to third party organisations for a variety of reasons. This trend is expected to grow exponentially as the processing and analysis of large amounts of personal data becomes possible with increasingly sophisticated technology. As such, there is growing concerns from individuals about how their personal data is being used.

Due to the nature of business, ABO and Activpass may need to process certain personal data in their business processes. We are hence required to ensure that such personal data are adequately protected. We are subject to the Personal Data Protection Act 2012 in Singapore, and General Data Protection Regulation ("GDPR") for our European Union ("EU") clients.

INTELLECTUAL PROPERTY

In ABO, IP rights shape each stage of an event production from planning to actual production. They help producers attract funds; enable directors, screenwriters and actors, as well as the numerous artists and technicians who work behind the stage, to earn a living; and inspire technological breakthroughs that enable creative ideas to be brought to life.

The Group respects the creative effort behind all IPs driving the events industry and ensures that all of our events acknowledges and respects and appropriately remunerates the IP rights of all authors.

PREVENTING CORRUPTION AND BRIBERY

The Group prohibits all forms of corruption and bribery. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct (including corruption, bribery, extortion, fraud and money laundering) with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behavior to protect the Group's interests and the whistleblowers' confidentiality.

As part of our strategy, ATL has committed to full regulatory compliance. In FY2018, the Group was not in violation of any of the relevant laws and regulations in relation to PDPA/GDPR, IP, anti-corruption, bribery, extortion, fraud and money laundering that have a significant impact on the Group.

SUSTAINABILITY REPORT

COMMITMENTS: REGULATORY COMPLIANCE

Full regulatory compliance in relation to PDPA/GDPR, IP, anti-corruption, bribery, extortion, fraud and money laundering	Achievements	FY2018 progress
	• Achieved full regulatory compliance in relation to PDPA/GDPR, IP, anti-corruption, bribery, extortion, fraud and money laundering.	• The Group was not in violation of any of the relevant laws and regulations in relation to PDPA/GDPR, IP, anti-corruption, bribery, extortion, fraud and money laundering that have a significant impact on the Group.

APPENDIX A: SUSTAINABILITY SCORECARD

ECONOMIC CONTRIBUTION

Performance indicator	Units	FY2016	FY2017	FY2018
Payments to government (including all taxes and relevant penalties)	S$'000	508	273	1,019
Proportion of spending on local suppliers	%	27.8%	25.3%	21.6%
Proportion of senior management hired from local community	%	44.4%	66.7%	78.3%

EMBRACING ENVIRONMENT

Performance indicator	Units	FY2016	FY2017	FY2018
Environmental regulatory and compliance incidents	Number	0	0	0
Direct GHG emissions	tCO_2e	2,913	3,215	3,998
Indirect GHG emissions	tCO_2e	57	145	219
Total GHG emissions	tCO_2e	2,970	3,360	4,217
GHG emissions intensity	tCO_2e/S$'m	63.6	65.7	42.9
Electricity consumption intensity	MWh/S$'m	86.2	86.8	58.6
Water consumption intensity	m^3/S$'m	1,067	1,016	756
Recycled materials (metals)	kg	7,066	8,920	600,290
Recycled materials (pallets)	kg	504	317	11,520
Recycled materials (papers)	kg	1,112	1,382	84,035
Reused materials (pallets)	kg	6,250	9,730	35,100
Reused materials (PE bags)	kg	2,880	2,210	17,000

DELIVERING QUALITY

Performance indicator	Units	FY2016	FY2017	FY2018
Number of quality trainings	Number	4	5	20
% of staff attending quality trainings	%	100%	100%	100%
Number of suppliers audits conducted	Number	15	15	20
% of ROHS compliant suppliers	%	100%	100%	100%
Number of customer audits conducted	Number	3	3	5
% of audit results meeting "Good" rating	%	100%	100%	100%

EMPOWERING LIVES

Performance indicator	Units	FY2016	FY2017	FY2018
Serious accidents and workplace injuries	Number	0	0	0
Training hours per employee	Hours	13.8	9.0	7.4
Overtime hours per employee	Hours	180	181	208
Proportion of female representation in the workforce	%	54.7%	58.0%	43.5%
Proportion of female representation in the management	%	33.3%	22.2%	47.8%
Proportion of employees receiving regular performance and career development reviews	%	100%	100%	87.9%

REGULATORY COMPLIANCE

Performance indicator	Units	FY2016	FY2017	FY2018
Other regulatory and compliance incidents	Number	0	0	0

APPENDIX B: GRI CONTENT INDEX

GRI STANDARDS CONTENT INDEX

The GRI Content Index references the Allied Technologies Limited Sustainability Report 2018 ("SR") and Annual Report 2018 ("AR").

Disclosure number		Disclosure title	Page reference and remarks
GRI 102: General disclosures			
Organisational profile	102-1	Name of organisation	• AR: Cover page
	102-2	Activities, brands, products, and services	• AR: Corporate profile (page 1) • AR: Operations review (page 5)
	102-3	Location of headquarters	• AR: Regional presence (page 2)
	102-4	Location of operations	• AR: Regional presence (page 2)
	102-5	Ownership and legal form	• AR: Financial statements, note 1 (page 76)
	102-6	Markets served	• AR: Operations review (page 5)
	102-7	Scale of organisation	• AR: Corporate profile (page 1)
	102-8	Information on employees and other workers	• SR: Sustainability scorecard (pages 26-27)
	102-9	Supply chain	• SR: Delivering quality (page 20-22)
	102-10	Significant changes to the organisation and its supply chain	• SR: Delivering quality (page 20-22)
	102-11	Precautionary Principle or approach	• AR: Corporate governance report (pages 32-58)
	102-12	External initiatives	• Not applicable
	102-13	Membership of associations	• Member of Singapore Business Federation • Member of Singapore Chinese Chamber of Commerce & Industry (SCCCI)

SUSTAINABILITY **REPORT**

Disclosure number		Disclosure title	Page reference and remarks
Strategy	102-14	Statement from senior decision-maker	• AR: Letter to Shareholders (pages 3-4)
	102-15	Key impacts, risks, and opportunities	• AR: Corporate governance report (pages 32-58)
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	• AR: Our vision and mission (page 1)
	102-17	Mechanisms for advice and concerns about ethics	• AR: Corporate governance report (pages 32-58)
Governance	102-18	Governance structure	• AR: Corporate governance report (pages 32-58)
	102-19	Delegating authority	• AR: Corporate governance report (pages 32-58)
	102-20	Executive-level responsibility for economic, environmental, and social topics	• SR: Sustainability organisational structure (page 10)
	102-21	Consulting stakeholders on economic, environmental, and social topics	• SR: Consulting our stakeholders (page 12)
	102-22	Composition of the highest governance body and its committees	• AR: Corporate governance report (pages 32-58)
	102-23	Chair of the highest governance body	• AR: Corporate governance report (pages 32-58)
	102-24	Nominating and selecting the highest governance body	• AR: Corporate governance report (pages 32-58)
	102-25	Conflicts of interest	• AR: Corporate governance report (pages 32-58)
	102-26	Role of highest governance body in setting purpose, values, and strategy	• AR: Corporate governance report (pages 32-58)
	102-27	Collective knowledge of highest governance body	• AR: Corporate governance report (pages 32-58)
	102-28	Evaluating the highest governance body's performance	• AR: Corporate governance report (page 32-58)
	102-29	Identifying and managing economic, environmental, and social impacts	• SR: Sustainability materiality (page 13)
	102-30	Effectiveness of risk management processes	• AR: Corporate governance report (pages 32-58)
	102-31	Review of economic, environmental, and social topics	• SR: Sustainability report (pages 10-30)
	102-32	Highest governance body's role in sustainability reporting	• AR: Corporate governance report (pages 32-58)
	102-33	Communicating critical concerns	• SR: Sustainability materiality (page 13)
	102-34	Nature and total number of critical concerns	• SR: Sustainability materiality (page 13)
	102-35	Remuneration policies	• AR: Corporate governance report (pages 32-58)
	102-36	Process for determining remuneration	• AR: Corporate governance report (pages 32-58)
	102-37	Stakeholders' involvement in remuneration	• AR: Corporate governance report (pages 32-58)
	102-38	Annual total compensation ratio	• AR: Corporate governance report (pages 32-58)
	102-39	Percentage increase in annual total compensation ratio	• AR: Corporate governance report (pages 32-58)

Disclosure number		Disclosure title	Page reference and remarks
Stakeholder engagement	102-40	List of stakeholder groups	• SR: Consulting our stakeholders (page 12)
	102-41	Collective bargaining agreements	• Not applicable
	102-42	Identifying and selecting stakeholders	• SR: Consulting our stakeholders (page 12)
	102-43	Approach to stakeholder engagement	• SR: Consulting our stakeholders (page 12)
	102-44	Key topics and concerns raised	• SR: Consulting our stakeholders (page 12)
Reporting practice	102-45	Entities included in the consolidated financial statements	• AR: Financial statements, note 14 (pages 132-143)
	102-46	Defining report content and topic Boundaries	• SR: Sustainability materiality (page 13)
	102-47	List of material topics	• SR: Sustainability materiality (page 13)
	102-48	Restatements of information	• Not applicable
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of sustainability report (Page 10)
	102-51	Date of most recent report	• SR: Scope of sustainability report (Page 10)
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Scope of sustainability report (Page 10)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of sustainability report (Page 10)
	102-55	GRI content index	• SR: GRI context index (Pages 27-30)
	102-56	External assurance	• No external assurance
GRI 200: Economic disclosures (applicable sections only)			
Economic performance	201-1	Direct economic value generated and distributed	• SR: Sustainability scorecard (Pages 26-27)
Market presence	202-2	Proportion of senior management hired from local community	• SR: Sustainability scorecard (Pages 26-27)
Procurement practices	204-1	Proportion of spending on local suppliers	• SR: Sustainability scorecard (Pages 26-27)
Anti-corruption	205-1	Operations assessed for risks related to corruption	• SR: Regulatory compliance (Pages 25-26)
	205-2	Communication and training about anti-corruption policies and procedures	• SR: Regulatory compliance (Pages 25-26)
	205-3	Confirmed incidents of corruption and actions taken	• There is no confirmed incidents of corruption.
GRI 300: Environment disclosures (applicable sections only)			
Materials	301-2	Recycled input materials used	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	301-3	Reclaimed products and their packaging materials	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
Energy	302-1	Energy consumption within the organisation	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	302-3	Energy intensity	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	302-4	Reduction of energy consumption	• SR: Embracing environment (Pages 15-20)
Water	303-1	Water withdrawal by source	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)

SUSTAINABILITY **REPORT**

Disclosure number		Disclosure title	Page reference and remarks
Emissions	305-1	Direct (Scope 1) GHG emissions	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	305-2	Energy indirect (Scope 2) GHG emissions	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	305-3	Other indirect (Scope 3) GHG emissions	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	305-4	GHG emissions intensity	• SR: Embracing environment (Pages 15-20) • SR: Sustainability scorecard (Pages 26-27)
	305-5	Reduction of GHG emissions	• SR: Embracing environment (Pages 15-20)
Effluents and waste	306-2	Waste by type and disposal method	• SR: Embracing environment (Pages 15-20)
	306-4	Transport of hazardous waste	• SR: Embracing environment (Pages 15-20)
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	• There is no non-compliance with environmental laws and regulations.
Supplier environmental assessments	308-1	New suppliers that were screened using environmental criteria	• SR: Delivering quality (Pages 20-22) • SR: Sustainability scorecard (Pages 26-27)
GRI 400: Social disclosures (applicable sections only)			
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	• SR: Empowering lives (Pages 22-24)
Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	• SR: Empowering lives (Pages 22-24)
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	• SR: Empowering lives (Pages 22-24) • SR: Sustainability scorecard (Pages 26-27)
Training and education	404-1	Average hours of training per year per employee	• SR: Empowering lives (Pages 22-24) • SR: Sustainability scorecard (Pages 26-27)
	404-2	Programs for upgrading employee skills and transition assistance programs	• SR: Empowering lives (Pages 22-24)
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR: Empowering lives (Pages 22-24) • SR: Sustainability scorecard (Pages 26-27)
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• SR: Empowering lives (Pages 22-24) • SR: Sustainability scorecard (Pages 26-27)
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• SR: Empowering lives (pages 22-24)
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	• Child labour is strictly prohibited.
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Forced and compulsory labour is strictly prohibited.
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	• SR: Delivering quality (Pages 20-22) • SR: Sustainability scorecard (Pages 26-27)
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	• SR: Delivering quality (Pages 20-22) • SR: Sustainability scorecard (Pages 26-27)
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• SR: Regulatory compliance (Pages 25-26) • SR: Sustainability scorecard (Pages 26-27)
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	• There is no non-compliance with socioeconomic laws and regulations.

FINANCIAL **CONTENTS**

CORPORATE GOVERNANCE REPORT

Allied Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") are committed to observing good standards of corporate governance within the Group and have put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholders' value.

This report outlines the Company's corporate governance practices and structures in the financial year ended 31 December 2018 ("FY2018"), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "Code"). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

The Code of Corporate Governance 2018 (the "2018 Code") was published by the Monetary Authority of Singapore on 6 August 2018. According to the accompanying Transitional Practice Note 2, the 2018 Code will apply to Annual Reports covering financial years commencing from 1 January 2019. Nevertheless, the Group has currently where possible adhered to the guidance provided, and will review and set out the corporate practices in place to comply with the 2018 Code where appropriate in the next Annual Report.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.

The principal functions of the Board, apart from its statutory duties and responsibilities, are to:

- set and direct the long-term vision and strategic direction of the Group;
- review and approve the corporate policies, strategies, budgets and financial plans of the Company;
- monitor financial performance, including approval of the quarterly financial reports of the Company;
- oversee the business and affairs of the Company, establish, with the Management, the strategic and financial objectives to be implemented by the Management and monitor the performance of the Management;
- approve major funding decisions, material interested party transactions and all strategic matters;
- review the process of evaluating the adequacy of internal controls, risk management and compliance;
- identify the key stakeholder groups and recognise how their perceptions affect the Company's reputation;
- set the Company's value and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues (e.g. environmental and social factors) in the formulation of its strategies.

The Board currently has five (5) Directors, comprising one (1) Chief Executive Officer, one (1) Executive Director and three (3) Independent Directors, one (1) of whom is a female Independent Director. Information on and profiles of the Directors are set out in the "Board of Directors" section of this Annual Report.

Every Director is expected in the course of carrying out his duties, to act in good faith, provide insights and consider at all times, the interests of the Company and the Group.

The Board oversees the management of the Company. It focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Directors.

The Board meets on a quarterly basis. Additional ad-hoc meetings may be held where circumstances require. The Company's Constitution permits a board meeting to be held by way of telephone conference.

The Board is assisted by various Board committees, namely the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC"), in carrying out and discharging its duties and responsibilities efficiently and effectively. Each of these committees reports its activities regularly to the Board, and their actions are reviewed by the Board.

The attendance of the Directors at meetings of the Board and Board committees during FY2018, as well as the frequency of such meetings, are disclosed below:

	Board	**AC**	**RC**	**NC**
Number of meetings held in FY2018	4	4	1	1
Name of Director	**Attendance**			
Yau Woon Foong(1)	2	2*	1	1
Lim Jin Wei(7)	4	4*	1*	1
Pok Mee Yau	4	4	1	1*
Darren Chen Yu King(2)	1	–	–	–
Poh Wee Chiow, Roger(3)	2*	2#	–	–
Low Si Ren, Kenneth(4)	2*	2#	–	–
Chin Chee Choon(5)(8)	–	–	–	–
Leow Wee Kia Clement(6)(8)	–	–	–	–

* Chairman

\# By invitation

(1) Mr Yau Woon Foong, Lead Independent Director, resigned on 11 July 2018.

(2) Mr Darren Chen Yu King, who was appointed as an Executive Director with effect from 27 December 2017, resigned on 5 March 2018.

(3) Mr Poh Wee Chiow, Roger was appointed as an Executive Director on 5 March 2018, and resigned on 28 September 2018.

(4) Mr Low Si Ren, Kenneth was appointed as an Executive Director on 27 June 2018.

(5) Mr Chin Chee Choon was appointed as an Independent Director/Independent Non-Executive Chairman on 15 February 2019.

(6) Mr Leow Wee Kia Clement was appointed as Chief Executive Officer and Executive Director on 1 March 2019.

(7) Mr Lim Jin Wei was appointed as Chairman of the Audit Committee on 11 July 2018, taking over Mr Yau Woon Foong.

(8) Mr Chin Chee Choon and Mr Leow Wee Kia Clement did not attend any board meetings in FY2018 as they were appointed to the Board after 31 December 2018.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. Under the guidelines, all new investments, any increase in investments in businesses and subsidiaries, any divestment by any of the Group's companies, and all commitments to term loans and lines of credit from banks and financial institutions by the Company require the approval of the Board.

CORPORATE GOVERNANCE REPORT

Newly appointed Directors are given a comprehensive orientation program with materials provided to help them familiarise themselves with the business and organisational structure of the Group. Incoming Directors will also be provided with a formal letter setting out their duties and obligations. To enable the Directors to gain a better understanding of the Group's business, the Directors are encouraged to request for further explanations, briefings or informal discussions on the Company's operations or business with the Management. Directors are also given opportunities to visit the Group's operational facilities and meet with management staff. Where necessary, the Directors will be updated on new legislation and/or regulations which are relevant to the Group. The Directors recognise that it is equally important that they receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. In particular, newly appointed Directors who have no prior experience as a Director of a listed company will be provided with training in the roles and responsibilities of a director of a listed company, which will include relevant areas such as accounting, legal knowledge and compliance.

The Company is responsible for arranging and funding the training of Directors. Board members have been and will be encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Currently, the Board consists of five (5) Directors, of whom three (3) are considered independent by the NC. The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review. The strong independent element on the Board enables the Management to benefit from external diverse and objective perspective of issues raised. It also allows for constructive exchange of ideas and views to shape the strategic policies of the Group. As there are three (3) Independent Directors on the Board, the composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors and further complies with the prevailing applicable requirement of the Code that at least half of the Board be comprised of Independent Directors where the Chairman of the Board and the Chief Executive Officer ("CEO") or the Executive Director is the same person. The Board is thus able to exercise objective judgment on corporate affairs independently. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The Board, with the concurrence of the NC, has rigorously reviewed the respective independence of each of the independent directors and taking into account their respective working experience and contributions, the Board is satisfied that each of them is independent in character and judgement. The Independent Directors have confirmed their independence and they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. Given their respective wealth of business, working experience and professionalism in carrying out their duties, the NC had found each of the current independent directors as at the date of this Annual Report, being Mr Chin Chee Choon, Mr Lim Jin Wei and Ms Pok Mee Yau suitable to act as an Independent Director.

The Board through the NC has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company and the recommendations of the Corporate Governance Council as and when announced. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process currently.

The Board has considered its diversity, and is of the view that there is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business and management experience and strategic planning experience. Members of the Board are constantly communicating with Management to provide advice and guidance on matters affecting the affairs and business of the Group, resulting in effective management of the Group's business and operations.

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and Chief Executive Officer are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities and roles between them are clearly established, and they are not related to each other.

Mr Chin Chee Choon ("Mr Chin") was appointed as the Independent Director/Independent Non-Executive Chairman (the "Chairman") of the Company on 15 February 2019, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process.

Mr Leow Wee Kia Clement ("Mr Leow") was appointed as the Chief Executive Officer and Executive Director ("CEO") of the group on 1 March 2019, and is responsible for the business and operational decisions of the Group.

CORPORATE GOVERNANCE REPORT

The CEO works with the Board to determine the strategy for the Group and is responsible for the Group's business performance. The CEO also works with the Management of the Group to ensure that the Management operates in accordance with the strategic and operational objectives of the Group.

The Chairman leads the Board to ensure its effectiveness on all aspects of its role. The Chairman will ensure the Directors receive complete, adequate and timely information, ensures effective communication with shareholders and promotes high standards of corporate governance of the Group.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments and overseeing the Company's succession and leadership development plans. The NC comprises Ms Pok Mee Yau (Chairman), Mr Lim Jin Wei and Mr Chin Chee Choon, all of whom, including the Chairman, are Independent Directors. From between 10 October 2015 to 11 July 2018, Mr Yau Woon Foong served on the Nominating Committee until his resignation on 11 July 2018. The NC meets at least once a year.

The main terms of reference of the NC are as follows:

* to make recommendations to the Board on all Board appointments and re-nominations, having regard to each Director's contribution and performance (for example, attendance, preparedness, participation and candour) including as an Independent Director;
* to determine on an annual basis whether or not a Director is independent;
* to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple board representations;
* to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years;
* to assess the effectiveness of the Board as a whole and its board committees, and the contribution by each individual Director to the effectiveness of the Board;
* to review the board succession plans for Directors; and
* to review the training and professional development programmes for the Board.

The NC is responsible for the re-nomination of Directors, having regard to each Director's contribution and performance and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The NC also determines on an annual basis, and as and when circumstance require, whether or not a Director is independent, for the purposes of the Code.

In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and adequately carries out his duties as a Director notwithstanding such commitments.

The Board has not imposed a limit on multiple board representations. The Board is of the view that, the limit on the number of listed company directorships that an individual may hold should be considered on a case-by case basis, as a Director's available time and attention may be affected by many different factors such as personal capabilities of the Director, differing company complexities and other responsibilities. A Director with multiple directorships is expected to manage his own time commitment and ensure that sufficient attention is given to the affairs of the Group. The Board believes that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments.

Generally, the NC does not appoint new Directors, but nominates them to the Board which retains the final discretion in appointing such new Directors. In the search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming Director should have, based on the mix of the attributes of the existing Board and the requirements of the Group. Thereafter, the NC taps on the resources of the existing Directors' personal contacts and recommendations of potential candidates for the shortlisting process. If candidates shortlisted are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached.

Directors are encouraged to attend relevant training programmes conducted by the relevant institutions and organisations. The cost of such training will be borne by the Company.

Succession planning is an important part of the governance process. The NC seeks to refresh the Board membership progressively in an orderly manner, and regularly reviews the succession and leadership development plans for senior management, which are subsequently approved by the Board. Over the course of review, the successors to key positions are identified and development plans instituted for them.

Information required in respect of the academic and professional qualifications and principal commitments of the Directors is set out in the "Board of Directors" section of this Annual Report. In addition, information on shareholdings in the Company held by each Director is set out in the "Directors' Statement" section of this Annual Report.

The dates of initial appointment and last re-election of each of the Directors, together with their directorships in other listed companies, are set out below:

Name	Position	Date of Appointment	Date of Last Re-election	Current directorships in other listed companies	Past directorships in listed companies (in last three years)
Mr Yau Woon Foong (Date of cessation: 11 July 2018)	Lead Independent Director	10 October 2015	25 April 2016	–	Sincap Group Limited; AA Group Holdings Ltd.
Mr Lim Jin Wei	Independent Director	1 August 2017	30 April 2018	–	Sincap Group Limited; Epicentre Holdings Limited

CORPORATE GOVERNANCE REPORT

Name	Position	Date of Appointment	Date of Last Re-election	Current directorships in other listed companies	Past directorships in listed companies (in last three years)
Ms Pok Mee Yau	Independent Director	31 October 2017	30 April 2018	–	ecoWise Holdings Limited Transcorp Holdings Limited; Imperium Crown Limited; Zhengli Holdings Limited
Mr Darren Chen Yu King (Date of Cessation: 5 March 2018)	Executive Director	27 December 2017	N.A.	–	–
Mr Poh Wee Chiow, Roger (Date of Cessation: 28 September 2018)	Executive Director	5 March 2018	30 April 2018	–	Imperium Crown Limited
Mr Low Si Ren, Kenneth	Executive Director	27 June 2018	N.A.	–	–
Mr Chin Chee Choon	Independent Director/ Independent Non-Executive Chairman	15 February 2019	N.A.	Versalink Holdings Ltd	Choo Chiang Holdings Ltd
Mr Leow Wee Kia Clement	Chief Executive Officer and Executive Director	1 March 2019	N.A.	MSM International Limited; Ellipsiz Ltd; Overseas Education Limited; Lum Chang Holdings Limited	–

The Company's Constitution requires that one-third of the Directors for the time being (other than the Managing Director or a Director holding an equivalent position), or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office at each annual general meeting (the "AGM"), provided all Directors (except the Managing Director or a Director holding an equivalent position) retire at least once every three (3) years. The NC has reviewed and recommended the re-election of the retiring Directors, namely, Mr Leow Wee Kia Clement, Mr Chin Chee Choon and Mr Low Si Ren, Kenneth at the forthcoming Annual General Meeting. Mr Leow Wee Kia Clement, Mr Chin Chee Choon and Mr Low Si Ren, Kenneth do not have any immediate family relationships with any of the Directors, the Company or its shareholders with shareholdings of 10% or more in the voting shares of the Company. Mr Chin Chee Choon is a member of the NC as at the date of this Annual Report, and has abstained from deliberating on his re-election. The Board has accepted the NC's recommendations and the three (3) retiring directors have offered themselves for re-election at the AGM following their appointment.

Thereafter, each of them is subject to be re-elected at least once every three (3) years.

Information on Directors nominated for re-election – Appendix 7F of the Catalist Rules

Name of Director	**Leow Wee Kia Clement**	**Chin Chee Choon**	**Low Si Ren, Kenneth**
Date Of Appointment	1 March 2019	15 February 2019	27 June 2018
Date of Re-Appointment	–	–	–
Age	45	46	30
Country Of Principal Residence	Singapore	Singapore	Singapore
Date of last re-appointment (if applicable)	–	–	–
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)*	The Board has assessed Mr Leow's qualifications and experience, and is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as a Chief Executive Officer and Executive Director of the Company.	The Board has assessed Mr Chin's qualifications and experience, and is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director/ Independent Non-Executive Chairman of the Company and consider him to be independent.	The Board of Directors, having considered Mr Low's business and investment management experience, concurred with the recommendation of the Nominating Committee and approved the appointment of Mr Low as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Chief Executive Officer and Executive Director	Independent Director/ Independent Non-Executive Chairman	Executive position responsible to manage and oversee the Group's strategic investments and corporate development activities.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer and Executive Director	Independent Director/ Independent Non-Executive Chairman, Member of the Audit Committee, Nominating Committee and Remuneration Committee.	Executive Director

CORPORATE GOVERNANCE REPORT

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interests (including any competing business)	No	No	No
Working experience and occupation(s) during the past 10 years	March 2017 – February 2019: (Chief Executive Officer, Corporate Finance), Crowe Horwath Capital Pte Limited June 2009 – March 2017: (Partner, Head of Corporate Finance), Partners Capital (Singapore) Pte Ltd	2008 – Present: Director, Assurance, Head of Advisory, Nexia TS Public Accounting Corporation	Mr Low serves as a Company Director on several private companies that are in the business of investment holding/ management. Since 2007, Mr Low has managed and overseen investments in various seed and growth stage companies in the industry areas of E-Commerce, Payments, Sports and Entertainment. These investments have included both debt and equity structures and have focus on the Southeast Asia and Greater China region.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries?	No	No	Yes

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
If yes, please provide Shareholding Details	N.A.	N.A.	100,000,000 Ordinary Shares in the Company. Deemed interest of 49,000 ordinary shares in Asia Box Office Pte. Ltd. ("ABO") (a 51% owned subsidiary of the company) held through Klow Ventures Pte. Ltd. ("Klow Ventures"). On 5 June 2018, Klow Ventures, a company in which Mr Low has a 100% shareholding interest, acquired 100% of the issued and paid-up share capital of Platform Internet Capital Pte. Ltd. ("PIC") from its sole director and shareholder, Lam Yee Kee. PIC has 49% shareholding interest in ABO. Consequently, Mr Low has been deemed interested in 49% of the issued and paid-up share capital of ABO by virtue of his shareholding in Klow Ventures.
>> Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code # These fields are not applicable for announcement of appointments pursuant to Listing Rule 704 (9) or Catalist Rule 704(8).			
Past (for the last 5 years)	Crowe Horwath Capital Pte Ltd – Executive Director JB Foods Limited – Independent Director, NC/RC Chairman and AC member	Choo Chiang Holdings Ltd – Lead Independent Director and AC Chairman Attain Analytics Group Pte. Ltd. – Director	Sport Management Group Pte. Ltd. – Director Platinum Keys Inc Pte. Ltd. – Director Avalon At Large Pte. Ltd. – Director Klow Entertainment Pte. Ltd. – Director The Tennis Championships Pte. Ltd. – Director TTC CS Pte. Ltd. – Director
Present	MSM International Limited – Independent Director, NC/RC Chairman and AC member – 30/10/09 Ellipsiz Ltd – Independent Director, RC Chairman and AC/NC member – 8/5/15 Overseas Education Limited – Independent Director, NC/RC Chairman and AC member Lum Chang Holdings Limited – Independent Director, Audit & Risk Committee member – 3/5/2018	Versalink Holdings Ltd – Independent Chairman and AC Chairman Nexia International – AC member The Spirit of Enterprise – Executive Committee and Treasurer, Board of Governor Accessglobal Pte. Ltd. – Director	Platform Capital Asia Ltd. – Director Platform Capital Asia (Singapore) Pte. Ltd. – Director Inventinc Pte. Ltd. – Director Klow Ventures Pte. Ltd. – Director Asia Box Office Pte. Ltd. – Director 15 Scotts 01 Pte. Ltd. – Director 15 Scotts 02 Pte. Ltd.– Director 15 Scotts 3F Pte. Ltd.– Director Scotts Icon Pte. Ltd.– Director

CORPORATE GOVERNANCE REPORT

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
	Grand Team Technologies Limited – Non Executive Director		Alpeg Investment Pte. Ltd. – Director Kingscrest Investment Pte. Ltd. – Director Pegal Investment Pte. Ltd. – Director Platform Internet Capital Pte. Ltd. – Director
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	Save for any ongoing investigations involving Allied Technologies Limited as announced, no.
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Save for any ongoing investigations involving Allied Technologies Limited as announced, no.	Save for any ongoing investigations involving Allied Technologies Limited as announced, no.	Save for any ongoing investigations involving Allied Technologies Limited as announced, no.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere;	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Name of Director	Leow Wee Kia Clement	Chin Chee Choon	Low Si Ren, Kenneth
>> Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of a listed company?	Yes	Yes	No
If Yes, Please provide details of prior experience If No, Please provide details of any training undertaken in the roles and responsibilities of a director of a listed company	MSM International Limited – Independent Director, NC/RC Chairman and AC member Ellipsiz Ltd – Independent Director, RC Chairman and AC/NC member Overseas Education Limited – Independent Director, NC/RC Chairman and AC member Lum Chang Holdings Limited – Independent Director, Audit & Risk Committee member	Independent Director and Audit Committee Chairman of Versalink Holdings Ltd (current) Lead Independent Director and AC Chairman of Choo Chiang Holdings Ltd (till 13 Dec 2018)	Mr Low attended a seminar conducted by the Singapore Institute of Directors on the roles and responsibilities as a Director of a listed company on 8 November 2018.

To comply with paragraph 17 of the First Notice which requires that the Board composition shall remain unchanged prior to the satisfactory resolution of the Special Audit, in the event that the shareholders of the Company do not approve the re-election of any of the retiring directors, the remaining Directors will exercise their powers under Article 117 of the Constitution to re-appoint the retiring directors to the Board. The retiring directors will then hold office until the next AGM and shall be eligible for re-election. This is also to ensure compliance with paragraph 14 of the First Notice which states that the "independent Directors (except Pok Mee Yau) shall be the authorised signatories to operate the Escrow Account". In view of certain potential potent conflicts of interest and after consultation with the SGX Regco, Mr. Leow Wee Kia Clement and Mr. Chin Chee Choon, being Directors independent of the concerns raised by the auditors, shall be appointed as authorised signatories of the Escrow Account.

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of individual Directors. These performance criteria include return on assets and return on equity, which allow the Board to make comparisons with its industry peers and are linked to long-term shareholders' value, as well as other factors set out in the Code. The selected performance criteria will not change from year to year unless deemed necessary and the Board is able to justify the changes.

CORPORATE GOVERNANCE REPORT

The assessment process which is conducted on an annual basis involves and includes input from Board members, applying the performance criteria of the NC and approved by the Board. Such input is collated and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussion and, where appropriate, approval for implementation.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company believes that the Board should be provided with timely, complete and adequate information prior to the Board meetings and as and when the need arises.

The Company recognises the importance of the flow of information for the Board to discharge its duties effectively. All Directors are furnished with the management accounts of the Group and regular updates on the financial position of the Company. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including the background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

The Directors have also been provided with the contact details of the Company's senior management and Company Secretary to facilitate separate and independent access. Requests for information by the Board are dealt with promptly.

As a general rule, notices are sent to the Directors one (1) week in advance of Board meetings, followed by the relevant Board papers in order for the Directors to be adequately prepared for the meetings. The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary and/or his colleagues attend all meetings of the Board and board committees. The appointment and removal of the Company Secretary are subject to the Board's approval.

Each member of the Board has independent access to the Group's independent professional advisers, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director. Any cost of professional advice obtained will be borne by the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises Mr Lim Jin Wei (Chairman), Ms Pok Mee Yau and Mr Chin Chee Choon, all of whom, including the Chairman, are Independent Directors. From between 10 October 2015 to 11 July 2018, Mr Yau Woon Foong served on the Remuneration Committee until his resignation on 11 July 2018. The RC meets at least once a year.

The main terms of reference of the RC are as follows:

- to recommend to the Board a framework of remuneration for the Directors and the key management personnel;
- to determine specific remuneration packages for each executive director as well as for the key management personnel. The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and senior management's fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind are covered by the RC. If necessary, expert advice shall be sought inside and/or outside the Company on remuneration of all Directors;
- to review and recommend to the Board any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith by considering whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;
- to consider the use of contractual provisions to allow Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company;
- to consider the various disclosure requirements for Directors' and key executives' remuneration, particularly those required by regulatory bodies such as the Singapore Exchange Securities Trading Limited (the "SGX-ST"), and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
- in the case of service contracts of Directors, to review and to recommend to the Board the terms of renewal and termination clause of the service contracts. The RC will be fair and avoid rewarding poor performers, and will ensure that such contracts of services contain reasonable termination clauses which are not overly generous; and
- to carry out such other duties as may be agreed to by the RC and the Board.

The recommendations of the RC would be submitted to the Board for endorsement. The RC will have to seek expert advice inside and/or outside the Company with regard to remuneration matters, if necessary. The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies. The members of the RC do not participate in any decisions concerning their own remuneration package.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The remuneration packages for Executive Directors take into account the performance of the Group and each Executive Director. The Independent Directors' remuneration in the form of Directors' fees takes into account the roles that each individual Director plays, including but not limited to the efforts, time spent and responsibilities of the Non-Executive Directors. The remuneration of the Executive Directors includes a fixed salary and a discretionary bonus to be determined by the RC and recommended to the Board. All

CORPORATE GOVERNANCE REPORT

revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. The Directors' fees are further subject to shareholders' approval at the forthcoming AGM. Each member of the RC will abstain from reviewing and approving his or her own remuneration and the remuneration packages of persons related to him.

Each of the Executive Directors has entered into a formal service agreement with the Company, and the service agreements shall automatically renew on an annual basis and on such terms and conditions as the Executive Directors and the Company may mutually agree.

The Company note that under Guideline 8.4 of the Code, companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company. The Company will be looking into its existing Service of Agreements to consider possible avenues of addressing this Guideline.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Board has not included a separate annual remuneration report as it is of the view that the matters that are required to be disclosed in the annual remuneration report, have been sufficiently disclosed in this corporate governance report and the financial statements of the Group.

A breakdown showing the percentage mix of remuneration of each of the Directors in bands of S$250,000 for FY2018 is as follows:

Directors	Salary*	Bonus*	Profit sharing	Directors' Fees**	Benefits-in-kind and Others	Total
Up to S$250,000						
Mr Yau Woon Foong (Date of cessation: 11 July 2018)	–	–	–	100%	–	100%
Mr Lim Jin Wei	–	–	–	100%	–	100%
Ms Pok Mee Yau	–	–	–	100%	–	100%
Mr Poh Wee Chiow, Roger (Date of cessation: 28 September 2018)	100%	–	–	–	–	100%
Mr Darren Chen Yu King (Date of cessation: 5 March 2018)	100%	–	–	–	–	100%
Mr Low Si Ren, Kenneth	–	–	–	–	–	–#

* Salary and bonus are inclusive of CPF

** Subject to shareholders' approval at the AGM

\# Mr Low Si Ren, Kenneth did not receive any remuneration for FY2018

The Company has not disclosed exact details of the remuneration of each individual Director as the Company believes that it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.

The Company adopts a remuneration policy for staff comprising a fixed component and a performance related variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that depends on the relative performance of the Company and the performance of each Executive Director and key management personnel in alignment of their interests with that of shareholders'. The Company has no long-term incentive schemes. Performance appraisals are conducted twice a year. The Executive Directors do not receive Directors' fees.

The Non-Executive Directors receive Directors' fees in accordance with the roles that each individual Director plays, taking into account their efforts, time spent and responsibilities. The Directors' fees are recommended by the RC and further subject to shareholders' approval at the forthcoming AGM.

The Company believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to all four (4) key management personnel of the Group (who are not Directors or the CEO) for FY2018 is S$1,125,479. The Company has instead presented the information as follows:–

Key Executives	Salary*	Bonus*	Benefits-in-kind and Others	Total
S$500,001 to S$750,000				
Ms Tan Siang Keng	69%	25%	6%	100%
S$250,001 to S$500,000				
Mr Tung Gee Khim	74%	16%	10%	100%
Up to S$250,000				
Ms Ang Lee Ai[(1)]	80%	20%	–	100%
Mr Wong Hon Siong Andrew[(2)]	100%	–	–	100%

(1) Ms Ang Lee Ai was re-designated from Group Financial Controller to Financial Controller (Precision Metal Stamping) on 30 December 2018.
(2) Mr Wong Hon Siong Andrew was appointed as Chief Financial Officer on 1 November 2018 and resigned on 15 January 2019.
* Salary and bonus are inclusive of CPF

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company has taken efforts to comply with the Listing Manual of the SGX-ST on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders with details of all major developments that affect the Group and strives to maintain a high standard of transparency.

CORPORATE GOVERNANCE REPORT

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISKS AND MAINTAINS A SOUND SYSTEM OF INTERNAL CONTROLS TO SAFEGUARD SHAREHOLDERS' INTERESTS AND THE COMPANY'S ASSETS.

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' interests and the Group's assets.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities. However, the system of internal controls maintained by the Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice and the identification and management of business risk. The Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems annually.

The Group has 2 main business segments. Allied Technologies Holdings Pte Ltd ("ATH") and its subsidiaries ("ATH Group"), which are in the precision metal stamping segment and the E-commerce segment (generally the ABO Group, and Activpass). The Group understands that areas of concern were raised by the Company's Auditor (for more information, please refer to the Company's announcement dated 5 June 2019 titled "Response to SGX Queries" and announcement dated 8 May 2019 titled "Grant of Extension of Time to hold AGM and announce its financial results for 1Q 2019") and the Special Auditor was appointed on 14 June 2019 to look into, amongst others, these areas of concern raised by them. However, the Company noted that these areas of concern mainly relate to the E-commerce segment at the respective subsidiary level and the JLC Issue. Further, some of the areas of concern highlighted pertain to events that occurred at the subsidiary level prior to the Group's acquisition.

Based on the internal controls established and maintained by the ATH Group, work performed by the internal auditors, and reviews performed by the Management of ATH Group and the Management, the Board opines, with the concurrence of the AC, that there are adequate and effective internal controls and risk management systems in place within the ATH Group addressing financial, operational, compliance and information technology risks to meet the needs of the ATH Group in their current business environment.

Given the concerns raised by the Auditors on the E-commerce segment and the Special Audit which has just commenced, the Board opines with concurrence with AC that the internal controls and risk management systems of the E-commerce segment may be inadequate.

Similarly, the Chief Executive Officer and Chief Financial Officer are also both unable to provide any assurances on the E-commerce segment, and that the internal controls and risk management systems of the E-commerce segment may be inadequate in view of the special audit that has been commissioned to look into various matters, including those of corporate governance and internal controls.

In the meantime, the Board has received assurance from the Chief Executive Officer and Chief Financial Officer for FY2018 that, based on the same assurance provided by the Chief Operating Officer and Financial Controller of ATH Group, (a) the financial records have been properly maintained and the financial statements give a true and fair view of the ATH Group's operations and finances; and (b) the ATH Group's risk management and internal control system are effective.

The system of internal controls and risk management established by the ATH Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

However, in respect to the E-commerce segment, the Group will work on improving the internal controls and risk management at the respective subsidiary level given that they were recently acquired. The Group will also take on board any areas for improvements that may be identified by the Special Auditor, and implement suitable improvements once the Special Audit is concluded.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises Mr Lim Jin Wei (Chairman), Ms Pok Mee Yau and Mr Chin Chee Choon, all of whom, including the Chairman, are Independent Directors. From between 10 October 2015 to 11 July 2018, Mr Yau Woon Foong served on the Audit Committee until his resignation on 11 July 2018.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our other Directors or Substantial Shareholders. They are also not related to the other Directors or other Substantial Shareholders.

Any business or professional relationship arising from any of the Independent Directors must comply with guidelines as described in the section "Interested Person Transaction" below and Chapter 9 of the SGX-ST Listing Manual for Interested Person Transactions.

The AC carries out its functions in accordance with the Singapore Companies Act, Cap. 50 and the Code. The main functions of the AC are as follows:

- to review the internal and external auditors' audit plans and auditors' reports;
- to review the co-operation given by our officers to the internal and external auditors;
- to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- meeting with the internal auditors and external auditors without the presence of the Management at least once a year;
- to review the financial statements before submission to the Board;

- to review all interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted at an arm's length basis; and
- to review the independence of the external auditors annually, and recommend to the Board the appointment, re-appointment or removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

Apart from the above functions, the AC commissions and reviews the findings of internal investigations into matters where there is suspicion of fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on our operational results and/or financial position.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings.

In the event that a member of the AC is interested in any matter being considered by the AC, he shall abstain from reviewing that particular transaction or voting on that particular resolution.

Information in respect of the academic and professional qualifications of the Directors is set out in the "Board of Directors" section of this Annual Report. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

Summary of the AC's activities

The AC met four (4) times during the year under review. Details of members' attendance at the meetings are set out on page 32. The Chief Financial Officer (or the Financial Controller, where applicable at the relevant time), Company Secretary, internal auditors and external auditors are invited to these meetings. Where appropriate, other members of the senior management are also invited to attend as appropriate to present reports.

The AC has met four (4) times with the external auditors and twice with the internal auditors respectively. The AC has met one (1) time with the external auditors and internal auditors respectively without the presence of the Management in FY2018.

The AC met on a quarterly basis and reviewed the quarterly and full-year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit results report presented by the external auditors. The external auditors provide regular updates and briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC had reviewed the annual financial statements and discussed with the Management, Chief Financial Officer and external auditors regarding the significant accounting policies, judgments and estimates applied by the Management in preparing the annual financial statements. Following the review and discussions, the AC then recommended the audited annual financial statements to the Board for the Board's approval.

The AC has reviewed all the non-audit services provided to the Company by the external auditors, Ernst and Young LLP ("EY"), and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of EY, has confirmed their re-nomination. The aggregate amount of fees paid and payable to EY and its member firms for FY2018 was S$487,000, of which audit fees amounted to S$403,000 and non-audit fees amounted to S$84,000.

EY and its member firms are the auditors of all the Company's significant subsidiaries. The Company does not have any significant associated companies.

The AC has also met with EY without the presence of the Management. The Company confirms that the appointment of EY complies with Rule 712, Rule 715 and Rule 716 of the SGX-ST Listing Manual.

None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

The Company has put in place a whistle-blowing policy and procedure, which provides staff with well-defined and accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence and there is independent investigation of such matters and appropriate follow-up action. The AC exercises the overseeing function over the administration of the whistle-blowing policy. Details of the whistle-blowing policy and procedure have been made available to all employees of the Company.

PRINCIPLE 13: INTERNAL AUDIT

The Group has outsourced its internal audit function to Crowe Horwath First Trust Risk Advisory Pte Ltd ("IA") for endorsing the Group's internal control procedures and to safeguard shareholders' interests and the Group's assets. The IA was also appointed to review the internal audit function of its subsidiary, ATH.

The IA reports directly to the Chairman of the AC but plans their internal audit schedules in consultation with the Management. The AC approves the hiring, removal, evaluation and compensation of the IA. The IA have unrestricted direct access to all of the Company's documents, records, properties and personnel and a direct and primary reporting line to the AC.

The AC approves the engagement, removal, evaluation and compensation of the IA and reviews the activities of the IA on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified.

The IA will present to the AC on the qualification and experience of their team members involved in the internal audit function to ensure that the staff are equipped with relevant qualifications and experience and they will carry out their internal audit function according to the standards set by The Institute of Internal Auditors.

The AC is satisfied that the independence of the IA has not been impaired, and that the IA is effective and adequately resourced.

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Board treats all shareholders fairly and equitably and facilitates the exercise of shareholder rights. The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively at the AGM. The Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures.

Information is communicated to shareholders on a timely basis through annual reports that are prepared and issued to all shareholders within the mandatory period, quarterly and full-year announcements of its financial statements on the SGXNET, other SGXNET announcements, press releases on major developments regarding the Company and the Company's website at www.allied-tech.com.sg, or at www.sgx.com, at which the shareholders can access information on the Group.

The Company has appointed a public relations firm Galleria Asia Capital Pte Ltd ("GAC") as Investor Relations ("IR") Advisors to the Company to provide a full suite of corporate communications and Investor Relations Services. The scope of GAC's services is as follows:–

- Provision of strategic counsel in terms of strategies, key messages and action plans
- Drafting and distribution of company announcements/press releases
- Identification and Monitoring of media, social media and stock market news channels for publicity opportunities
- Development of internal guidelines/processes for media engagement
- Monitoring of media outlets for news and issues relevant to the Company
- Training and counsel to company spokesperson
- Organising and managing Media and Analysts Briefings/Press Conferences
- Organising and managing Conference Calls with Stakeholders
- Managing ongoing Media/Analysts/Fund Managers' Enquiries
- Review, development and updating of all corporate communications collaterals ranging from corporate factsheets to presentations to Annual Reports
- Conceptualisation, content development for key sections of the Annual Report
- Support during Shareholder Meetings
- GAC's services had ended on 26 September 2018

The Company is not proposing to pay any dividends for FY2018 as a result of the difficult economic outlook and the JLC issue. 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. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via the SGXNET.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. A shareholder may appoint up to two (2) proxies to attend and vote on his behalf at the meeting through proxy forms deposited 48 hours before the meeting.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM. The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters overseen by these committees. The external auditors will also be present to assist the Directors in addressing any queries posed by the shareholders. The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders and responses from the Board and Management, and to make such minutes available to shareholders upon their request.

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

To enhance shareholder participation, the Group puts all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The polling results are also announced to the SGX-ST after the meetings.

INTERESTED PERSON TRANSACTIONS

The Company's Constitution provides that a Director shall abstain from voting in any contract or arrangement in which he has a personal material interest.

The AC has established internal policy in reviewing all interested person transactions to ensure that they are transacted on an arm's length basis, at normal commercial terms, and will not be prejudicial to the shareholders.

There were no interested person transactions entered into with individual transaction value of more than S$100,000 during the financial year ended 31 December 2018. Details of the transactions with related parties are disclosed in Note 40(i) to the financial statements.

DEALINGS IN SECURITIES

The Company has adopted policies in line with the SGX-ST Listing Manual on dealings in the Company's securities.

The Company prohibits its Directors and officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Directors and officers are also not allowed to deal in the Company's shares during the two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and the one (1) month before the announcement of the Company's full-year financial statements.

RISK MANAGEMENT

The Management regularly reviews and improves the Group's business and operational activities to take into account the risk management perspective. The Group seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1204(8) of the SGX-ST Listing Manual, the Company confirms that there were no material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

Details of the transactions (including advances) with related parties are disclosed in Note 40 (i) to the financial statements.

NON-SPONSOR FEES

In compliance with Rule 1204(21) of the SGX-ST Listing Manual, there were no non-sponsor fees paid to the Company's sponsor, Stamford Corporate Services Pte Ltd, subsequent to the Company's transfer to Catalist to the date of this report.

UPDATE ON USE OF PLACEMENT 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 ("2017 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 Asia Box Office Pte. Ltd. and its subsidiary ("ABO Acquisition"). Consideration sum of S$30.00 million and the ABO Acquisition related transaction costs of S$0.15 million have been paid to professional parties.

The table below reflected the status on the use of 2017 Net Proceeds as follows:

Use of 2017 Net Proceeds	Allocation of Net Proceeds S$ million	Net Proceeds utilised as at 5 July 2019 S$ million	Balance of Net Proceeds as at 5 July 2019 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
	33.40	(30.15)	3.25

The balance of net proceeds is held with JLC Advisors LLP ("JLC") as part of the escrow funds pending recovery from JLC. Further details are disclosed in Note 2.1(b) to the financial statements.

On 3 July 2018, the Company completed the issuance of 420,000,000 ordinary shares via placement and raised net proceeds of S$25.16 million ("2018 Net Proceeds"). The 2018 Net Proceeds have been fully utilised by the Company in the acquisition of 51% of the entire issued and fully paid-up capital of Activpass Holdings Pte. Ltd.

The table below reflected the status on the use of 2018 Net Proceeds as follows:

Use of 2018 Net Proceeds	Allocation of Net Proceeds S$ million	Net Proceeds utilised as at 5 July 2019 S$ million	Balance of Net Proceeds as at 5 July 2019 S$ million
Funding growth and expansion, including potential acquisitions of businesses (as and when opportunities arise)	25.16	(25.16)	–
	25.16	(25.16)	–

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Allied Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(ii) at the date of this statement, for the reasons explained in Note 2.1(b) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Lim Jin Wei
Pok Mee Yau
Low Si Ren, Kenneth (appointed on 27 June 2018)
Chin Chee Choon (appointed on 15 February 2019)
Leow Wee Kia Clement (appointed on 1 March 2019)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in the paragraph below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Ordinary shares of the Company				
Low Si Ren, Kenneth	20,000,000	100,000,000	–	–
Ordinary shares of Asia Box Office Pte. Ltd.				
Low Si Ren, Kenneth[(1)]	–	–	49,000	49,000

Note:

(1) Deemed interest of 49,000 ordinary shares in Asia Box Office Pte. Ltd.("ABO") (a 51% owned subsidiary of the Company) held through Klow Ventures Pte. Ltd. ("Klow Ventures"). On 5 June 2018, Klow Ventures, a company in which Low Si Ren, Kenneth ("Kenneth Low") has a 100% shareholding interest, acquired 100% of the issued and paid-up share capital of Platform Internet Capital Pte. Ltd. from its sole director and shareholder, Lam Yee Kee. PIC has 49% shareholding interest in ABO. Consequently, Kenneth Low has been deemed interested in 49% of the issued and paid up share capital of ABO by virtue of his shareholding in Klow Ventures.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year, had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, at the end of the financial year, or as at 21 January 2019.

5. AUDIT COMMITTEE

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly announcements, annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

5. AUDIT COMMITTEE (CONTINUED)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate;

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

6. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Low Si Ren, Kenneth
Director

Lim Jin Wei
Director

Singapore
5 July 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIED TECHNOLOGIES LIMITED

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Allied Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for disclaimer of opinion

(a) Funds held with JLC Advisors LLP

As disclosed in Note 22 to the financial statements, as at 31 December 2018, funds of Asia Box Office Pte. Ltd. ("ABO") amounting to \$1,093,248 and funds of the Company amounting to \$33,449,229 were held in non-interest bearing trust or escrow account with a Singapore law firm, JLC Advisors LLP ("JLC").

We were unable to obtain all necessary information and explanation in respect of: (a) the business rationale for maintaining the funds with JLC for a prolonged period when there is no clear purpose for the use of such funds; (b) the legality and legitimacy of the arrangement of ABO funds held in trust with JLC due to absence of a formal agreement; and (c) transactions made through these accounts with JLC.

Accordingly, we were unable to determine the completeness of the balance, the related transactions and flow of funds and whether they are appropriately presented and disclosed in the financial statements. Due to insufficient information and evidence available to us, we were also unable to assess the existence and recoverability of the funds of the Company held by JLC.

(b) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries

During the year, the Group acquired 51% interest in ABO and its subsidiary for a consideration of \$30,000,000 and 51% interest in Activpass Holdings Pte. Ltd. ("Activpass") for a consideration of \$25,200,000. The acquisitions resulted in goodwill of \$30,185,361 and \$25,036,197 respectively. As stated in Note 11, an impairment loss of \$31,274,000 was recognised against the goodwill based on management's impairment assessment. Similarly, an impairment loss of \$30,542,000 was recognised on the related cost of investment in subsidiaries as at 31 December 2018 (Note 14).

Due to lack of information available to us, we were unable to assess the appropriateness of the fair value of assets and liabilities recorded by the Group as at the acquisition date and the recognition of resulting goodwill.

Basis for disclaimer of opinion (Continued)

(b) Purchase price allocation, impairment assessments of goodwill and interest in subsidiaries (Continued)

We were also unable to obtain sufficient appropriate evidence with respect to certain significant judgement and assumptions used in the impairment assessments due to lack of supportable information on the business growth assumptions, including securing anticipated revenue contracts and funding to support future growth.

Additionally, as disclosed in Note 45, the Group will be seeking shareholders' approval for the ratification of the acquisition of Activpass at an Extraordinary General Meeting ("EGM") to be convened by the Company. As the EGM has not been concluded, we are unable to assess the potential impact of any unfavourable outcome on the accounting for the investment in Activpass.

Accordingly, we were unable to determine the appropriateness of the purchase price accounting, impairment charges and the remaining carrying values recorded as at 31 December 2018 and whether any adjustments or reclassifications are required to the financial statements with regards to the acquisition of Activpass or any consequential effect arising from the outcome of EGM.

During the year, the Company also transferred $4,600,000 to ABO, classified as loan receivables from subsidiaries, as disclosed in Note 14 of the financial statements. Due to lack of information, we are unable to assess the recoverability of this amount.

(c) Other debtors

As disclosed in Note 16 of the financial statements, included in other debtors of the Group as at 31 December 2018 are:

(i) $1,700,000 deposit with an event financier purportedly for a potential concert, in which funds were transferred from ABO to an entity indirectly owned by an Executive Director ("ED") of the Company, which then transferred the amount to the event financier. The transfers were made prior to the appointment of ED as a director of the Company;

(ii) $350,000 of revolving loan extended to the event financier mentioned in (i) above, which then loaned the amount to various external parties, as part of the interest-free revolving loan agreement with the same event financier for a sum up to $3.0 milllion; and

(iii) $2,181,119 deposit which we understand was for an international sporting event, which was remitted by ABO in January 2018 to a company purportedly related to the principal of the sporting event.

We have not been able to obtain all necessary information and explanations to understand the business rationale, economic substance or nature of the underlying arrangements for the above-mentioned balances, as well as the involvement of parties who do not appear to be directly related to the arrangement. Consequently, we were unable to determine the nature of these transactions and whether the amounts are properly presented and disclosed in the financial statements, and whether these transactions breached any applicable laws and regulations and have any other consequential effect on the financial statements.

Due to lack of information available to us, we were also unable to assess the existence and recoverability of the amounts mentioned in (i) and (iii) above.

INDEPENDENT **AUDITOR'S REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Basis for disclaimer of opinion (Continued)

(d) Transactions with Executive Director and/or entity owned by an Executive Director

As disclosed in Note 25 to the financial statements, included in the other creditors and accruals balance is a net amount of $940,578 as at 31 December 2018 due to an entity owned by an Executive Director.

The amount is stated net of numerous fund transfers, accounting reclassifications and netting of balances in ABO's accounting records of transactions between ABO, the Executive Director and entity related to the Executive Director.

We have not been able to obtain all necessary information, explanations and supporting documents in respect of the nature, business rationale and economic substance of certain transactions between ABO and the Executive Director or entity related to the Executive Director. Accordingly, we were unable to determine the completeness of these transactions and whether these transactions were appropriately presented and disclosed in the financial statements. We were also unable to assess if these transactions breached any applicable laws and regulations and result in any other consequential effect to the financial statements.

(e) On-going special audit and investigation

As disclosed in Note 46, the Special Audit and CAD investigation are ongoing as at the date of this report. The outcome of the Special Audit and CAD's investigation could uncover other information which may require adjustments and/or additional disclosures or other consequential effect in respect of current and prior year financial statements.

(f) Going concern assumption

The Group and the Company incurred a net loss of $29,995,824 and $32,074,072 for the financial year ended 31 December 2018. As disclosed in Note 2.1(b) to the financial statements, the directors have prepared these financial statements on a going concern basis on the assumptions that the Group and Company will continue to obtain support from its existing lenders, obtain new funding for working capital requirements and generate sufficient cash flows from operations.

However, due to insufficient information available to us and the uncertainties surrounding the outcome of matters highlighted in (a) to (e) above which may require further adjustments to the financial statements, we were unable to conclude on the appropriateness of the going concern assumption used in the preparation of the financial statements.

Responsibilities of management and directors for the financial statements

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

Responsibilities of management and directors for the financial statements (Continued)

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

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for disclaimer of opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
5 July 2019

CONSOLIDATED
INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	Note	2018 $	2017 $
Continuing operations			
Revenue	5	**125,918,856**	94,804,099
Cost of revenue		**(114,564,547)**	(83,298,634)
Gross profit		**11,354,309**	11,505,465
Other income	6	**1,681,476**	2,201,704
Marketing and distribution costs		**(381,423)**	–
General and administrative expenses		**(42,123,628)**	(9,985,854)
Finance costs	7	**(255,478)**	(93,763)
(Loss)/profit before tax from continuing operations	8	**(29,724,744)**	3,627,552
Income tax expense	9	**(269,940)**	(162,951)
(Loss)/profit from continuing operations, net of tax		**(29,994,684)**	3,464,601
Discontinued operation			
Loss from discontinued operation, net of tax	10	**(1,140)**	(189,462)
(Loss)/profit for the financial year		**(29,995,824)**	3,275,139
Attributable to:			
Owners of the Company			
(Loss)/profit from continuing operations, net of tax		**(29,697,737)**	3,464,601
Loss from discontinued operation, net of tax		**(1,140)**	(189,462)
(Loss)/profit for the financial year attributable to owners of the Company		**(29,698,877)**	3,275,139
Non-controlling interests			
Loss from continuing operations, net of tax	14(b)	**(296,947)**	–
Loss from discontinued operation, net of tax		**-**	–
Loss for the financial year attributable to non-controlling interests		**(296,947)**	–
(Loss)/earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	36	**(1.90)**	0.44
(Loss)/earnings per share (cents per share)			
Basic and diluted	36	**(1.90)**	0.41

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	2018 $	2017 $
(Loss)/profit for the financial year	**(29,995,824)**	3,275,139
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity instrument at fair value through other comprehensive income	**(245,263)**	–
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation of foreign subsidiaries	**419,202**	(317,307)
Foreign currency translation recycled to profit or loss upon disposal and liquidation of subsidiaries	**12,119**	(151,889)
Total comprehensive income for the financial year	**(29,809,766)**	2,805,943
Attributable to:		
Owners of the Company	**(29,538,683)**	2,805,943
Non-controlling interests	**(271,083)**	–
Total comprehensive income for the financial year	**(29,809,766)**	2,805,943
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations	**(29,823,788)**	3,231,214
Total comprehensive income from discontinued operation	**285,105**	(425,271)
Total comprehensive income for the financial year attributable to owners of the Company	**(29,538,683)**	2,805,943

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

(In Singapore dollars)

	Note	Group 31.12.2018 $	Group 31.12.2017 $	Group 1.1.2017 $	Company 31.12.2018 $	Company 31.12.2017 $	Company 1.1.2017 $
Non-current assets							
Intangible assets	11	**24,080,316**	124,176	148,881	**-**	–	9,986
Property, plant and equipment	12	**24,084,186**	20,571,224	35,610,120	**-**	92,804	32,141
Investment in joint venture	13	**-**	–	–	**-**	–	–
Investment in subsidiaries	14	**-**	–	–	**53,083,175**	12,601,527	21,919,028
Loan receivables from subsidiaries	14	**-**	–	–	**7,325,600**	13,637,827	17,916,268
Deferred tax assets	30	**-**	–	477,247	**-**	–	–
Other investments	15	**1,960,000**	2,205,263	2,205,263	**-**	2,080,934	2,080,934
Other debtor	16	**-**	–	12,430,897	**-**	–	10,404,757
Prepayments	17	**2,056,033**	–	1,679,623	**-**	–	–
		52,180,535	22,900,663	52,552,031	**60,408,775**	28,413,092	52,363,114
Current assets							
Inventories	18	**15,052,918**	10,331,832	12,610,022	**-**	–	–
Amount due from joint venture	19	**-**	–	–	**-**	–	–
Amounts due from subsidiaries	20	**-**	–	–	**-**	4,759,832	4,684,722
Trade debtors	21	**21,296,866**	20,581,571	33,299,385	**190**	1,953,084	1,549,892
Other debtors	16	**6,371,424**	2,219,794	8,490,451	**11,273**	131,960	4,898,602
Contract assets	5	**1,499,705**	1,306,928	1,459,052	**-**	265,974	970,163
Prepayments and advances to suppliers		**601,451**	962,041	720,470	**8,117**	46,085	37,329
Income tax recoverable		**-**	–	3,835	**-**	–	–
Fixed deposits	22	**4,956,540**	1,756,537	1,096,229	**-**	–	347,520
Cash and bank balances	22	**9,015,575**	58,050,519	13,939,360	**126,900**	51,215,073	1,108,558
Amount due from a law firm	22	**34,542,477**	–	–	**33,449,229**	–	–
		93,336,956	95,209,222	71,618,804	**33,595,709**	58,372,008	13,596,786
Assets of disposal group classified as held for sale	10	**-**	54,407,413	–	**-**	19,044,383	–
		93,336,956	149,616,635	71,618,804	**33,595,709**	77,416,391	13,596,786
Current liabilities							
Amount due to a subsidiary	20	**-**	–	–	**138,644**	139,087	–
Trade creditors	23	**29,046,349**	22,771,730	31,945,170	**-**	177,396	763,410
Contract liabilities	5	**826,808**	750,900	1,028,378	**-**	331,510	1,028,378
Hire purchase creditors	24	**-**	3,667	8,496	**-**	–	–
Other creditors and accruals	25	**8,068,905**	6,493,565	7,263,028	**418,720**	1,428,628	1,996,115
Amount due to former directors	26	**1,479,063**	1,553,250	–	**1,479,063**	1,553,250	–
Amount due to a non-controlling shareholder of a subsidiary	27	**238,324**	–	–	**-**	–	–
Deferred compensation income	28	**-**	–	491,208	**-**	–	–
Deposit received	10	**-**	2,000,000	–	**-**	2,000,000	–
Income tax payable		**191,750**	118,018	–	**-**	–	–
Loans and borrowings	29	**3,822,524**	3,257,792	5,688,216	**-**	–	266,432
		43,673,723	36,948,922	46,424,496	**2,036,427**	5,629,871	4,054,335
Liabilities of disposal group classified as held for sale	10	**-**	32,727,689	–	**-**	–	–
		43,673,723	69,676,611	46,424,496	**2,036,427**	5,629,871	4,054,335

(In Singapore dollars)

	Note	Group			Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
		$	$	$	$	$	$
Net current assets		**49,663,233**	79,940,024	25,194,308	**31,559,282**	71,786,520	9,542,451
Non-current liabilities							
Hire purchase creditors	24	**-**	–	3,594	**-**	–	–
Other creditors and accruals	25	**-**	–	2,201,152	**-**	–	1,842,381
Amount due to former directors	26	**-**	1,183,250	–	**-**	1,183,250	–
Deferred compensation income	28	**-**	–	8,104,936	**-**	–	–
Loans and borrowings	29	**6,839,648**	1,877,176	–	**-**	–	–
Deferred tax liabilities	30	**28,569**	–	3,862,779	**-**	–	–
		6,868,217	3,060,426	14,172,461	**-**	1,183,250	1,842,381
Net assets		**94,975,551**	99,780,261	63,573,878	**91,968,057**	99,016,362	60,063,184
Equity attributable to owners of the Company							
Share capital	31	**115,898,594**	90,737,794	57,337,354	**115,898,594**	90,737,794	57,337,354
Foreign currency translation reserve	32	**985,972**	871,901	1,049,711	**-**	–	–
Statutory reserve fund	33	**131,075**	15,781	1,938,234	**-**	–	–
Other reserves	34	**188,948**	188,948	188,948	**188,948**	188,948	188,948
Fair value adjustment reserve	35	**(245,263)**	-	–	**-**	–	–
(Accumulated losses)/ retained earnings		**(21,691,981)**	6,318,989	3,059,631	**(24,119,485)**	8,089,620	2,536,882
Reserves of disposal group classified as held for sale	10	**-**	1,646,848	–	**-**	–	–
		95,267,345	99,780,261	63,573,878	**91,968,057**	99,016,362	60,063,184
Non-controlling interests	14(b)	**(291,794)**	–	–	**-**	–	–
		94,975,551	99,780,261	63,573,878	**91,968,057**	99,016,362	60,063,184

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2018

Group	Note	Ordinary shares	Foreign currency translation reserve	Statutory reserve fund	Other reserves	Fair value adjustment reserve	Retained earnings/ (accumulated losses)	Reserve of disposal group classified as held for sale	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
		$	$	$	$	$	$	$	$	$	$
Opening balance at 1 January 2018 (FRS framework)	2.2	90,737,794	871,901	15,781	188,948	-	6,318,989	1,646,848	99,780,261	-	99,780,261
Cumulative effects of adopting SFRS(I)		-	-	-	-	-	-	-	-	-	-
Opening balance at 1 January 2018 (SFRS(I) framework)		90,737,794	871,901	15,781	188,948	-	6,318,989	1,646,848	99,780,261	-	99,780,261
Loss for the financial year		-	-	-	-	-	(29,698,877)	-	(29,698,877)	(296,947)	(29,995,824)
Other comprehensive income:											
Net fair value loss on equity instruments at fair value through other comprehensive income		-	-	-	-	(245,263)	-	-	(245,263)	-	(245,263)
Foreign currency translation		-	393,338	-	-	-	-	-	393,338	25,864	419,202
Foreign currency translation recycled to profit or loss upon disposal of a subsidiary	10	-	12,119	-	-	-	-	-	12,119	-	12,119
Total comprehensive income for the financial year		-	405,457	-	-	(245,263)	(29,698,877)	-	(29,538,683)	(271,083)	(29,809,766)
Transfer to statutory reserve fund		-	-	115,294	-	-	(115,294)	-	-	-	-
Transfer of reserve attributable to disposal group classified as held for sale upon disposal of a subsidiary	10	-	(291,386)	-	-	-	1,938,234	(1,646,848)	-	-	-

(In Singapore dollars)

2018

Group	Note	Ordinary shares $	Foreign currency translation reserve $	Statutory reserve fund $	Other reserves $	Fair value adjustment reserve $	Retained earnings/ (accumulated losses) $	Reserve of disposal group classified as held for sale $	Total equity attributable to owners of the Company $	Non-controlling interests $	Total equity $
Contributions by and distribution to owners:											
Issuance of ordinary shares	31	25,200,000	–	–	–	–	–	–	25,200,000	–	25,200,000
Share issuance expense	31	(39,200)	–	–	–	–	–	–	(39,200)	–	(39,200)
Dividends on ordinary shares	44	–	–	–	–	–	(135,033)	–	(135,033)	–	(135,033)
Total contributions by and distributions to owners		25,160,800	–	–	–	–	(135,033)	–	25,025,767	–	25,025,767
Changes in ownership interests in subsidiaries:											
Acquisitions of subsidiaries		–	–	–	–	–	–	–	–	(20,711)	(20,711)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	(20,711)	(20,711)
Closing balance at 31 December 2018		115,898,594	985,972	131,075	188,948	(245,263)	(21,691,981)	–	95,267,345	(291,794)	94,975,551

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

2017

Group	Note	Ordinary shares $	Foreign currency translation reserve $	Statutory reserve fund $	Other reserves $	Retained earnings $	Reserve of disposal group classified as held for sale $	Total equity attributable to owners of the Company $
Opening balance at 1 January 2017 (FRS framework)		57,337,354	1,049,711	1,938,234	188,948	3,059,631	–	63,573,878
Cumulative effects of adopting SFRS(I)		–	–	–	–	–	–	–
Opening balance at 1 January 2017 (SFRS(I) framework)		57,337,354	1,049,711	1,938,234	188,948	3,059,631	–	63,573,878
Profit for the financial year		–	–	–	–	3,275,139	–	3,275,139
Other comprehensive income:								
Foreign currency translation		–	(317,307)	–	–	–	–	(317,307)
Foreign currency translation recycled to profit or loss upon liquidation of subsidiaries		–	(151,889)	–	–	–	–	(151,889)
Total comprehensive income for the financial year		–	(469,196)	–	–	3,275,139	–	2,805,943
Issuance of ordinary shares	31	33,758,223	–	–	–	–	–	33,758,223
Share issuance expense	31	(357,783)	–	–	–	–	–	(357,783)
Reserve attributable to disposal group classified as held for sale	10	–	291,386	(1,938,234)	–	–	1,646,848	–
Transfer to statutory reserve		–	–	15,781	–	(15,781)	–	–
Closing balance at 31 December 2017		90,737,794	871,901	15,781	188,948	6,318,989	1,646,848	99,780,261

(In Singapore dollars)

2018

Company	**Note**	**Ordinary shares $**	**Other reserves $**	**Retained earnings/ (accumulated losses) $**	**Total equity attributable to owners of the Company $**
Opening balance at 1 January 2018 (FRS framework)		**90,737,794**	**188,948**	**8,089,620**	**99,016,362**
Cumulative effects of adopting SFRS(I)		**–**	**–**	**–**	**–**
Opening balance at 1 January 2018 (SFRS(I) framework)		**90,737,794**	**188,948**	**8,089,620**	**99,016,362**
Loss for the financial year		**–**	**–**	**(32,074,072)**	**(32,074,072)**
Total comprehensive income for the financial year		**–**	**–**	**(32,074,072)**	**(32,074,072)**
Dividend paid during the year	44	**–**	**–**	**(135,033)**	**(135,033)**
Issuance of ordinary shares	31	**25,200,000**	**–**	**–**	**25,200,000**
Share issuance expense	31	**(39,200)**	**–**	**–**	**(39,200)**
Closing balance at 31 December 2018		**115,898,594**	**188,948**	**(24,119,485)**	**91,968,057**

2017

Company	**Note**	**Ordinary shares $**	**Other reserves $**	**Retained earnings $**	**Total equity attributable to owners of the Company $**
Opening balance at 1 January 2017 (FRS framework)		57,337,354	188,948	2,536,882	60,063,184
Cumulative effects of adopting SFRS(I)		–	–	–	–
Opening balance at 1 January 2017 (SFRS(I) framework)		57,337,354	188,948	2,536,882	60,063,184
Profit for the financial year		–	–	5,552,738	5,552,738
Total comprehensive income for the financial year		–	–	5,552,738	5,552,738
Issuance of ordinary shares	31	33,758,223	–	–	33,758,223
Share issuance expense	31	(357,783)	–	–	(357,783)
Closing balance at 31 December 2017		90,737,794	188,948	8,089,620	99,016,362

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In Singapore dollars)

	Note	2018 $	2017 $
Cash flows from operating activities:			
(Loss)/profit before tax from continuing operations		**(29,724,744)**	3,627,552
Profit/(loss) before tax from discontinued operation	A	**1,658,285**	(189,462)
(Loss)/profit before tax, total		**(28,066,459)**	3,438,090
Adjustments for:			
Loss/(gain) on disposal of property, plant and equipment		**2,242**	(28,343)
Gain on disposal of intangible assets	6	**(30,025)**	(56,325)
Depreciation of property, plant and equipment	12	**2,268,695**	3,461,786
Amortisation of intangible assets	11	**566,801**	10,737
Impairment loss on goodwill	11	**31,274,000**	–
Impairment loss on assets of disposal group classified as held for sale	10	**–**	245,000
Gain on liquidation of subsidiaries	6	**–**	(141,495)
Loss on disposal of a subsidiary	10	**256,016**	–
Gain on re-measurement of financial receivables	6	**–**	(1,454,581)
Amortisation of deferred interest income	6	**(18,836)**	(328,600)
Amortisation of deferred compensation income	6	**(40,439)**	(482,652)
Interest income from bank deposits	6	**(95,195)**	(61,799)
Investment return on amount due from the principal of an international sporting event	6	**(201,861)**	–
Interest expense	7	**304,884**	454,064
Dividend income from other investments	6	**(195,331)**	(110,405)
Exchange differences		**(38,303)**	625,395
Operating cash flows before changes in working capital		**5,986,189**	5,570,872
Increase in inventories		**(4,717,417)**	(1,332,764)
Decrease in trade debtors, contract assets, other debtors and prepayments		**3,745,166**	2,921,304
(Decrease)/increase in trade creditors, contract liabilities and other creditors and accruals		**(4,177,529)**	7,035,777
Payment to former directors in relation to termination of service agreements		**(1,257,437)**	–
Cash flows (used in)/generated from operations		**(421,028)**	14,195,189
Interest paid		**(304,884)**	(454,064)
Interest received		**95,195**	61,799
Tax paid		**(302,681)**	(71,085)
Net cash flows (used in)/generated from operating activities		**(933,398)**	13,731,839
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		**788,972**	495,350
Proceeds from disposal of intangible assets		**152,606**	59,717
Net cash outflow on acquisitions of subsidiaries	14(d)	**(54,213,800)**	–
Net cash inflow on disposal of a subsidiary	10	**20,082,733**	–
Capital gains tax paid	10	**(1,659,425)**	–
Deposit received from disposal of a subsidiary	10	**–**	2,000,000
Purchase of property, plant and equipment	B	**(6,347,342)**	(10,729,166)
Prepayment for purchase of land		**(2,084,932)**	–
Dividend received from other investments	15	**195,331**	110,405
Receipt of investment return on amount due from the principal of an international sporting event	6	**201,861**	–
Net cash used in investing activities		**(42,883,996)**	(8,063,694)

(In Singapore dollars)

	Note	2018 $	2017 $
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares (net of transaction costs)	31	**25,160,800**	33,400,440
Dividend paid on ordinary shares	44	**(135,033)**	–
Net decrease of hire purchase creditors		**(3,723)**	(8,403)
Drawdown of loans and borrowings	29	**19,236,283**	19,879,271
Repayment of loans and borrowings	29	**(13,663,582)**	(12,196,170)
Increase in fixed deposits		**(3,221,100)**	(683,327)
Increase in amount due to non-controlling shareholder of a subsidiary		**292,019**	–
Net cash flows generated from financing activities		**27,665,664**	40,391,811
Net (decrease)/increase in cash and bank balances		**(16,151,730)**	46,059,956
Cash and cash equivalents at beginning of financial year		**59,618,106**	13,939,360
Pending recovery of funds from JLC Advisors LLP	C	**(34,542,477)**	–
Effects of exchange rates on opening cash and cash equivalents		**91,676**	(381,210)
Cash and cash equivalents at end of financial year	22	**9,015,575**	59,618,106

Note A:	2018 $	2017 $
Profit/(loss) before tax from discontinued operation	**1,658,285**	(189,462)
Capital gains tax paid included in cash flow from investing activities	**(1,659,425)**	–
Loss from discontinued operation, net of tax	**(1,140)**	(189,462)

Note B:	2018 $	2017 $
Additions of property, plant and equipment (Note 12)	**6,330,667**	12,400,128
Add: Additions attributable to Allied Technologies (Suzhou) Co., Ltd.	**16,675**	–
Add: Prepayment made in 2016	**–**	(1,670,962)
Cash outflow on purchase of property, plant and equipment	**6,347,342**	10,729,166

Note C:

As at 31 December 2018, cash of $34,542,477 were held in trust and/or in escrow by a Singapore law firm JLC Advisors LLP ("JLC") (collectively, the "Escrow Funds"). These amounts arose primarily from proceeds of disposal of subsidiaries in prior and current year (Note 10) and are non-interest bearing. Subsequent to year end, on 9 January 2019, the Company authorised JLC to make payment of $295,813 to a former director of the Company for termination of his service agreement as disclosed in Note 26 to the financial statements. On 2 April 2019, the Group received fund placed by ABO with JLC in trust in full $1,093,234. Consequently, the remaining balance held in escrow by JLC is $33,153,416 ("Balance Escrow Funds"). The Company had made repeated demands for repayment of the Balance 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 Balance Escrow Funds to the Company. As there have been alleged unauthorized payments of such Balance Escrow Funds and on-going investigation by various authorities, the Group and the Company have classified the cash of $34,542,477 and $33,449,229 as amount due from a law firm respectively instead of cash and cash equivalents as the Company is currently taking all steps necessary to recover the Balance Escrow Funds from JLC. Further details are disclosed in Note 2.1(b) to the financial statements.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 390 Orchard Road, #15–04 Palais Renaissance, Singapore 238871.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1(a) Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

2.1(b) Basis of going concern assumption

The Group and the Company incurred net losses of $29,995,824 and $32,074,072 (2017: net profit of $3,275,139 and net profit of $5,552,738) during the financial year ended 31 December 2018 respectively and as at that date, the Group's and the Company's current and total assets exceeded its current and total liabilities by $49,663,233 and $31,559,282 (31 December 2017: $79,940,024 and $71,786,520, 1 January 2017: $25,194,308 and $9,542,451) and $94,975,551 and $91,968,057 (31 December 2017: $99,780,261 and $99,016,362, 1 January 2017: $63,573,878 and $60,063,184) respectively.

As disclosed in the Company's announcements dated 23 May 2019 and 5 June 2019, the Company had entered into an escrow agreement with a Singapore law firm, JLC Advisors LLP ("JLC") on 23 October 2017 ("Escrow Agreement"). This was for the purpose of holding the proceeds arising from the placement exercise which was completed on 31 October 2017. At that time, the then board of directors had decided to maintain the proceeds from the placement exercise with a law firm to provide assurance to the placees that the proceeds from the placement would be utilised for its intended purposes. Consequently, for the same reason, the Company had deposited the balance proceeds arising from the disposal of subsidiaries, Allied Machineries (Shanghai) Co., Ltd. in prior year and Allied Technologies (Suzhou) Co., Ltd. during the year, in the same escrow account. The proceeds from these transactions were mainly utilised for acquisitions-related professional fees and working capital during the year, and for the acquisition of 51% interest in the issued and paid up share capital of Asia Box Office Pte. Ltd. and its subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1(b) Basis of going concern assumption (Continued)

On 22 May 2019, the Company received a letter on JLC's letterhead stating that the funds of "*S$33.4 million*" deposited by the Company with JLC 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*". The letter also stated that JLC has lodged reports with relevant authorities.

The Company has appointed Messrs Rajah & Tann Singapore LLP ("R&T") to advise the Company on, amongst others, the matters arising out of JLC's letter of 22 May 2019. Amongst other things, the Company has instructed R&T to take all steps necessary to recover the funds from JLC. Since then, the Company had, through R&T:

(a) responded to the aforesaid JLC letter to clarify the situation, including requiring JLC to, amongst others, provide documentary evidence and a statement of accounts of the escrow funds as well as to update the Company as to the whereabouts of Mr. Ong Su Aun, Jeffrey;

(b) lodged a report with the Singapore Police Force; and

(c) reported the matter to the Law Society of Singapore.

The Company will also be commencing legal proceedings to protect the interests of the Company as appropriate.

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 $34,542,477 has been classified to amount due from a law firm as at 31 December 2018, pending recovery of the remaining balance of $33,153,416 subsequent to year end.

At the same time, the Company also received notices of compliance issued by Singapore Exchange Regulation Pte. Ltd. ("Notices of Compliance") dated 8 May 2019 and 23 May 2019. Pursuant to the Notices of Compliance, the Company is required to appoint a Special Auditor to (i) undertake a review on, amongst others, the observations identified by the Auditor, including the circumstances surrounding the placing of the Escrow Funds with JLC, and (ii) investigate the subsequent developments surrounding the Escrow Funds, and the progress in procuring the deposit of the Escrow Funds in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore ("MAS") as required under the Notices of Compliance ("Special Audit").

Consequently, the board of directors had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte. Ltd. as Special Auditor to undertake the Special Audit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1(b) Basis of going concern assumption (Continued)

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. Given that the above-mentioned only took place in the past few months, the Group is still assessing the impact on the Group's operations.

Nonetheless, the Board believes that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2018 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) 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 $70,895,235 (NTA of $36,352,758 without taking into consideration the amount due from a law firm) as at 31 December 2018, 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; and

(f) 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.

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 financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint venture that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instrument that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

The Group has elected to measures its unquoted availability-for-sale (AFS) equity securities not held for trading purpose equity securities at FVOCI. The impact arising from this change is not material and no adjustment has been made to fair value adjustment reserve as at 1 January 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 9 Financial Instruments (Continued)

In summary, upon adoption of SFRS(I) 9, the Group had the following required or elected reclassifications as at 1 January 2018.

Financial assets:

	Group		
Measurement category	**FRS 39 carrying amount on 31 December 2017 $**	**Re-classifications $**	**SFRS(I) 9 carrying amount on 1 January 2018 $**
FVOCI	–	–	–
Reclassified from AFS equity security carried at cost less impairment	–	2,205,263	2,205,263
FVOCI balances, reclassifications at 1 January 2018	–	2,205,263	2,205,263

	Company		
Measurement category	**FRS 39 carrying amount on 31 December 2017 $**	**Re-classifications $**	**SFRS(I) 9 carrying amount on 1 January 2018 $**
FVOCI	–	–	–
Reclassified from AFS equity security carried at cost less impairment	–	2,080,934	2,080,934
FVOCI balances, reclassifications, at 1 January 2018	–	2,080,934	2,080,934

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

There is no material impact relating to impairment to the Group's and the Company's financial statements as at 1 January 2018 upon adoption of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is mainly in the business of sales of metal stamp parts, tools and dies, event ticketing and provision of business and management consultancy services. The impact of adopting SFRS(I) 15 is not material to the Group consolidated financial statements and the financial statements of the Company.

<u>Tooling sales</u>

The Group supplies tooling. Tooling revenue is recognised when the Group satisfied its performance obligations which generally coincide with the completion of mould manufacturing processes and acceptance of the goods. Upon adoption of SFRS(I) 15, the Group continues to recognise the tooling revenue at point in time upon completion of mould manufacturing processes and acceptance of the goods.

Upon adoption of SFRS(I) 15, the Group reclassified billings from subcontractor for services rendered for construction of tooling of $1,459,052 as at 1 January 2017 and $1,306,928 as at 31 December 2017 from other debtors to contract assets. Advanced billings to customers for tooling sales of $1,028,378 as at 1 January 2017 and $750,900 as at 31 December 2017 were reclassified from other creditors and accruals to contract liabilities.

The Company's balance sheets as at 1 January 2017 and 31 December 2017 were restated to reclassify billings from subcontractor for services rendered for manufacturing of tooling of $970,163 and $265,974 respectively from other debtors to contract assets. Advanced billings to customers for tooling sales of $1,028,378 as at 1 January 2017 and $331,510 as at 31 December 2017 were reclassified from other creditors and accruals to contract liabilities.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new accounting standards on 1 January 2017 to the balance sheet of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

	1.1.2017 (FRS) $	Group SFRS(I) 15 adjustments $	1.1.2017 (SFRS(I)) $
Non-current assets			
Intangible assets	148,881	–	148,881
Property, plant and equipment	35,610,120	–	35,610,120
Deferred tax assets	477,247	–	477,247
Other investments	2,205,263	–	2,205,263
Other debtor	12,430,897	–	12,430,897
Prepayments	1,679,623	–	1,679,623
	52,552,031	–	52,552,031
Current assets			
Inventories	12,610,022	–	12,610,022
Trade debtors	33,299,385	–	33,299,385
Other debtors	9,949,503	(1,459,052)	8,490,451
Contract assets	–	1,459,052	1,459,052
Prepayments and advances to suppliers	720,470	–	720,470
Income tax recoverable	3,835	–	3,835
Fixed deposits	1,096,229	–	1,096,229
Cash and bank balances	13,939,360	–	13,939,360
	71,618,804	–	71,618,804
Current liabilities			
Trade creditors	31,945,170	–	31,945,170
Contract liabilities	–	1,028,378	1,028,378
Hire purchase creditors	8,496	–	8,496
Other creditors and accruals	8,291,406	(1,028,378)	7,263,028
Deferred compensation income	491,208	–	491,208
Loans and borrowings	5,688,216	–	5,688,216
	46,424,496	–	46,424,496
Net current assets	25,194,308	–	25,194,308
Non-current liabilities			
Hire purchase creditors	3,594	–	3,594
Other creditors and accruals	2,201,152	–	2,201,152
Deferred compensation income	8,104,936	–	8,104,936
Deferred tax liabilities	3,862,779	–	3,862,779
	14,172,461	–	14,172,461
Net assets	63,573,878	–	63,573,878
Equity attributable to owners of the Company			
Share capital	57,337,354	–	57,337,354
Foreign currency translation reserve	1,049,711	–	1,049,711
Statutory reserve fund	1,938,234	–	1,938,234
Other reserves	188,948	–	188,948
Retained earnings	3,059,631	–	3,059,631
Total equity	63,573,878	–	63,573,878

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) 15, including application of new accounting standards on 31 December 2017 to the balance sheet of the Group.

		Group	
	31.12.2017 (FRS) $	**SFRS(I) 15 adjustments $**	**31.12.2017 (SFRS(I)) $**
Non-current assets			
Intangible assets	124,176	–	124,176
Property, plant and equipment	20,571,224	–	20,571,224
Other investments	2,205,263	–	2,205,263
	22,900,663	–	22,900,663
Current assets			
Inventories	10,331,832	–	10,331,832
Trade debtors	20,581,571	–	20,581,571
Other debtors	3,526,722	(1,306,928)	2,219,794
Contract assets	–	1,306,928	1,306,928
Prepayments and advances to suppliers	962,041	–	962,041
Fixed deposits	1,756,537	–	1,756,537
Cash and bank balances	58,050,519	–	58,050,519
Assets of disposal group classified as held for sale	54,407,413	–	54,407,413
	149,616,635	–	149,616,635
Current liabilities			
Trade creditors	22,771,730	–	22,771,730
Contract liabilities	–	750,900	750,900
Hire purchase creditors	3,667	–	3,667
Other creditors and accruals	8,797,715	(750,900)	8,046,815
Deposit received	2,000,000	–	2,000,000
Income tax payable	118,018	–	118,018
Loans and borrowings	3,257,792	–	3,257,792
Liabilities of disposal group classified as held for sale	32,727,689	–	32,727,689
	69,676,611	–	69,676,611
Net current assets	79,940,024	–	79,940,024
Non-current liabilities			
Other creditors and accruals	1,183,250	–	1,183,250
Loans and borrowings	1,877,176	–	1,877,176
	3,060,426	–	3,060,426
Net assets	99,780,261	–	99,780,261

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

	31.12.2017 (FRS) $	Group SFRS(I) 15 adjustments $	31.12.2017 (SFRS(I)) $
Equity attributable to owners of the Company			
Share capital	90,737,794	–	90,737,794
Foreign currency translation reserve	871,901	–	871,901
Statutory reserve fund	15,781	–	15,781
Other reserves	188,948	–	188,948
Retained earnings	6,318,989	–	6,318,989
Reserves of disposal group classified as held for sale	1,646,848	–	1,646,848
Total equity	99,780,261	–	99,780,261

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new accounting standards on 1 January 2017 to the balance sheet of the Company.

	1.1.2017 (FRS) $	Company SFRS(I) 15 adjustments $	1.1.2017 (SFRS(I)) $
Non-current assets			
Intangible assets	9,986	–	9,986
Property, plant and equipment	32,141	–	32,141
Investment in subsidiaries	21,919,028	–	21,919,028
Loan receivables from subsidiaries	17,916,268	–	17,916,268
Other investments	2,080,934	–	2,080,934
Other debtor	10,404,757	–	10,404,757
	52,363,114	–	52,363,114
Current assets			
Amount due from subsidiaries	4,684,722	–	4,684,722
Trade debtors	1,549,892	–	1,549,892
Other debtors	5,868,765	(970,163)	4,898,602
Contract assets	–	970,163	970,163
Prepayments and advances to suppliers	37,329	–	37,329
Fixed deposits	347,520	–	347,520
Cash and bank balances	1,108,558	–	1,108,558
	13,596,786	–	13,596,786

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

	1.1.2017 (FRS) $	Company SFRS(I) 15 adjustments $	1.1.2017 (SFRS(I)) $
Current liabilities			
Trade creditors	763,410	–	763,410
Contract liabilities	–	1,028,378	1,028,378
Other creditors and accruals	3,024,493	(1,028,378)	1,996,115
Loans and borrowings	266,432	–	266,432
	4,054,335	–	4,054,335
Net current assets	9,542,451	–	9,542,451
Non-current liabilities			
Other creditors and accruals	1,842,381	–	1,842,381
	1,842,381	–	1,842,381
Net assets	60,063,184	–	60,063,184
Equity attributable to owners of the Company			
Share capital	57,337,354	–	57,337,354
Other reserves	188,948	–	188,948
Retained earnings	2,536,882	–	2,536,882
Total equity	60,063,184	–	60,063,184

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I), including application of new accounting standards on 31 December 2017 to the balance sheet of the Company.

	31.12.2017 (FRS) $	Company SFRS(I) 15 adjustments $	31.12.2017 (SFRS(I)) $
Non-current assets			
Property, plant and equipment	92,804	–	92,804
Investment in subsidiaries	12,601,527	–	12,601,527
Loan receivables from subsidiaries	13,637,827	–	13,637,827
Other investments	2,080,934	–	2,080,934
	28,413,092	–	28,413,092
Current assets			
Amount due from subsidiaries	4,759,832	–	4,759,832
Trade debtors	1,953,084	–	1,953,084
Other debtors	397,934	(265,974)	131,960
Contract assets	–	265,974	265,974
Prepayments and advances to suppliers	46,085	–	46,085
Cash and bank balances	51,215,073	–	51,215,073
Assets of disposal group classified as held for sale	19,044,383	–	19,044,383
	77,416,391	–	77,416,391
Current liabilities			
Amount due to a subsidiary	139,087	–	139,087
Trade creditors	177,396	–	177,396
Contract liabilities	–	331,510	331,510
Other creditors and accruals	3,313,388	(331,510)	2,981,878
Deposit received	2,000,000	–	2,000,000
	5,629,871	–	5,629,871
Net current assets	71,786,520	–	71,786,520
Non-current liabilities			
Other creditors and accruals	1,183,250	–	1,183,250
	1,183,250	–	1,183,250
Net assets	99,016,362	–	99,016,362
Equity attributable to owners of the Company			
Share capital	90,737,794	–	90,737,794
Other reserves	188,948	–	188,948
Retained earnings	8,089,620	–	8,089,620
Total equity	99,016,362	–	99,016,362

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendment to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term interests in Associates or Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of approximately $2.62 million and lease liabilities of approximately $2.63 million for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of approximately $100,000 and its related tax impact as of 1 January 2019.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(a) Membership rights

Membership rights were acquired separately and are measured at cost less accumulated amortisation and any impairment losses.

Membership rights are amortised on a straight-line basis over the estimated useful lives of the respective memberships of 19, 25, 31 and 45 years.

(b) Contractual customer relationships

Contractual customer relationships were acquired in a business combination and carried at fair value at the date of acquisition. The useful life of the contractual customer relationships is estimated to be 10 years from July 2018.

(c) Corporate contract

Corporate contract was acquired in a business combination and carried at fair value at the date of acquisition. It is amortised on a straight-line basis over its remaining useful life of 27 months from July 2018.

(d) Consultancy agreement

Consultancy agreement was acquired in a business combination and carried at fair value at the date of acquisition. It is amortised on a straight-line basis over its remaining useful life of 9 months to 31 December 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

Leasehold land and properties (including land use rights)	–	over the term of lease (50 years)
Plant and machinery	–	5 years
Furniture and fittings	–	5 years
Electrical installations	–	5 years
Office equipment	–	5 years
Computers	–	3 years
Motor vehicles	–	5 years
Renovations	–	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Joint ventures

The Group accounts for its investment in joint ventures using the equity method from the date on which it becomes a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Joint ventures (Continued)

Under the equity method, the investment in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement (Continued)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in-first-out basis and in the case of finished products and work-in-progress, includes direct materials and labour and attributable production overheads based on normal level of activity which costs are assigned on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.13 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Short term employee benefits

All short term employee benefits, including accumulated compensated absences, are recognised in the income statement in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

(b) Defined contribution plans

As required by law, the Company and certain subsidiaries make contributions to the national pension schemes in their respective countries. Such pension schemes are defined contribution pension schemes, where contributions are recognised as an expense in the period in which the related service is performed.

In particular, the Singapore company in the Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore. The Malaysia companies in the Group make contributions to the Employee Provident Fund ("EPF") scheme in Malaysia.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

2.20 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Disposal groups held for sale and discontinued operations

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met and such a component represents a separate major geographical area of operations.

Property, plant and equipment once classified as held for sale are not depreciated or amortised.

2.22 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred compensation grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset.

A government grant that becomes receivable as compensation for expenses or losses shall be recognised on the balance sheet and amortized to the income statement for the period in which the expenses or losses occur.

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(a) *Sale of metal stamped parts*

The Group supplies metal stamped parts to its customers.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the contractual price.

(b) *Tooling revenue*

Tooling revenue is recognised when the Group satisfied its performance obligations which generally coincide with the completion of mould manufacturing processes and acceptance of the goods

(c) *Promotion of events*

Revenue from promotion of events, including related sponsorship received is recognised when the events have taken place. Revenue collected in advance of the event is recorded as contract liabilities until the event occurs.

(d) *Ticketing*

Revenue from ticketing sales is as earned when the show/event has taken place. The Group acts as an agent to provide a service of arranging for another party to transfer tickets for events to a customer. The Group recognises a commission fee, being the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the tickets to be provided by that party.

(e) *Rendering of services*

Revenue from the rendering of services, including provision of design services for precision metal stamping, provision of software as a service and information technology ("IT") related services, is recognised when the services are rendered upon completion of the project.

(f) *Interest income*

Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(g) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(h) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to leases are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.24 Taxes (Continued)

(b) *Deferred tax* (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (Continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

(i) Allowance for inventory obsolescence and write down to net realisable value

The Group exercised judgement in identifying slow-moving inventories. Based on the slow-moving inventory identified, the Group will then further analyse the slow-moving inventories to identify excess or obsolete inventories after considering a number of factors, including: committed orders and/or production forecasts provided by customer, procurement and production cycle of the inventories, age of the inventories, and if the inventories are declared as end-of-life inventories by the customers.

Based on management's assessment, an allowance amount has been determined by the Group based on the estimates made. Please refer to Note 3(b)(ii) for further details.

(ii) Purchase price allocation reviews

The Group has exercised significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired, including judgement made relating to: accounting for acquisitions of Asia Box Office Pte. Ltd. and Activpass Holdings Pte. Ltd., identification of assets, including: intangible assets, and liabilities acquired, fair value adjustments to the carrying amount of assets and liabilities of the acquirees during the purchase price allocation review.

Please refer to Note 3(b)(iii) for the estimate made by the Group during the purchase price allocation review.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical judgements made in applying accounting policies (Continued)

(iii) Impairment of goodwill and investments in subsidiaries

Judgement has been made by the Group to identify the cash-generating units and assess the future market and/or future business activities assumptions of each cash generating units. These future market and/or future business activities assumptions include: event revenue and profitability from anticipated events/shows, volume of transactions, commission earned from merchants, budgeted revenue contributed by anticipated new markets, growth rates, availability of funding for marketing campaign and pre-tax discount rates. The Group has estimated the recoverable amounts of cash-generating units to which goodwill has been allocated to and investments in subsidiaries based on value-in-use approach.

Estimation has been made in deriving the value-in-use, as disclosed in Note 3(b)(iv).

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) Provision for expected credit losses ("ECLs") of trade debtors and contract assets

The Group uses a provision matrix to calculate ECLs for trade debtors and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade debtors is disclosed in Note 21 and Note 42 to the financial statements.

The carrying amount of trade debtors as at 31 December 2018 is $21,296,866 (31 December 2017: $20,581,571, 1 January 2017: $33,299,385).

(ii) Allowance for inventory obsolescence and write down to net realisable value

Based on the excess or obsolete inventories identified, as discussed in Note 3 (a)(i), the Group provides allowance for inventory obsolescence for obsolete or excess inventories that are not expected to be utilised/sold and end-of-life inventories that are not expected to be sold.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(ii) Allowance for inventory obsolescence and write down to net realisable value (Continued)

This review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the end of the financial year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write down to net realisable value include ageing analysis, technical assessment and subsequent events.

(iii) Purchase price allocation reviews

Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased.

As discussed in Note 3(a)(ii) above, the Group has exercised judgement to determine the fair value adjustments required during the purchase price allocation review. Significant estimates have been made to determine the fair value adjustments amount.

(iv) Impairment of goodwill and investments in subsidiaries

As disclosed in Notes 11 and 14 to the financial statements, the recoverable amounts of the cash generating units which goodwill and costs of investment in subsidiaries have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 11 to the financial statements.

The Group's carrying amount of goodwill as at 31 December 2018 is $23,947,558 (31 December 2017: $Nil, 1 January 2017: $Nil), and the Company's carrying amount of investment in subsidiaries as at 31 December 2018 is $53,083,175 (31 December 2017: $12,601,527, 1 January 2017: $21,919,028).

4. SEGMENT 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. In 2018 and 2017, Allied Technologies (Suzhou) Co., Ltd. ("ATSU") business was presented as a discontinued operation under Precision Metal Stamping business segment.

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 consolidated 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.

4. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2018

	Corporate	Precision Metal Stamping						E-commerce			
	Singapore $	Singapore $	Malaysia $	China $	Vietnam $	Thailand $	Discontinued operation ATSU $	Singapore $	Hong Kong $	Elimination $	Total $
Segment revenue											
External customers	-	1,885,067	45,313,022	-	58,221,802	6,670,376	3,403,638	345,158	13,483,431	-	129,322,494
Inter-segment sales	-	-	-	1,120,978	-	-	-	-	-	(1,120,978)	-
Total revenue	-	1,885,067	45,313,022	1,120,978	58,221,802	6,670,376	3,403,638	345,158	13,483,431	(1,120,978)	129,322,494
Segment (loss)/profit	(2,068,803)	1,105,754	89,355	144,681	2,253,307	785,838	48,266	(31,811,776)	32,378	-	(29,421,000)
Finance costs											(304,884)
Loss before tax										(i)	(29,725,884)
Income tax expense											(269,940)
Net loss after tax											(29,995,824)

4. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2018

	Corporate	Precision Metal Stamping						E-commerce			
	Singapore $	Singapore $	Malaysia $	China $	Vietnam $	Thailand $	Discontinued operation ATSU $	Singapore $	Hong Kong $	Elimination $	Total $
Segment assets	33,595,709	2,505,747	43,262,538	951,980	29,042,086	4,262,263	-	29,885,872	51,296	-	143,557,491
Unallocated assets										(ii)	1,960,000
											145,517,491
Other segment information:											
Additions to non-current assets	-	191,537	5,473,370	35,187	392,632	124,598	16,675	113,343	-	-	6,347,342
Depreciation and amortisation	-	45,867	1,043,897	3,032	415,901	710,135	-	616,664	-	-	2,835,496
Allowance for/(write-back of) inventory obsolescence	-	-	117,027	-	(13,403)	(6,258)	9,828	-	-	-	107,194
Loss/(gain) on disposal of property, plant and equipment	-	10,913	1,388	-	(12,563)	2,504	-	-	-	-	2,242
(Write-back of)/allowance for impairment loss on:											
- Trade debtors	-	(11,747)	(62,376)	-	-	-	-	1,350	-	-	(72,773)
- Other debtor	-	-	-	-	-	-	-	1,175	-	-	1,175
- Amount due from joint venture	-	-	-	-	-	-	-	560,100	-	-	560,100
Impairment loss on goodwill	-	-	-	-	-	-	-	31,274,000	-	-	31,274,000
Trade receivables written off	-	-	-	-	-	-	-	7,383	-	-	7,383

4. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2017

	Corporate	Precision Metal Stamping								
	Singapore $	Singapore $	Malaysia $	China $	Vietnam $	Thailand $	Others $	Discontinued operation ATSU $	Elimination $	Total $
Segment revenue										
External customers	–	7,086,598	29,821,735	–	51,124,435	6,771,331	–	42,548,400	–	137,352,499
Inter-segment sales	–	–	–	–	–	–	–	1,391,150	(1,391,150)	–
Total revenue	–	7,086,598	29,821,735	–	51,124,435	6,771,331	–	43,939,550	(1,391,150)	137,352,499
Segment (loss)/profit	(3,370,913)	735,395	3,392,424	(78,113)	2,021,514	998,233	22,775	170,839	–	3,892,154
Finance costs										(454,064)
Profit before tax										3,438,090
Income tax expense										(162,951)
Net profit after tax										3,275,139

4. **SEGMENT INFORMATION** (CONTINUED)

Year ended 31 December 2017

	Corporate	Precision Metal Stamping								
	Singapore $	Singapore $	Malaysia $	China $	Vietnam $	Thailand $	Others $	Discontinued operation ATSU $	Elimination $	Total $
Segment assets	53,704,980	–	30,101,994	–	27,615,865	4,481,783	–	51,686,433	–	167,591,055
Unallocated assets									(ii)	4,926,243
										172,517,298
Other segment information:										
Additions to non-current assets	–	81,891	11,855,225	–	89,999	41,059	–	331,954	–	12,400,128
Depreciation and amortisation	–	27,822	385,589	–	426,179	716,333	–	1,916,600	–	3,472,523
Allowance for/(write-back of) inventory obsolescence	–	–	13,764	–	113,510	(984)	–	(30,303)	–	95,987
Loss/(gain) on disposal of property, plant and equipment	–	250	(10,935)	–	(6,929)	–	–	(10,729)	–	(28,343)
Allowance for impairment loss on:										
– trade debtors	–	4,934	14,552	–	–	–	–	2,258,934	–	2,278,420
– sundry debtors	–	–	–	–	–	–	–	41,129	–	41,129
Impairment loss on assets of disposal group classified as held for sale	–	–	–	–	–	–	–	245,000	–	245,000

4. **SEGMENT INFORMATION** (CONTINUED)

As at 1 January 2017

	Singapore	Malaysia	China	Vietnam	Thailand	Others	Discontinued operation ATSU	Elimination	Note	Total
	$	$	$	$	$	$	$	$		$
Segment assets	3,332,696	10,238,197	5,073,646	31,213,998	4,149,684	6,389	49,300,590	–		103,315,200
Unallocated assets									(ii)	20,855,635
										124,170,835

Note: Nature of adjustments and eliminations to arrive at amounts in the consolidated financial statements.

(i) Loss before tax for the financial year ended 31 December 2018 of $29,725,884 was arrived at after adjustment for capital gains tax of $1,659,425 (Note 10).

(ii) Unallocated assets pertain to other investments, deferred tax assets and amount due from Carapace Daybreak Ltd.

Information about major customers

For the current financial year, revenue from the top 10 customers of the Group represents 96% (2017: 97%) of the total Group's revenue from continuing operations.

Revenue from one (2017: one) major customer, who individually contributes more than 10% of the Group's revenue from continuing operations, amounts to $89,455,000 (2017: $69,239,000). The sales to this major customer is recorded in Malaysia and Vietnam segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. REVENUE

(a) Disaggregation of revenue

Revenue represents invoiced value of goods supplied and services rendered. In respect of the Group, it excludes intra-group transactions.

	Precision metal stamping		E-commerce		Total revenue	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Primary geographical markets						
Singapore	**1,885,067**	7,086,598	**345,158**	–	**2,230,225**	7,086,598
Malaysia	**45,313,022**	29,821,735	**-**	–	**45,313,022**	29,821,735
People's Republic of China	**-**	–	**-**	–	**-**	–
Hong Kong	**-**	–	**13,483,431**	–	**13,483,431**	–
Vietnam	**58,221,802**	51,124,435	**-**	–	**58,221,802**	51,124,435
Thailand	**6,670,376**	6,771,331	**-**	–	**6,670,376**	6,771,331
	112,090,267	94,804,099	**13,828,589**	–	**125,918,856**	94,804,099
Major product or service lines						
Metal stamped parts	**107,415,346**	91,094,698	**-**	–	**107,415,346**	91,094,698
Tooling	**4,609,516**	3,618,913	**-**	–	**4,609,516**	3,618,913
Provision of design services	**65,405**	90,488	**-**	–	**65,405**	90,488
Promotion of events	**-**	–	**13,483,431**	–	**13,483,431**	–
Ticketing	**-**	–	**20,922**	–	**20,922**	–
Provision of IT related services	**-**	–	**164,289**	–	**164,289**	–
Sponsorship	**-**	–	**100,000**	–	**100,000**	–
Provision of software as a service	**-**	–	**54,184**	–	**54,184**	–
Commission fee	**-**	–	**5,763**	–	**5,763**	–
	112,090,267	94,804,099	**13,828,589**	–	**125,918,856**	94,804,099

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Precision metal stamping		E-commerce		Total revenue	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Timing of transfer of goods or services						
At a point in time	**112,090,267**	94,804,099	**13,828,589**	–	**125,918,856**	94,804,099

(b) Contract assets and contract liabilities

Information about contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$			
Trade debtors (Note 21)	**21,296,866**	20,581,571	33,299,385	**190**	1,953,084	1,549,892
Contract assets	**1,499,705**	1,306,928	1,459,052	**-**	265,974	970,163
Contract liabilities	**826,808**	750,900	1,028,378	**-**	331,510	1,028,378

Contract assets primarily relate to the billings from subcontractor for services rendered for manufacturing of tooling.

Contract liabilities primarily relate to advance billings to customers for on-going tooling projects.

Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. REVENUE (CONTINUED)

(b) Contract assets and contract liabilities (Continued)

(i) Significant changes in contract assets are explained as follows:

	Group	
	2018	**2017**
	$	**$**
At 1 January	**1,306,928**	1,459,052
Additions during the year	**1,481,102**	1,623,021
Contract assets reclassified to receivables	**(1,303,067)**	(1,423,448)
Attributable to discontinued operation	**–**	(341,942)
Currency realignment	**14,742**	(9,755)
At 31 December	**1,499,705**	1,306,928

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2018	**2017**
	$	**$**
At 1 January	**750,900**	1,028,378
Additions during the year	**794,753**	741,676
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(724,808)**	(1,019,154)
Currency realignment	**5,963**	–
At 31 December	**826,808**	750,900

6. OTHER INCOME

	Group 2018 $	2017 $
Dividend income from other investments		
> continuing operations	**195,331**	110,405
Interest income from bank deposits		
> continuing operations	**95,195**	57,891
> discontinued operation	**–**	3,908
Investment return on amount due from the principal of an international sporting event*		
> continuing operations	**201,861**	–
Consultancy fee earned from the principal of an international sporting event*		
> continuing operations	**668,540**	–
Gain on disposal of property, plant and equipment, net		
> continuing operations	**–**	17,614
> discontinued operation	**–**	10,729
Gain on disposal of intangible assets		
> continuing operations	**30,025**	56,325
Rental income		
> continuing operations	**98,499**	122,570
> discontinued operation	**1,481**	17,672
Waiver of amount owing to Allied Technologies (Suzhou) Co., Ltd ⌘		
> continuing operations	**173,432**	–
Sundry income		
> continuing operations	**218,593**	140,209
> discontinued operation	**–**	43,940
Amortisation of deferred interest income		
> continuing operations	**–**	247,995
> discontinued operation	**18,836**	80,605
Gain on re-measurement of financial receivables		
> continuing operations	**–**	1,307,200
> discontinued operation	**–**	147,381
Amortisation of deferred compensation income #		
> discontinued operation	**40,439**	482,652
Gain on liquidation of subsidiaries		
> continuing operations	**–**	141,495
	1,742,232	2,988,591
Less: Other income from discontinued operation (Note 10)	**(60,756)**	(786,887)
	1,681,476	2,201,704

This amount relates to amortisation of capital grant received from government for acquisition of new assets for relocation purpose.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. OTHER INCOME (CONTINUED)

* Asia Box Office Pte. Ltd. ("ABO") entered into the following contracts with the principal of an international sporting event:

(a) As disclosed in Note 16, ABO entered into an investment agreement for the financing of an international sporting event amounting to US$1,600,000 with certain return. Post-acquisition of ABO, the Group recorded S$201,861 (US$160,000) of investment return on this amount due from the principal of an international sporting event.

(b) Being income arising from consultancy service agreement where ABO provides consultation services in relation to an international sporting event to the principal from 1 January 2018 to 31 December 2018 for a consideration of US$660,000 (~S$891,387). Post-acquisition of ABO, the Group recorded S$668,540 of consultancy fee. The consultancy service agreement is identified as an intangible asset as part of the Purchase Price Allocation exercise for the acquisition of ABO (Note 11 and Note 14).

⌘ On 30 January 2018, the Company entered into an agreement with Allied Technologies (Suzhou) Co., Ltd ("ATSU"), which agreed to waive off outstanding amount owing by Allied Precision Manufacturing (M) Sdn. Bhd. to ATSU.

7. FINANCE COSTS

	Group	
	2018	2017
	$	$
Interest on loans and borrowings		
> continuing operations	**255,314**	93,082
> discontinued operation	**49,406**	360,301
Hire purchase interest		
> continuing operations	**164**	681
	304,884	454,064
Less: Finance costs from discontinued operation (Note 10)	**(49,406)**	(360,301)
	255,478	93,763

The effective interest rate for loans and borrowings and hire purchase creditors ranged from 3.55% to 5.27% (2017: 3.40% to 5.35%) and nil (2017: 2.70%) per annum respectively.

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is stated after charging/(crediting) the following items:

	Group	
	2018	**2017**
	$	**$**
Audit fees		
– Auditors of the Company		
> continuing operations	**320,000**	155,000
– Other auditors		
> continuing operations	**83,000**	70,000
> discontinued operation	**–**	67,000
Non-audit fees		
– Auditors of the Company		
> continuing operations	**50,000**	28,000
– Other auditors		
> continuing operations	**34,000**	15,000
Utilities		
> continuing operations	**1,390,872**	1,100,741
> discontinued operation	**87,655**	1,039,145
Legal and other professional fees		
> continuing operations	**1,160,150**	188,127
> discontinued operation	**11,731**	44,120
Freight and packaging expenses		
> continuing operations	**3,160,789**	2,301,897
> discontinued operation	**141,166**	1,324,537
Directors' emoluments		
– Directors' remuneration #		
> continuing operations	**227,259**	802,169
– Directors' fee		
> continuing operations	**138,411**	97,575
– Directors' compensation for termination of service agreements		
> continuing operations	**–**	2,751,500
(Write back)/allowance for impairment loss on:		
– Trade debtors		
> continuing operations	**(72,773)**	19,486
> discontinued operation	**–**	2,258,934
– Other debtor		
> continuing operations	**1,175**	–
Allowance for impairment loss on amount due from joint venture		
> continuing operations (Note 13)	**560,100**	–
Trade debtors written off		
> continuing operations	**7,383**	–
Allowance for impairment loss on sundry debtors		
> discontinued operation	**–**	41,129
Impairment loss on goodwill		
> continuing operations (Note 11)	**31,274,000**	–
Foreign exchange loss, net		
> continuing operations	**550,943**	1,199,056
> discontinued operation	**19,540**	24,025
Operating lease expenses		
> continuing operations	**1,239,572**	877,967
Salaries, bonuses and other costs		
> continuing operations	**16,909,579**	12,262,396
> discontinued operation	**816,851**	8,875,393
CPF and other pension contributions		
> continuing operations	**1,105,218**	859,056
> discontinued operation	**84,407**	1,506,143

\# Includes CPF contributions of $9,668 (2017: $16,935).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are:

	Group	
	2018	2017
	$	$
Current income tax – continuing operations:		
– Current income taxation	**363,956**	196,951
– Over provision in respect of previous years	**(3,801)**	–
	360,155	196,951
Deferred income tax – continuing operations (Note 30):		
Reversal of temporary differences	**(90,215)**	(34,000)
	(90,215)	(34,000)
Income tax attributable to continuing operations	**269,940**	162,951
Income tax expense recognised in profit or loss	**269,940**	162,951

A reconciliation between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 are as follows:

	Group	
	2018	2017
	$	$
(Loss)/profit before tax from continuing operations	**(29,724,744)**	3,627,552
Loss from discontinued operation including capital gains tax (Note 10)	**(1,140)**	(189,462)
(Loss)/profit before tax	**(29,725,884)**	3,438,090
Tax at the domestic rates applicable to profit in the countries where the Group operates	**(5,176,828)**	742,354
Adjustments for:		
Non-deductible expenses	**5,923,304**	829,115
Non-taxable income	**(391,109)**	(554,689)
Effect of partial tax exemption and tax relief	**(60,916)**	–
Deferred tax assets not recognised	**773,005**	391,551
Benefits from previously unrecognised deferred tax assets	**(697,729)**	(1,211,380)
Over provision in respect of previous years	**(3,801)**	–
Others	**(95,986)**	(34,000)
Income tax expense recognised in profit or loss	**269,940**	162,951

9. TAXATION (CONTINUED)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

For the financial year ended 31 December 2017

Tax payable for compensation received by Allied Technologies (Suzhou) Co., Ltd. ("ATSU") arising from compulsory land acquisition

In March 2013, the Group received a formal notice from the relevant authority of Suzhou City, the People's Republic of China with regard to the compulsory land acquisition of the Group's factory and office premises at No. 111, Shihu West Road, Changqio Township, Wuzhong District, Suzhou City for the purpose of urban planning. Pursuant to the notice, the Group was required to relocate its production plant from Wuzhong district. The Group entered into a compensation agreement with the local authority for a total compensation of approximately RMB209.6 million arising from this compulsory land acquisition.

The tax impact of the compensation income recorded in financial year 2014 was estimated based on a Tax Rule 40 effective for compensation agreements signed on or after 1 October 2012. During the year ended 31 December 2014, ATSU submitted a Tax Verification Report to the tax authority based on another Tax Rule 11. In consultation with an independent local tax consultant, the Group determined that Tax Rule 11 (effective for compensation agreements signed before 1 October 2012) was the relevant tax rule to apply as there was a preliminary compensation agreement signed before 1 October 2012.

The difference in the application of the two Tax Rules lies in whether capital expenditure incurred for the relocated plant is deductible upfront in one financial year (Tax Rule 11) or over time with the depreciation of the capital expenditure (Tax Rule 40). The Tax Verification Report has been filed and accepted by the local tax authority who has up to 5 years from the submission date to review and assess the tax computation.

The carrying amount of the Group's net income tax payable and deferred tax liabilities at 31 December 2017 was $Nil and $3,312,094. Should the tax authority determine that Tax Rule 40 should be applied instead of Tax Rule 11, deferred tax liability would be reduced by RMB15.3 million, current income tax payable increase by RMB13.6 million and net results of the Group would increase by RMB1.7 million in the financial year ended 31 December 2014. As at 31 December 2017, ATSU was classified as held for sale (Note 10). ATSU was disposed on 31 January 2018 and presented as a discontinued operation.

10. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 20 December 2017, the Company entered into sale and purchase agreement with an external party, Madam Hong Siou-Jhu, to dispose a wholly owned subsidiary, Allied Technologies (Suzhou) Co., Ltd. ("ATSU") for a total consideration of $25,000,000, consisting of an equity consideration of $20,997,024 and loan assignment consideration of S$4,002,976.

On 29 December 2017, the Company received a deposit of $2,000,000 in accordance with the sale and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

10. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

As at 31 December 2017, the assets and liabilities related to ATSU were presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale" ("disposal group"), and its results were presented separately on profit or loss as "Loss from discontinued operation, net of tax". The cost of investment in ATSU recorded on the Company's balance sheet as at 31 December 2017 amounted to $19,044,383 was presented as "Assets of disposal group classified as held for sale".

Consequent to the classification of ATSU as a disposal group held for sale, an impairment loss of $245,000 was recognised to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This amount was included in "Loss from discontinued operation, net of tax".

The value of assets and liabilities of the disposal group classified as held for sale and the related reserves as at 31 December 2017 are as follows:

Balance sheet disclosures

	Group 2017		
	Carrying amount $	Impairment loss $	Fair value less costs to sell $
Assets:			
Property, plant and equipment	22,980,647	(106,061)	22,874,586
Deferred tax assets	235,738	(1,088)	234,650
Inventories	3,131,294	(14,452)	3,116,842
Trade and other debtors	26,737,147	(123,399)	26,613,748
Cash and bank balances	1,567,587	–	1,567,587
Total assets	54,652,413	(245,000)	54,407,413
Liabilities:			
Trade and other creditors			(12,948,298)
Deferred compensation income			(8,006,933)
Loans and borrowings			(8,225,714)
Deferred tax liabilities			(3,546,744)
Total liabilities			(32,727,689)
Net assets of disposal group classified as held for sale			21,679,724
Reserves:			
Statutory reserve fund			1,938,234
Foreign currency translation reserve			(291,386)
			1,646,848

10. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

For the financial year ended 31 December 2018

The Group completed the disposal of its wholly owned subsidiary, Allied Technologies (Suzhou) Co., Ltd ("ATSU") on 31 January 2018.

The effect of the disposal of a subsidiary on the cash flow of the Group was as follow:

	Carrying amount $
Assets classified as held for sale:	
Property, plant and equipment	23,214,019
Deferred tax assets	237,978
Inventories	3,193,055
Trade and other debtors	27,417,434
Amount due from intercompanies	905,311
Cash and bank balances	2,917,267
Liabilities classified as held for sale:	
Trade and other creditors	(13,686,286)
Amount due to intercompany	(4,599,645)
Loans and borrowings	(8,341,849)
Deferred compensation income	(8,078,969)
Deferred tax liabilities	(3,596,819)
Net assets	19,581,496
Proceeds from disposal	
– Equity consideration	20,997,024
– Loan assignment consideration	4,002,976
Less: Deposit received in 2017	(2,000,000)
Cash and cash equivalents of the subsidiary	(2,917,267)
Net cash inflow on disposal of a subsidiary	20,082,733

Loss on disposal of a subsidiary:

	2018 $
Equity consideration	20,997,024
Net assets derecognised	(19,581,496)
Foreign currency translation recycled to profit or loss upon disposal of a subsidiary	(12,119)
Capital gains tax	(1,659,425)
Loss on disposal of a subsidiary, net of tax	(256,016)

The loss on disposal of a subsidiary, net of tax, amounted to $256,016 was included in loss from discontinued operation in income statement.

10. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Income statement disclosures

The results of ATSU for the years ended 31 December are as follows:

	Group	
	2018	**2017**
	$	**$**
Revenue	**3,403,638**	42,548,400
Other income	**60,756**	786,887
Expenses	**(3,160,112)**	(42,919,448)
Profit from operations	**304,282**	415,839
Finance costs	**(49,406)**	(360,301)
Impairment loss	**–**	(245,000)
Profit/(loss) before tax	**254,876**	(189,462)
Income tax	**–**	–
Loss on disposal of a subsidiary, net of tax	**(256,016)**	–
Loss from discontinued operation, net of tax	**(1,140)**	(189,462)

Cash flow statement disclosures

The cash flows attributable to ATSU are as follows:

	Group	
	2018	**2017**
	$	**$**
Operating	**1,325,741**	(4,662,517)
Investing	**(16,675)**	(321,184)
Financing	**–**	4,090,689
Net cash inflows/(outflows)	**1,309,066**	(893,012)

Loss per share disclosure

	Group	
	2018	**2017**
	$	**$**
Loss per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic and diluted	**–***	(0.02)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation. These loss and share data are presented in the tables in Note 36(a) to the financial statements.

* Amount is less than $0.01 cents.

11. INTANGIBLE ASSETS

	Goodwill $	Contractual customer relationships $	Corporate contract $	Consultancy agreement $	Membership rights $	Total $
Group						
Cost						
At 1 January 2017	–	–	–	–	516,340	516,340
Disposals	–	–	–	–	(325,360)	(325,360)
Currency realignment	–	–	–	–	(14,732)	(14,732)
At 31 December 2017 and 1 January 2018	–	–	–	–	176,248	176,248
Acquisition of subsidiaries (Note 14)	55,221,558	75,661	78,274	544,795	–	55,920,288
Disposals	–	–	–	–	(175,163)	(175,163)
Currency realignment	–	–	–	–	(1,085)	(1,085)
At 31 December 2018	55,221,558	75,661	78,274	544,795	–	55,920,288
Accumulated amortisation and impairment						
At 1 January 2017	–	–	–	–	367,459	367,459
Charge for the year	–	–	–	–	10,737	10,737
Disposals	–	–	–	–	(321,968)	(321,968)
Currency realignment	–	–	–	–	(4,156)	(4,156)
At 31 December 2017 and 1 January 2018	–	–	–	–	52,072	52,072
Charge for the year	–	3,783	17,394	544,795	829	566,801
Impairment loss	31,274,000	–	–	–	–	31,274,000
Disposals	–	–	–	–	(52,582)	(52,582)
Currency realignment	–	–	–	–	(319)	(319)
At 31 December 2018	31,274,000	3,783	17,394	544,795	–	31,839,972
Net book value						
At 1 January 2017	–	–	–	–	148,881	148,881
At 31 December 2017	–	–	–	–	124,176	124,176
At 31 December 2018	23,947,558	71,878	60,880	–	–	24,080,316

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. INTANGIBLE ASSETS (CONTINUED)

Membership rights

Membership rights were disposed of during the financial year ended 31 December 2018 for a consideration of $152,606, resulted in a gain on disposal of $30,025. As at 31 December 2017, the membership rights of the Group had remaining useful lives of 31 years (1 January 2017: 5 to 32 years).

Other intangible assets

(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 useful life of these contractual customer relationships is estimated to be 10 years.

(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.

(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 ("CGU") within the e-commerce segment, subject, to impairment testing as follows:

	ABO 31.12.2018 $	Activpass 31.12.2018 $	Total 31.12.2018 $
Goodwill amount, gross	30,185,361	25,036,197	55,221,558
Impairment loss	(23,510,000)	(7,764,000)	(31,274,000)
Goodwill amount, net	6,675,361	17,272,197	23,947,558

11. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill (Continued)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted terminal growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	ABO 31.12.2018	**Activpass 31.12.2018**
Terminal growth rates	**4.7%**	**3.2%**
Pre-tax discount rates	**20.0%**	**24.7%**

Key assumptions used in the value in use calculations

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – For ABO, gross margins are based on past two years' experience and expectations of market developments. A constant gross margin was applied.

Budgeted funding – For Activpass, funding is based on past management's experience in the industry and their expectations of market developments. Funding was allocated to first three years of the forecasts.

Growth rates – For ABO, the growth rate is consistent with forecasts included in industry reports and do not exceed the long-term average growth rate for the industry. For Activpass, the growth rate is based on the blended (by revenue contribution) expected long-term consumer price index in the countries the Group plans to expand to.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate used is based on the specific circumstances of the Group and the CGU and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. INTANGIBLE ASSETS (CONTINUED)

Sensitivity to changes in assumptions

For ABO and Activpass, the carrying amounts exceed their recoverable amounts by approximately \$23,510,000 and \$7,764,000 respectively and, consequently, any adverse change in key assumption would result in a further impairment loss. The implication of the key assumption for the recoverable amount is discussed below:

ABO

Budgeted gross margins – Management recognises that there may be unforeseen costs in certain circumstances i.e. accidents or mishaps at events despite safety measures, ABO is liable for the losses by the artiste management companies or ABO is unable to lease event venues on favourable commercial terms. A reduction of 10.0% in the budgeted gross margins would result in further impairment of approximately \$1,719,000.

Growth rate – Management recognises that the advent of new media and other disruptive technologies may diminish the attractions of live events and have a significant impact on growth rate assumptions. The effect of the advent of new media and other disruptive technologies is not expected to have an adverse impact on the forecasts, but could yield a possible alternative to the estimated long-term growth rate of 4.7%. A reduction of 1.0% in the long-term growth rate would result in further impairment of approximately \$336,000.

Pre-tax discount rate – Management recognises that the current pre-tax discount rate takes into consideration execution risk. An increase of 5.0% in the pre-tax discount rate would result in further impairment of approximately \$1,925,000.

Activpass

Budgeted funding – Management recognises that funding allocated may not be received on a timely basis which may affect the execution of marketing plan to motivate merchants and users to join its platform. A delay in budgeted funding by one year or no funding is received would result in further impairment of approximately \$2,049,000 or \$17,218,000.

Growth rate – Management recognises that the industry has low technological barriers of entry and may be disrupted from new technology solutions. The effect as such is not expected to have an adverse impact on the forecasts, but could yield a possible alternative to the estimated long-term growth rate of 3.2%. A reduction of 1.0% in the long-term growth rate would result in further impairment of approximately \$665,000.

Pre-tax discount rate – Management recognises that the current pre-tax discount rate takes into consideration execution risk. An increase of 5.0% in the pre-tax discount rate would result in further impairment of approximately \$5,436,000.

11. INTANGIBLE ASSETS (CONTINUED)

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill arising from the acquisitions of ABO and Activpass. The impairment loss of $23,510,000 for ABO and $7,764,000 for Activpass has been recognised in income statement under the line item "General and administrative expenses".

An impairment loss of $23,510,000 was recognised on goodwill arising from the acquisition of ABO as a result of matters set out in Note 2.1(b) to the financial statements. ABO is also facing challenges in securing new contracts due to the issues.

An impairment loss of $7,764,000 was recognised on goodwill arising from the acquisition of Activpass as a result of delay in funding and execution of marketing plans locally and overseas.

	Membership rights
	$
Company	
Cost	
At 1 January 2017	325,360
Disposals	(325,360)
At 31 December 2017, 1 January 2018 and 31 December 2018	–
Accumulated amortisation and impairment loss	
At 1 January 2017	315,374
Charge for the year	6,594
Disposals	(321,968)
At 31 December 2017, 1 January 2018 and 31 December 2018	–
Net book value	
At 1 January 2017	9,986
At 31 December 2017 and 31 December 2018	–

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $	Leasehold land $	Leasehold properties $	Plant and machinery $	Furniture and fittings $	Electrical installations $	Office equipment $	Computers $	Motor vehicles $	Renovations $	Assets under construction $	Total $
Group												
Cost												
At 1 January 2017	-	4,155,622	31,213,173	44,770,938	220,943	2,965,802	583,428	3,576,119	346,754	1,234,253	333,150	89,400,182
Currency realignment	70,517	(93,750)	(858,834)	(529,309)	(2,052)	(31,772)	(12,277)	(19,303)	(4,790)	(30,713)	158,404	(1,353,879)
Additions	2,536,048	-	29,082	3,434,241	1,884	6,718	51,376	323,136	-	65,790	5,951,853	12,400,128
Disposals	-	-	-	(1,151,612)	-	-	-	(4,585)	-	-	-	(1,156,197)
Reclassification	-	-	-	524,825	-	-	-	-	-	-	(524,825)	-
Attributable to discontinued operation (Note 10)	-	(2,433,725)	(20,582,589)	(21,207,573)	(14,707)	(2,315,375)	(201,596)	(493,865)	(241,647)	(755,277)	-	(48,246,354)
At 31 December 2017 and 1 January 2018	2,606,565	1,628,147	9,800,832	25,841,510	206,068	625,373	420,931	3,381,502	100,317	514,053	5,918,582	51,043,880
Currency realignment	3,183	2,549	(75,440)	145,177	(363)	7,633	(1,961)	(776)	726	2,328	58,729	141,785
Additions	-	-	955,667	1,523,178	198,987	66,727	93,711	403,585	35,305	222,262	2,831,245	6,330,667
Disposals	-	(862,917)	(2,533,623)	(3,962,673)	(121,133)	(419,452)	(146,029)	(2,810,214)	(42,335)	(199,516)	-	(11,097,892)
Reclassification	-	-	6,233,468	77,016	-	-	-	-	-	-	(6,310,484)	-
Acquisition of subsidiaries (Note 14)	-	-	-	-	-	-	6,902	201,494	-	18,703	-	227,099
At 31 December 2018	2,609,748	767,779	14,380,904	23,624,208	283,559	280,281	373,544	1,175,591	94,013	557,830	2,498,072	46,645,539
Accumulated depreciation and impairment loss												
At 1 January 2017	-	1,276,120	5,891,653	39,568,730	186,599	1,746,150	460,752	3,547,240	293,551	819,267	-	53,790,062
Currency realignment	-	(19,244)	(162,154)	(565,889)	(1,500)	(15,761)	(10,489)	(20,787)	(4,614)	(23,857)	-	(824,295)
Charge for the financial year	-	71,258	622,792	1,943,690	8,525	481,981	42,097	93,550	19,202	178,691	-	3,461,786
Disposals	-	-	-	(684,605)	-	-	-	(4,585)	-	-	-	(689,190)
Attributable to discontinued operation (Note 10)	-	(250,953)	(1,982,438)	(20,007,522)	(12,952)	(1,638,295)	(184,703)	(450,826)	(241,647)	(496,371)	-	(25,265,707)
At 31 December 2017 and 1 January 2018	-	1,077,181	4,369,853	20,254,404	180,672	574,075	307,657	3,164,592	66,492	477,730	-	30,472,656
Currency realignment	-	860	6,003	103,602	1,121	7,268	2,388	1,142	823	3,473	-	126,680
Charge for the financial year	-	15,210	253,880	1,636,145	46,440	41,630	44,713	181,960	7,250	41,467	-	2,268,695
Disposals	-	(862,917)	(2,533,623)	(3,258,557)	(108,598)	(404,061)	(132,205)	(2,800,518)	(23,806)	(182,393)	-	(10,306,678)
At 31 December 2018	-	230,334	2,096,113	18,735,594	119,635	218,912	222,553	547,176	50,759	340,277	-	22,561,353
Net book value												
At 1 January 2017	-	2,879,502	25,321,520	5,202,208	34,344	1,219,652	122,676	28,879	53,203	414,986	333,150	35,610,120
At 31 December 2017	2,606,565	550,966	5,430,979	5,587,106	25,396	51,298	113,274	216,910	33,825	36,323	5,918,582	20,571,224
At 31 December 2018	**2,609,748**	**537,445**	**12,284,791**	**4,888,614**	**163,924**	**61,369**	**151,001**	**628,415**	**43,254**	**217,553**	**2,498,072**	**24,084,186**

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings $	Office equipment $	Computers $	Renovations $	Total $
Company					
Cost					
At 1 January 2017	83,453	65,927	2,681,256	14,925	2,845,561
Additions	–	–	81,891	–	81,891
At 31 December 2017 and 1 January 2018	83,453	65,927	2,763,147	14,925	2,927,452
Disposals	(83,453)	(65,927)	(2,763,147)	(14,925)	(2,927,452)
At 31 December 2018	–	–	–	–	–
Accumulated depreciation					
At 1 January 2017	83,453	65,007	2,655,254	9,706	2,813,420
Charge for the financial year	–	875	17,743	2,610	21,228
At 31 December 2017 and 1 January 2018	83,453	65,882	2,672,997	12,316	2,834,648
Disposals	(83,453)	(65,882)	(2,672,997)	(12,316)	(2,834,648)
At 31 December 2018	–	–	–	–	–
Net book value					
At 1 January 2017	–	920	26,002	5,219	32,141
At 31 December 2017	–	45	90,150	2,609	92,804
At 31 December 2018	–	–	–	–	–

Included in property, plant and equipment of the Group and of the Company are plant and machinery with net book values of $Nil (31 December 2017: $15,296, 1 January 2017: $21,982) acquired under hire purchase agreements.

In addition to assets held under hire purchase, freehold land of a subsidiary with a carrying amount of $2,609,748 (31 December 2017: freehold land of a subsidiary with a carrying amount of $2,606,565, leasehold land and properties of certain subsidiaries with a carrying amount of $25,249,705, 1 January 2017: leasehold land and properties of certain subsidiaries with a carrying amount of $24,993,059) are pledged to secure loans and borrowings (Note 29).

13. INVESTMENT IN JOINT VENTURE

The Group has 50% (2017: nil) interest in ownership and voting rights of a joint venture, ABO Labs Pte. Ltd. ("ABO Labs") held through a newly acquired subsidiary, ABO (Note 14). This joint venture was incorporated in Singapore in September 2017 and is principally involved in 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 party under a contractual agreement. Unanimous consent is required for all major decisions over the relevant activities of the joint venture.

The joint venture did not generate any revenue during the current financial year and no management accounts are available. The cost of investment in the joint venture by ABO is $50.

The Group has stopped recognising its share of loss of its joint venture and recorded its investment at $Nil as at 31 December 2018 (31 December 2017: $Nil). The unrecognised share of loss of its joint venture for the financial year ended 31 December 2018 is $304,142.

As disclosed in Note 14, ABO recorded $306,968 due from ABO Labs as at the date of acquisition of ABO by the Company. Post-acquisition of ABO, further advances of $253,132 was extended to ABO Labs, resulting in receivable from ABO Labs of $560,100 as at 31 December 2018. The Group has recorded full allowance for the receivable due from ABO Labs.

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES

		Company	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	**$**	**$**
Unquoted shares, at cost	**83,625,175**	27,315,335	40,334,960
Discount implicit in the interest–free company loans	**–**	573,829	573,829
Less: Allowance for impairment in value of investments in subsidiaries	**(30,542,000)**	(15,287,637)	(18,989,761)
	53,083,175	12,601,527	21,919,028
Loan receivables, unsecured*	**2,725,600**	2,473,070	6,545,133
Loan to ABO	**4,600,000**	–	–
Loans and receivables designated as quasi – equity	**–**	12,856,793	17,916,268
Less: Allowance for impairment in loan receivables	**–**	(1,692,036)	(6,545,133)
	7,325,600	13,637,827	17,916,268

<u>Investment in ATSU #</u>

Unquoted shares, at cost	**–**	19,044,383	–

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

For the financial year ended 31 December 2017

As disclosed in Note 10, the cost of investment in ATSU recorded on the Company's balance sheet amounted to $19,044,383 was presented as "Assets of disposal group classified as held for sale" as at 31 December 2017. The Company completed the disposal of ATSU on 31 January 2018.

The Company liquidated two wholly-owned subsidiaries, Allied Technologies (Dongguan) Co., Ltd. and Allied Technologies (Taiwan) Co., Ltd. during the financial year ended 31 December 2017.

For the financial year ended 31 December 2018

During the year, the Company undertook an internal restructuring exercise by transferring its investment in subsidiaries in metal stamping business, certain amount of loans receivables and amounts due from subsidiaries (Note 20) and its other investments (Note 15) to a newly incorporated subsidiary – Allied Technologies Holdings Pte. Ltd. ("ATH"), by way of allotment of shares of ATH for an aggregate consideration of S$28,425,175. Consequently, the Company wrote off the allowance for impairment in value of investments in subsidiaries which amounted to $15,287,637 during the year.

The Company acquired new subsidiaries, ABO and Activpass during the year with total cost of investment amounting to $30,000,000 and $25,200,000, respectively.

The impairment in value of investments and loan receivables was made for subsidiaries who were in net liabilities and/or loss making positions as at 31 December 2017. During the financial year ended 31 December 2018, impairment losses of $22,767,000 and $7,775,000 were made for investment in ABO and Activpass respectively. The impairment loss was made as the recoverable amounts of the costs of investment in these subsidiaries exceed their carrying amounts. The recoverable amounts of the costs of investments in ABO and Activpass were based on their respective value in use using cash flow projections from financial budgets approved by management covering a five-year period, with certain key assumptions, as disclosed in Note 11 to the financial statements.

Included in total loan receivables due from subsidiaries of $7,325,600 is an amount of $4,600,000 due from ABO. Save for the approval from the then board of directors, there is no loan agreement entered into by the Company with ABO. Loan receivable due from ABO is unsecured, interest-free and not expected to be received within next 12 months. Except for the loan receivable due from ABO, the loan receivables due from the subsidiaries bore interest at SIBOR + 1.5% per annum, were non-trade related, and were not expected to be repaid within one year.

* Subsequent to year-end, S$2,500,000 loan receivables from a subsidiary has been capitalised as cost of investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

Analysis of allowance for impairment loss:

	Company	
	2018	**2017**
	$	**$**
Balance at beginning of the financial year	**16,979,673**	25,534,894
Amount provided during the financial year	**30,542,000**	349,352
Amount write back during the financial year	**–**	(8,631,029)
Novation of loan receivables to a subsidiary company	**(16,979,673)**	–
Liquidation of subsidiaries	**–**	(273,544)
Balance at end of the financial year	**30,542,000**	16,979,673
Impairment loss on:		
– Investments in subsidiaries	**30,542,000**	15,287,637
– Loan receivables	**–**	1,692,036
	30,542,000	16,979,673

a. Composition of the Group

The subsidiaries as at 31 December are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held 31.12. 2018 %	31.12. 2017 %	1.1. 2017 %
	Held by the Company:				
~+	Allied Technologies Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	**100**	–	–
^+	Allied Technologies (Suzhou) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	**–**	100	100

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

a. Composition of the Group (Continued)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held 31.12. 2018 %	31.12. 2017 %	1.1. 2017 %
	Held by the Company:				
*	Allied Technologies (Dongguan) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	**-**	–	100
+	Allied Precision Manufacturing (M) Sdn. Bhd. (Malaysia)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Malaysia)	**-**	100	100
+	Allied Technologies (Saigon) Co., Ltd. (Vietnam)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Vietnam)	**-**	100	100
*	Allied Technologies (Taiwan) Co., Ltd. (Taiwan)	Marketing office (Taiwan)	**-**	–	100
+	Allied Precision (Thailand) Co., Ltd. (Thailand)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Thailand)	**-**	100	100
+	Allied Precision Technologies (M) Sdn. Bhd. (Malaysia)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Malaysia)	**-**	100	100
+	Asia Box Office Pte. Ltd. (Singapore)	Events promoter and ticketing agencies (Singapore)	**51**	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

a. Composition of the Group (Continued)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held		
			31.12. 2018 %	31.12. 2017 %	1.1. 2017 %
+	Activpass Holdings Pte. Ltd. (Singapore)	Business and management consultancy services – The wellness, fitness and beauty platform (Singapore)	**51**	–	–
	Held through Allied Technologies Holdings Pte. Ltd.:				
#+	Allied Tech (S) Pte. Ltd. (Singapore)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Singapore)	**100**	–	–
+	Allied Precision Manufacturing (M) Sdn. Bhd. (Malaysia)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Malaysia)	**100**	–	–
+	Allied Technologies (Saigon) Co., Ltd. (Vietnam)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Vietnam)	**100**	–	–
+	Allied Precision (Thailand) Co., Ltd. (Thailand)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Thailand)	**100**	–	–

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

a. Composition of the Group (Continued)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held 31.12.2018 %	31.12.2017 %	1.1.2017 %
	Held through Allied Technologies Holdings Pte. Ltd.:				
+	Allied Precision Technologies (M) Sdn. Bhd. (Malaysia)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Malaysia)	**100**	–	–
@	Suzhou Allied Tech Co., Ltd (People's Republic of China)	Marketing office (People's Republic of China)	**100**	–	–
	Held through Allied Technologies (Suzhou) Co., Ltd.:				
^	Yitong Precision Technology (Suzhou) Co., Ltd. (People's Republic of China)	Dormant (People's Republic of China)	**–**	100	100
	Held through Asia Box Office Pte. Ltd.:				
++	Asia Box Office (HK) Ltd. (Hong Kong)	Events promoter and ticketing agencies (Hong Kong)	**51**	–	–

+ Member firms of Ernst & Young Global in the respective countries were appointed as auditors.

++ The Group has 51% effective interest in Asia Box Office (HK) Ltd.. Asia Box Office (HK) Ltd. is a wholly owned subsidiary of Asia Box Office Pte. Ltd. in which the Group has 51% ownership interest.

@ 苏州兴远联合会计师事务所 was appointed as auditor.

* Allied Technologies (Dongguan) Co., Ltd. and Allied Technologies (Taiwan) Co., Ltd. had been liquidated as at 31 December 2017.

^ As at 31 December 2017, Allied Technologies (Suzhou) Co., Ltd. and its wholly owned subsidiary, Yitong Precision Technology (Suzhou) Co., Ltd., were classified as disposal group held for sale. The legal and administrative process of the disposal was completed on 31 January 2018 (Note 10).

~ Allied Technologies Holdings Pte. Ltd. was incorporated on 3 January 2018.

Allied Tech (S) Pte. Ltd. was incorporated on 8 January 2018.

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

b. Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period $	Accumulated NCI share of (liability)/ asset at the end of the reporting period $
31 December 2018:				
Asia Box Office Pte. Ltd.	Singapore	49%	**(168,759)**	**(320,987)**
Activpass Holdings Pte. Ltd.	Singapore	49%	**(128,188)**	**29,193**
			(296,947)	**(291,794)**

c. Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Asia Box Office Pte. Ltd. and its subsidiary 2018 $	Activpass Holdings Pte. Ltd. 2018 $
Current		
Assets	**5,450,457**	**116,645**
Liabilities	**(1,412,918)**	**(453,409)**
Net current assets/(liabilities)	**4,037,539**	**(336,764)**
Non-current		
Assets	**6,675,361**	**17,694,705**
Liabilities	**(4,600,000)**	**(22,569)**
Net non-current assets	**2,075,361**	**17,672,136**
Net assets	**6,112,900**	**17,335,372**

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

c. Summarised financial information about subsidiaries with material NCI (Continued)

Summarised statement of comprehensive income

	Asia Box Office Pte. Ltd. and its subsidiary 2018 $	Activpass Holdings Pte. Ltd. 2018 $
Revenue	**13,504,353**	**324,236**
Profit/(loss) from operations before income tax	**300,969**	**(240,431)**
Income tax expense	**(100,581)**	**–**
Profit/(loss) from operations after income tax	**200,388**	**(240,431)**
Impairment loss on goodwill	**(23,510,000)**	**(7,764,000)**
Consolidation adjustments	**(452,180)**	**(17,577)**
Other comprehensive income	**52,783**	**–**
Total comprehensive income	**(23,709,009)**	**(8,022,008)**

Other summarised information:

	Asia Box Office Pte. Ltd. and its subsidiary 2018 $	Activpass Holdings Pte. Ltd. 2018 $
Net cash flows generated from/(used in) operations	**2,729,591**	**(176,966)**
Acquisition of significant property, plant and equipment	**–**	**(113,343)**
Net cash flows (used in)/generated from financing activities	**(2,570,566)**	**292,019**

d. Acquisitions of subsidiaries

On 4 April 2018 (the "acquisition date"), the Group acquired 51% equity interest in Asia Box Office Pte. Ltd. ("ABO") and its subsidiary Asia Box Office (HK) Ltd. (collectively, "ABO Group"). ABO Group is in the business of operating an e-commerce ticketing solutions platform for venues and event promoters, with focus on sports, entertainment and lifestyle events in Southeast Asia and Greater China. Upon the acquisition, ABO Group became subsidiaries of the Group.

The Group acquired ABO as part of the Group's plan to diversify its business to include investments in the technology and services sectors, which the Group believes have huge potential for growth. The diversification will provide shareholders with diversified returns, offer new business opportunities, and provide the Group with additional revenue streams and improve its prospects, so as to enhance shareholder's value.

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

d. Acquisitions of subsidiaries (Continued)

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of ABO Group's net identifiable assets.

During the year, the Group has finalised the PPA review for the acquisition of ABO Group.

The fair value of the identifiable assets and liabilities of ABO Group as at the acquisition date were:

	Group Fair value recognised on acquisition $
Investment in joint venture	–
Investment in an international sporting event#	2,118,924
Intangible asset – Consultancy agreement (Note 11(iii))	544,795
Trade and other debtors	1,531,405
Amount due from joint venture	306,968
Prepayments	4,467,965
Deposits	60,576
Cash and cash equivalents	979,951
	10,010,584
Trade and other creditors	4,900,194
Amount due to Platform Capital Asia (Singapore) Pte. Ltd.*	5,313,416
Accruals	51,011
Income tax payable	16,800
Deferred tax liabilities	92,615
	10,374,036
Total identifiable net liabilities at fair value	(363,452)
Non-controlling interest measured at proportionate share of net identifiable net liabilities	178,091
Goodwill arising from acquisition	30,185,361
Total consideration	30,000,000

* The director of Platform Capital Asia (Singapore) Pte. Ltd. ("PCA"), Low Si Ren, Kenneth ("Kenneth Low") is an executive director of the Company. As at the date of acquisition, Kenneth Low was not a director of the Company. Post-acquisition of ABO, Kenneth Low was appointed as the executive director of the Company on 27 June 2018.

\# On 15 January 2018, ABO entered into the investment agreement with the principal of an international sporting event for ABO to invest in the international sporting event for the sum of US$1,600,000, with certain return. As disclosed in Note 16, post-acquisition of ABO by the Company, the Group decided to withdraw from this agreement and recorded a receivable from the principal.

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

d. Acquisitions of subsidiaries (Continued)

	Group $
Consideration transferred	
Cash paid (sourced from share placement (Note 31))	30,000,000
Total purchase consideration	30,000,000
Effect of the acquisition on cash flows	
Total consideration for 51% equity interest acquired	30,000,000
Less: non-cash consideration	–
Consideration settled in cash	30,000,000
Less: Cash and cash equivalents of subsidiaries acquired	(979,951)
Net cash outflow on acquisition	29,020,049

Transaction costs

Transaction costs related to the acquisition of $146,000 have been recognised in the "General and administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2018.

Trade and other debtors and amount due from joint venture acquired

Trade and other debtors and amount due from joint venture acquired comprise trade and other debtors and amount due from joint venture with fair values of $1,838,373. At the acquisition date, not all of the contractual cash flows pertaining to trade and other debtors and amount due from joint venture are expected to be collected. An allowance of $308,143 was made on the trade and other debtors and amount due from joint venture as at 31 December 2018 as the recoverability was in doubt.

Goodwill arising from acquisition

The goodwill of $30,185,361 arising from the acquisition is attributable to future growth of ABO Group's business.

Impact of the acquisition on profit or loss

From the date of acquisition, ABO Group has contributed $13,504,353 of revenue and profit of $200,388 to the net loss of the Group. If the acquisition had taken place at the beginning of the year, ABO Group would have contributed total revenue of $13,504,353 and net loss of $159,785. Group's revenue would have been $125,918,856 and Group's loss, net of tax would have been $30,355,997.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

d. Acquisitions of subsidiaries (Continued)

On 3 July 2018 (the "acquisition date"), the Group acquired 51% equity interest in Activpass Holdings Pte. Ltd. ("Activpass"). Activpass is operating a suite of Software as a Service (SaaS) solutions that combines a cloud-based intelligent customer engagement system, a business management platform and consumer mobile marketplace application within the fitness, wellness and beauty services industries. Upon the acquisition, Activpass became a subsidiary of the Group.

The Group has acquired Activpass as part of the Group's plan to diversify its business to include investments in the technology and services sectors, which the Group believes to have huge potential for growth. The diversification will provide shareholders with diversified returns, offer new business opportunities, and provide the Company with additional revenue streams and improve its prospects, so as to enhance shareholder value.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Activpass's net identifiable assets.

The Group has finalised the PPA review of the acquisition of Activpass.

The fair value of the identifiable assets and liabilities of Activpass as at the acquisition date were:

	Group Fair value recognised on acquisition $
Plant and equipment	227,099
Intangible asset – Contractual customer relationships (Note 11 (i))	75,661
Intangible asset – Corporate contract (Note 11 (ii))	78,274
Trade and other debtors	86,270
Amount due from a non-controlling shareholder	53,695
Deposits	6,768
Cash and cash equivalents	6,249
	534,016
Trade and other creditors	42,957
Accruals and other liabilities	143,707
Deferred tax liabilities	26,169
	212,833
Total identifiable net assets at fair value	321,183
Non-controlling interest measured at proportionate share of net identifiable net assets	(157,380)
Goodwill arising from acquisition	25,036,197
Total consideration	25,200,000

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONTINUED)

d. Acquisitions of subsidiaries (Continued)

	Group $
Consideration transferred	
Cash paid (sourced from share placement (Note 31))	25,200,000
Total purchase consideration	25,200,000
Effect of the acquisition on cash flows	
Total consideration for 51% equity interest acquired	25,200,000
Less: non-cash consideration	–
Consideration settled in cash	25,200,000
Less: Cash and cash equivalents of subsidiary acquired	(6,249)
Net cash outflow on acquisition	25,193,751

Transaction costs

Transaction costs related to the acquisition of $166,400 have been recognised in the "General and administrative expenses" line item in the Group's income statement for the year ended 31 December 2018.

Trade and other debtors acquired

Trade and other debtors acquired comprise trade and other debtors with fair values of $86,270. At the acquisition date, all of the contractual cash flows pertaining to trade and other debtors are expected to be collected.

Goodwill arising from acquisition

The goodwill of $25,036,197 is primarily attributable to future business value arising from Activpass planned growth into Singapore, Hong Kong, Taiwan, Thailand, Indonesia and Malaysia.

Impact of the acquisition on profit or loss

From the date of acquisition, Activpass has contributed $324,236 of revenue and loss of $240,431 to the net loss of the Group. If the acquisition had taken place at the beginning of the year, Activpass would have contributed total revenue of $711,808 and net profit of $112,830. Group's revenue would have been $126,306,428 and Group's loss, net of tax would have been $29,642,563.

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER INVESTMENTS

(a) Other investments as at 31 December 2018

At fair value through other comprehensive income

	Group $	Company $
Equity securities (unquoted)	1,960,000	–

The unquoted shares are ordinary shares, representing 3.85% interest in a Taiwanese company which is in the electronics components industry. The shares are not quoted on any market and are denominated in Taiwan dollars.

During the financial year, the Group received dividend income of $195,331 (2017: $110,405) from its other investment.

The Group and 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.

As disclosed in Note 14, the Company disposed its investment in equity securities to its wholly-owned subsidiary during the financial year ended 31 December 2018.

(b) Other investments as at 31 December 2017 and 1 January 2017

	Group		Company	
	31.12.2017 $	1.1.2017 $	31.12.2017 $	1.1.2017 $
Available-for-sale financial assets – unquoted shares	2,205,263	2,205,263	2,080,934	2,080,934

16. OTHER DEBTORS

	Group			Company		
	31.12.2018 $	31.12.2017 $	1.1.2017 $	31.12.2018 $	31.12.2017 $	1.1.2017 $
Non-current						
Amount due from Carapace	–	–	12,430,897	–	–	10,404,757

16. OTHER DEBTORS (CONTINUED)

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Current						
Amount due from Carapace	**-**	–	5,742,228	**-**	–	4,806,289
Sundry debtors	**263,889**	609,391	1,550,549	**-**	2,000	78,783
Less: Allowance for sundry debtors	**-**	–	(853,123)	**-**	–	–
	263,889	609,391	697,426	**-**	2,000	78,783
VAT receivables	**1,543,495**	1,441,517	1,915,268	**11,273**	116,440	–
Deposits	**332,921**	168,886	135,529	**-**	13,520	13,530
Deposit for a concert	**1,700,000**	–	–	**-**	–	–
Revolving loan extended to an event financier	**350,000**	–	–	**-**	–	–
Amount due from the principal of an international sporting event	**2,181,119**	–	–	**-**	–	–
	6,371,424	2,219,794	8,490,451	**11,273**	131,960	4,898,602

Amount due from Carapace relates to the balance of equity consideration that remained due from Carapace Daybreak Ltd. ("Carapace") as at 1 January 2017. The equity consideration arose from disposal of the Group's former wholly owned subsidiaries, Allied Machineries (Shanghai) Co., Ltd. ("AMSH") and Taicang Shanfeng Hardware Co., Ltd. ("TCSF") to an external party – Carapace during the financial year ended 31 December 2016. The consideration of the disposal was contracted to be received in 6 payments over 3 years. As the payment proceed would be received over 3 years, management computed the net present value of the payments based on a discount rate of 10% reflecting the cost of debt and credit risk of the counterparty. Consequently, as at 1 January 2017, the Group recorded non-current and current deferred interest income of $2,201,152 and $323,217 respectively (Note 25). During the financial year ended 31 December 2017, the Company entered into a revised payment plan with Carapace to early repay the equity consideration for AMSH with an early payment to be made on 30 November 2017.

16. OTHER DEBTORS (CONTINUED)

Sundry debtors of the Group are mainly custom guarantees, receivables from non-trade debtor arising from disposal of machineries, and amounts extended to third parties for project tendering purpose. Allowance has been provided for certain sundry debtors when the Group determines that the recoverability is in doubt.

Deposits of the Group mainly relate to rental deposits and custom deposits.

Deposit for a concert relates to a deposit sum placed with an event financier (the "Event Financier") for the artist fee of a concert pursuant to a financing agreement dated 8 June 2018. On 8 June 2018, $1,700,000 deposit was transferred from ABO to Platform Capital Asia (Singapore) Pte. Ltd. ("PCA"), an external party. On the same day, an amount of $1,680,000 was transferred from PCA to the organiser of the concert. The director of PCA, Kenneth Low was appointed as an executive director of the Company on 27 June 2018. The concert was cancelled subsequently during the year and the refund of such deposit should have been returned within 7 business days of cancellation. As at 31 December 2018, $1,700,000 has not been refunded. On 28 March 2019, ABO received $50,000 from the Event Financier. ABO worked out a principal plus interest repayment plan with the Event Financier for which $50,000 was repaid on 28 June 2019 and $100,000 to be paid by the last day of each month for 17 months, commencing July 2019.

Revolving loan extended to an event financier relates to an amount loaned to the Event Financier pursuant to an interest-free revolving loan facility of up to $3,000,000 between ABO and the Event Financier. The revolving loan facility agreement was entered into on 1 October 2018. As at 31 December 2018, $350,000 had been drawn down by the Event Financier and loaned to various external parties before the year end. Between 28 January 2019 and 15 March 2019, the full amount outstanding of S$350,000 has been collected by ABO.

On 15 January 2018, ABO entered into the investment agreement with the principal of an international sporting event for ABO to invest in the international sporting event for the sum of US$1,600,000, with certain return prior to the ABO acquisition by the Company. The amount of US$1,600,000 was remitted to a company related to the principal. Post-acquisition of ABO by the Company, the Group decided to withdraw from this agreement and recorded a receivable from the principal. In the consolidated financial statements of the Group, the Group recorded S$201,861 of investment return on amount due from the principal of an international sporting event in other income (Note 6), representing the return earned from the principal. The amount of US$1,600,000 (~$2,181,119) has not been received subsequent to year-end. Directors are confident that the amount is recoverable, hence no impairment has been recorded by the Group during the year ended 31 December 2018.

16. OTHER DEBTORS (CONTINUED)

Receivables that are impaired

The Group's other debtors that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	31.12.2017	**1.1.2017**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**
Receivables that are impaired:				
Other debtors – nominal amounts	–	853,123	–	–
Less: Allowance for impairment loss	–	(853,123)	–	–
	–	–	–	–

Other debtors are denominated in the following foreign currencies, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	**$**	**$**
United States dollars	2,181,119	–	–

17. PREPAYMENTS (NON-CURRENT)

This amount relates to prepayment by a subsidiary to a third party to acquire freehold land in Malaysia for metal stamping operations.

18. INVENTORIES

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	**$**	**$**
Inventories	15,449,592	10,631,918	13,193,261
Less: Allowance for Inventory obsolescence	(396,674)	(300,086)	(583,239)
	15,052,918	10,331,832	12,610,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. INVENTORIES (CONTINUED)

	Group 31.12.2018 $	31.12.2017 $	1.1.2017 $
Balance sheet			
Finished goods	**4,779,388**	3,202,691	3,769,500
Work-in-progress	**6,928,683**	5,822,583	6,521,365
Raw materials	**3,344,847**	1,306,558	2,319,157
Total inventories at lower of cost and net realisable value	**15,052,918**	10,331,832	12,610,022

	Group 2018 $	2017 $
Inventories recognised as an expense in cost of revenue	**107,285,602**	77,640,684
Write-back of inventory obsolescence	**–**	–

19. AMOUNT DUE FROM JOINT VENTURE

Amount due from joint venture relates to payment on behalf of joint venture for software developments and secretarial expenses.

Amount due from joint venture is unsecured, interest-free, repayable on demand. Management has determined that the carrying amount of amount due from joint venture based on their notional amount, reasonably approximates its fair value as it is short term in nature.

As disclosed in Note 13, during the year, the Group recorded full allowance of $560,100 on the amount due from joint venture. The allowance is included in the "General and administrative expenses" line item in income statement.

20. AMOUNTS DUE (TO)/FROM SUBSIDIARIES

	Company 31.12.2018 $	31.12.2017 $	1.1.2017 $
Amounts due from subsidiaries			
Trade	**–**	6,877	1,820,393
Non–trade	**–**	5,231,589	3,620,727
	–	5,238,466	5,441,120
Less: Allowance for impairment loss	**–**	(478,634)	(756,398)
	–	4,759,832	4,684,722
Amount due to a subsidiary			
Trade	**–**	(139,087)	–
Non–trade	**(138,644)**	–	–
	(138,644)	(139,087)	–

20. AMOUNTS DUE (TO)/FROM SUBSIDIARIES (CONTINUED)

Analysis of allowance for impairment loss:

	Company	
	2018	2017
	$	$
Balance at beginning of the financial year	**478,634**	756,398
Charge to income statement	**–**	478,634
Novation to ATH	**(478,634)**	–
Liquidation of a subsidiary	**–**	(756,398)
Balance at end of the financial year	**–**	478,634

Amounts due (to)/from subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash. Management has determined that the carrying amount of amounts due from subsidiaries based on their notional amounts, reasonably approximate their fair values as these are mostly short term in nature.

The non-trade amounts due from subsidiaries relate to sale of plant and equipment, payments made on behalf of the subsidiaries (raw materials and sundry expenses), and loan interests.

Net amounts due from subsidiaries (gross) were denominated in the following foreign currencies, other than the functional currency of the Company, at the balance sheet date:

		Company	
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
United States dollars	**–**	5,090,173	5,097,578
Taiwan dollars	**–**	–	336,181

21. TRADE DEBTORS

		Group			Company	
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Trade debtors	**21,306,069**	20,690,462	33,393,886	**1,775**	1,997,592	1,589,709
Less: Allowance for impairment loss	**(9,203)**	(108,891)	(94,501)	**(1,585)**	(44,508)	(39,817)
	21,296,866	20,581,571	33,299,385	**190**	1,953,084	1,549,892

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. TRADE DEBTORS (CONTINUED)

Receivables that are past due but not impaired

The Group has trade debtors amounting to $1,660,720 as at 31 December 2017 and $5,743,623 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These debtors are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	31.12.2017	1.1.2017	31.12.2017	1.1.2017
	$	$	$	$
Receivables that are past due but not impaired:				
Less than 30 days	907,353	2,854,689	442,569	459,090
30 days to 60 days	515,866	792,945	216,853	162,881
61 days to 90 days	51,163	619,277	18,761	–
More than 90 days	186,338	1,476,712	33,172	–
	1,660,720	5,743,623	711,355	621,971

Receivables that are impaired

The Group's trade debtors that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	31.12.2017	1.1.2017	31.12.2017	1.1.2017
	$	$	$	$
Receivables that are impaired:				
Trade debtors – nominal amounts	108,891	94,501	44,508	39,817
Less: Allowance for impairment loss	(108,891)	(94,501)	(44,508)	(39,817)
	–	–	–	–

21. TRADE DEBTORS (CONTINUED)

	2017	
	Group	Company
	$	$
Movement in allowance accounts:		
At 1 January	94,501	39,817
Charge for the year	2,278,420	4,691
Written off	(3,364)	–
Attributable to discontinued operation	(2,258,934)	–
Currency realignment	(1,732)	–
Balance at end of the financial year	108,891	44,508

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are long outstanding, in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2018	
	Group	Company
	$	$
Movement in allowance accounts:		
At 1 January	**108,891**	**44,508**
Write back of the year	**(72,773)**	**(13,584)**
Written off	**(29,339)**	**(29,339)**
Currency realignment	**2,424**	**–**
At 31 December	**9,203**	**1,585**

Trade debtors (gross) were denominated in the following foreign currency, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
United States dollars	**18,539,882**	17,623,068	20,096,280	**1,775**	1,689,003	1,398,036

Trade debtors are non-interest bearing and are generally on 30 to 180 days' term.

22. CASH AND BANK BALANCES AND FIXED DEPOSITS AMOUNT DUE FROM A LAW FIRM

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits with financial institutions mature with varying periods within 12 months (31 December 2017: 12 months, 1 January 2017: 12 months) from the financial year end. The weighted average effective interest rates for the financial year ranged from 0.25% to 5.50% (31 December 2017: 1.25% to 5.20%, 1 January 2017: 0.25% to 3.30%) per annum.

Cash and bank balances denominated in foreign currencies, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

		Group			Company	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
United States dollars	**3,480,960**	3,824,507	7,812,138	**62,341**	2,583,643	911,297

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

		Group			Company	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents:						
Continuing operations (Note A)	**43,558,052**	58,050,519	13,939,360	**33,576,129**	51,215,073	1,108,558
Discontinued operation (Note 10)	**-**	1,567,587	–	**-**	–	–
Escrow account (Note B)	**(34,542,477)**	–	–	**(33,449,229)**	–	–
	9,015,575	59,618,106	13,939,360	**126,900**	51,215,073	1,108,558

Note A: As at 31 December 2017, cash of $45,684,003 was held with an escrow agent, JLC Advisors LLP ("JLC"). These amounts arose primarily from proceeds from issuance of placement shares (Note 31) and receipt of amount from Carapace (Note 16). These amounts are non-interest bearing and there were no restrictions on the utilisation of these amounts. Subsequent to 31 December 2017, on 4 April 2018, the Group had completed the acquisition of ABO for a consideration sum of $30,000,000 by utilising the funds placed in the escrow account.

Note B: As at 31 December 2018, cash of $33,449,229 and $1,093,248 were held in escrow and/or in trust by JLC for the Company and ABO respectively (collectively, the "Escrow Funds").

The arrangement with ABO and JLC was entered into prior to the ABO acquisition by the Company. There is no formal agreement or operating mandate between ABO and JLC. On 2 April 2019, the amount held in trust by JLC of $1,093,248 were returned to ABO.

The cash amount of $33,449,229 of the Company held in escrow by JLC arose primarily from proceeds of disposal of subsidiaries in prior and current year (Note 10) and are non-interest bearing.

Subsequent to year end, on 9 January 2019, the Company authorised JLC to make payment of $295,813 to a former director of the Company for termination of his service agreement as disclosed in Note 26 to the financial statements. Consequently, the remaining balance held in escrow by JLC is $33,153,416 ("Balance Escrow Funds").

22. CASH AND BANK BALANCES AND FIXED DEPOSITS (CONTINUED) AMOUNT DUE FROM A LAW FIRM (CONTINUED)

Note B: (Continued)

The Company had made repeated demands for repayment of the Balance 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 Balance Escrow Funds to the Company. As there have been alleged unauthorized payments of such Balance Escrow Funds and on-going investigation by various authorities, the Group and the Company have classified the cash of $34,542,477 and $33,449,229 as amount due from a law firm respectively instead of cash and cash equivalents as the Company is currently taking all steps necessary to recover the Balance Escrow Funds from JLC. Further details are disclosed in Note 2.1(b) to the financial statements.

		Group			Company	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
Current						
Fixed deposits (pledged)	**1,973,127**	1,489,990	1,096,229	**–**	–	347,520
Fixed deposits	**2,983,413**	266,547	–	**–**	–	–
	4,956,540	1,756,537	1,096,229	**–**	–	347,520

Fixed deposits (pledged) are amounts pledged as security for loans (Note 29), electricity and utility services.

23. TRADE CREDITORS

		Group			Company	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
Trade creditors	**29,046,349**	22,771,730	31,945,170	**–**	177,396	763,410

These amounts are non-interest bearing and are generally on 30 – 120 days' term.

Trade creditors were denominated in the following foreign currencies, other than the functional currencies of the Company or subsidiaries, at the balance sheet date:

		Group			Company	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
United States dollars	**24,608,031**	18,196,640	20,110,082	**–**	142,476	702,666
Euro	**–**	700,103	75,278	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. HIRE PURCHASE CREDITORS

The average interest rate implicit in the hire purchase obligation was 2.70% (1 January 2017: 2.70%) per annum for the financial year ended 31 December 2017.

The future minimum payments under hire purchase agreements were as follows:

	Group			
	31.12.2017		1.1.2017	
	Minimum payments $	Present value of payments $	Minimum payments $	Present value of payments $
Within one year	3,822	3,667	9,126	8,496
After one year but not more than five years	–	–	3,801	3,594
Total minimum lease payments	3,822	3,667	12,927	12,090
Less: Amounts representing finance charges	(155)	–	(837)	–
Present value of minimum lease payments	3,667	3,667	12,090	12,090

25. OTHER CREDITORS AND ACCRUALS

	Group			Company		
	31.12.2018 $	31.12.2017 $	1.1.2017 $	31.12.2018 $	31.12.2017 $	1.1.2017 $
Non-current						
Deferred interest income	**–**	–	2,201,152	**–**	–	1,842,381
	–	–	2,201,152	**–**	–	1,842,381
Current						
Sundry creditors	**3,640,570**	3,971,012	2,193,190	**55,829**	150,127	161,863
VAT payables	**38,071**	154,714	62,434	**–**	101,637	32,101
Payroll accruals	**1,959,810**	1,515,513	1,341,539	**140,645**	840,638	429,843
Accrued operating expenses	**1,489,876**	852,326	3,342,648	**222,246**	336,226	1,101,773
Amount due to a direct-related company	**940,578**	–	–	**–**	–	–
Deferred interest income	**–**	–	323,217	**–**	–	270,535
	8,068,905	6,493,565	7,263,028	**418,720**	1,428,628	1,996,115

Deferred interest income arose from the disposal of AMSH and TCSF as disclosed in Note 16.

Sundry creditors of the Group mainly relates to payable to non-trade suppliers, including suppliers for the property, plant and equipment of the Group. These amounts are generally on 30 to 180 days' term.

Amount due to a director-related company is non-trade, interest-free and repayable on demand.

26. AMOUNT DUE TO FORMER DIRECTORS

Amount due to former directors relates to the compensation payable to the former directors of the Company arising from the termination of service agreements with these directors.

As at 31 December 2017, accrual has been made for the compensation payable. During the financial year ended 31 December 2018, $1,257,437 (2017: $Nil) was paid to the former directors.

There former directors ceased to be directors between 20 December 2017 to 29 December 2017.

27. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

Amount due to a non-controlling shareholder of a subsidiary relates to $145,324 advanced from the 49% non-controlling shareholder of Activpass to fund the operation of Activpass and director's fee and allowance payable of $93,000 to the non-controlling shareholder who is also one of the directors of Activpass. This amount is interest-free and repayable on demand.

28. DEFERRED COMPENSATION INCOME

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
		$	**$**
Current	–	–	491,208
Non–current	–	–	8,104,936
	–	–	8,596,144

In the financial year ended 31 December 2013, the Group received compensation from the local authority of Suzhou arising from compulsory land acquisition of Suzhou plant.

	Group
	2017
	$
Movement in deferred compensation income:	
Balance at beginning of the financial year	8,596,144
Charge to income statement	(482,652)
Currency realignment	(106,559)
Attributable to discontinued operation (Note 10)	(8,006,933)
Balance at end of the financial year	–

The deferred compensation income had been recognised to the income statement on a straight line basis based on the nature of the compensation, as follows:

Amortisation of compensation for newly acquired leasehold properties, which has been accounted for as government grant	20 years

29. LOANS AND BORROWINGS

		Group			Company		
	Maturity	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
		$	$	$	$	$	$
Loans and borrowings:							
Current	2019	**3,822,524**	3,257,792	5,688,216	**–**	–	266,432
Non-current	2028	**6,839,648**	1,877,176	–	**–**	–	–
		10,662,172	5,134,968	5,688,216	**–**	–	266,432

The current and non-current borrowings bear effective interest rates ranging from 3.55% to 5.27% (2017: 3.40% to 5.35% per annum).

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

(a) $10,662,172 (31 December 2017: $3,034,596, 1 January 2017: $1,525,031) of the outstanding loans are secured by corporate guarantees of the Company (Note 39) and fixed deposits pledged (Note 22) by the respective subsidiaries.

(b) $7,425,349 of the outstanding loans are secured by pledging freehold land of a subsidiary and leasehold properties of certain subsidiaries (31 December 2017: $1,962,632 of the outstanding loans are secured by pledging freehold land of a subsidiary, 1 January 2017: $4,163,185 of the outstanding loans are secured by pledging leasehold land and properties of certain subsidiaries).

Current and non-current borrowings are denominated in the following foreign currencies, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
United States dollars	**2,270,805**	1,426,859	1,525,031	**–**	–	266,432

29. LOANS AND BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

	31.12.2017	Cash flows	Non-cash changes	31.12.2018
			Foreign exchange movement	
	$	$	$	$
Loans and borrowings:				
– Current	3,257,792	514,094	50,638	**3,822,524**
– Non-current	1,877,176	5,058,607	(96,135)	**6,839,648**
Total	5,134,968	5,572,701	(45,497)	**10,662,172**

	1.1.2017	Cash flows	Non-cash changes		31.12.2017
			Classified as disposal group classified as held for sale (Note 10)	Foreign exchange movement	
	$	$	$	$	$
Loans and borrowings:					
– Current	5,688,216	5,856,710	(8,225,714)	(61,420)	3,257,792
– Non-current	–	1,826,391	–	50,785	1,877,176
Total	5,688,216	7,683,101	(8,225,714)	(10,635)	5,134,968

30. DEFERRED TAX

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Deferred tax assets			
Balance at beginning of the financial year	**-**	477,247	888,299
Reversal for the financial year	**-**	(234,467)	(369,409)
Reclassified as assets of disposal group classified as held for sale (Note 10)	**-**	(235,738)	–
Currency realignment	**-**	(7,042)	(41,643)
Balance at end of financial year	**-**	–	477,247
Deferred tax liabilities			
Balance at beginning of the financial year	**-**	(3,862,779)	(4,301,264)
(Provision)/reversal for the financial year	**(28,569)**	268,467	238,598
Reclassified as liabilities of disposal group classified as held for sale (Note 10)	**-**	3,546,744	–
Currency realignment	**-**	47,568	199,887
Balance at end of the financial year	**(28,569)**	–	(3,862,779)
Net deferred tax liabilities	**(28,569)**	–	(3,385,532)

30. DEFERRED TAX (CONTINUED)

Deferred tax as at 31 December relates to the following:

	Group					Company		
	Consolidated balance sheet			Consolidated income statement		Balance sheet		
	31.12.2018	31.12.2017	1.1.2017	2018	2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$	$	$
Deferred tax liabilities:								
Differences in depreciation for tax purposes	**(484,192)**	(94,166)	(3,857,649)	**(390,026)**	65,296	**-**	–	–
Fair value adjustments on acquisition of subsidiaries	**(118,784)**	–	–	**-**	–	**-**	–	–
Other items	**(56,193)**	(283,904)	(324,341)	**227,711**	(40,437)	**-**	(238,816)	(290,341)
Deferred tax assets:								
Differences in depreciation for tax purposes	**-**	–	–	**-**	–	**-**	43,780	42,766
Differences in amortisation of intangible assets	**96,215**	–	–	**96,215**	–	**-**	–	–
Provisions	**68,000**	72,366	61,028	**(4,366)**	(11,338)	**-**	8,991	14,091
Unutilised tax losses	**10,037**	253,321	721,964	**(243,284)**	(8,604)	**-**	186,045	233,484
Unabsorbed capital allowances	**456,348**	52,383	–	**403,965**	(52,383)	**-**	–	–
Other items	**-**	–	13,466	**-**	13,466	**-**	–	–
Net deferred taxation	**(28,569)**	–	(3,385,532)	**-**	–	**-**	–	–
Deferred tax expense/(credit)				**90,215**	(34,000)			

At the end of the reporting period, the Group has tax losses of approximately $6,720,098 (31 December 2017: $4,402,191, 1 January 2017: $9,391,738) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The tax losses of the China subsidiaries can only be utilised within the five-year period commencing from the year in which the loss is incurred. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the countries in which the companies operate. The tax losses have no expiry date except for the following amounts:

30. DEFERRED TAX (CONTINUED)

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	**$**	
Expiring in:			
Year 2017	**-**	–	2,965,452
Year 2018	**-**	–	4,242,017
	-	–	7,207,469

As at 1 January 2017, 31 December 2017 and 31 December 2018, the Group has no undistributed earnings of subsidiaries, for which deferred tax liabilities have not been provided as the Group has determined that such earnings will not be distributed in the foreseeable future.

Tax consequences of proposed dividends

There were no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements during the financial year ended 31 December 2017 (Note 44).

31. SHARE CAPITAL

	Group and Company			
	2018		**2017**	
	No. of shares	**$**	**No. of shares**	**$**
Issued and fully paid ordinary shares:				
At 1 January	**1,350,328,920**	**90,737,794**	675,164,460	57,337,354
Issuance of shares	**420,000,000**	**25,200,000**	675,164,460	33,758,223
Share issuance expense	**-**	**(39,200)**	–	(357,783)
At 31 December	**1,770,328,920**	**115,898,594**	1,350,328,920	90,737,794

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the financial year ended 31 December 2018, the Company issued 420,000,000 of shares via placement and raised gross proceeds of $25,200,000. This placement was utilised for the purchase of Activpass (Note 14(d)).

In the financial year ended 31 December 2017, the Company issued 675,164,460 of shares via placement and raised gross proceeds of $33,758,223. This placement was mainly utilised for the purchase of ABO (Note 14(d)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements on foreign operations whose functional currencies are different from that of the Group's presentation currency. As at 31 December 2017, foreign currency translation reserve attributable to ATSU was reclassified as reserves of disposal group classified as held for sale (Note 10).

33. STATUTORY RESERVE FUND

Statutory reserve fund relates to the appropriation of profit made in accordance with the relevant regulations applicable to wholly foreign-owned investment enterprises established in Thailand and China.

The Thailand subsidiary has to appropriate at least 5% of their net profit deducted by the total accumulated loss brought forward until the fund has reached 10% of its registered capital.

The China subsidiary has to appropriate at least 10% of their net profit after taxation determined according to the statutory financial statements to the statutory reserve fund until the fund has reached 50% of its registered capital.

The Thailand and China subsidiaries are prohibited from distributing dividends from statutory reserve fund. Utilisation of statutory reserve fund is governed and restricted by the relevant Thailand and China laws and regulations.

As at 31 December 2017, statutory reserve fund attributable to ATSU was reclassified as reserves of disposal group classified as held for sale (Note 10).

34. OTHER RESERVES

	Group and Company	
	2018	**2017**
	$	**$**
Employee share option reserve	**188,948**	188,948

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

35. FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of equity instrument measured at fair value through other comprehensive income until they are disposed of or impaired.

36. EARNINGS PER SHARE

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing the (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2018	**2017**
	$	**$**
(Loss)/profit for the year attributable to owners of the Company	**(29,698,877)**	3,275,139
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	**1,140**	189,462
(Loss)/profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	**(29,697,737)**	3,464,601
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic and diluted earnings per share computation	**1,559,753,578**	796,332,122

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation. These (loss)/profit and share data are presented in the tables in Note 36 (a) above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. OPERATING LEASE COMMITMENTS

(a) As lessee

The Group has entered into commercial leases on certain properties, office equipment and motor vehicles. These leases have an average tenure of between one and five years with terms of renewal but no purchase options and escalation clauses. The Group is restricted from subleasing the leased equipment to third parties.

Future minimum lease payments under the non-cancellable operating leases of the balance sheet date are as follows:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
Within one year	**989,426**	485,124	373,329	**2,856**	62,856	2,856
After one year but not more than five years	**2,011,171**	366,592	333,270	**3,808**	31,664	5,712
	3,000,597	851,716	706,599	**6,664**	94,520	8,568

(b) As lessor

The Group has entered into commercial property leases on certain of its properties. These non-cancellable leases have remaining lease terms of between 1 to 2 years (2017: between 2 to 3 years). These leases have no terms of renewal, no purchase options and escalation clauses. Future minimum lease receivable under the non-cancellable operating leases of the balance sheet date are as follows:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**	**$**	**$**
Within one year	**54,012**	112,906	69,591	**–**	–	–
After one year but not more than five years	**9,002**	93,672	11,598	**–**	–	–
	63,014	206,578	81,189	**–**	–	–

38. FUTURE CAPITAL EXPENDITURE

Capital expenditure contracted as at the balance sheet date but not provided for in the financial statements:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Commitments in respect of:				
– contracts placed on purchases of equipment	**808,201**	2,502,386	**–**	–
– contracts placed on purchases of land	**1,670,872**	–	**–**	–

39. COMMITMENTS

(a) Corporate guarantees

The Group has provided corporate guarantees for certain banking facilities granted by banks to its subsidiaries. At 31 December 2018, these corporate guarantees amounted to $10,662,172 (2017: $9,435,125). The unutilised banking facilities secured by such guarantees amounted to $4,303,309 (2017: $4,300,157) as at 31 December 2018.

Out of the $10,662,172 (2017: $9,435,125) corporate guarantees as at 31 December 2018, $7,425,349 (2017: $Nil) were guaranteed by both the Company and Allied Technologies Holdings Pte. Ltd. Should the guarantee crystallise, the banker has the right to claim the amount from both the guarantors, ie. the Company and/or Allied Technologies Holdings Pte. Ltd. The remaining corporate guarantees of $3,236,823 were guaranteed by the Company.

40. SIGNIFICANT RELATED PARTIES TRANSACTIONS

An entity or individual is considered a related party of the Group if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decision of the Group or vice-versa; or

(ii) it is subject to common control or common significant influence.

Related parties refer to companies within the Group and companies in which certain Directors have or are deemed to have significant interests or exercise significant influence. Related parties transactions were based on terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

In addition to related party transactions disclosed in other notes to the 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:

			Group			
			Transactions during the year		Outstanding balances as at 31 December	
Related parties	**Transactions**		**2018**	**2017**	**2018**	**2017**
			$	**$**	**$**	**$**
Mr Peter Seow	Advances for working capital	(a)	216,500	–	118,087	–
Mr Peter Seow	Repayment of advances	(a)	40,294	–	–	–
Mr Peter Seow	Settlement of liability on behalf	(b)	15,621	–	17,237	–
Mr Peter Seow	Unpaid director's fee and allowance due to non-controlling shareholder	(c)	93,000	–	93,000	–
Ms Amy Leow	Advances for working capital	(a)	10,000	–	10,000	–
Mr Kenneth Low	Deposit paid on behalf of an event	(d)	233,728	–	233,728	–
Mr Kenneth Low	Advances for working capital	(a)	16,897	–	–	–
Mr Kenneth Low	Repayment of advances	(a)	948,355	–	–	–
Mr Gregory Ang	Repayment of advances	(a)	50,000	–	–	–
Galleria Asia Capital Pte Ltd	Provision of investor relations services	(e)	9,096	–	–	–
JLC Advisors LLP	Escrow Agreement with the Company dated 23 October 2017	(f)	1,000	1,000	–	–
JLC Advisors LLP	Legal fees	(g)	60,000	–	–	–
Platform Capital Asia (Singapore) Pte Ltd	Advances for working capital	(a)	7,175,705	–	940,580	–
Platform Capital Asia (Singapore) Pte Ltd	Repayment of advances	(a)	11,548,541	–	–	–
Quantum Interactive Pte Ltd	Rendering of services	(h)	17,656	–	–	–

40. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

(i) Transactions with related parties (Continued)

(a) The Group received advances from (i) Mr Peter Seow and Ms Amy Leow who are directors of Activpass Holdings Pte Ltd ("Activpass"), (ii) Mr Gregory Ang who is a former director of Asia Box Office Pte. Ltd. ("ABO") ceased to be a director with effect from 31 December 2018, (iii) Platform Capital Asia (Singapore) Pte. Ltd., a company controlled by Mr Kenneth Low, a director of the Company, appointed on 27 June 2018 and (iv) Mr Kenneth Low. The advances were received for working capital purpose, are non-interest bearing and due and payable on demand.

(b) Activpass incurred utilities, tele-communication and entertainment expenses which were paid on behalf by Mr Peter Seow. The liabilities are due and payable on demand.

(c) Activpass incurred director's fee and allowance payable to Mr Peter Seow. The liability is due and payable before December 2019.

(d) ABO recorded an event deposit, which is paid on behalf by Mr Kenneth Low, a director of the Company appointed on 27 June 2018. The liability is due and payable on demand.

(e) The Company used the investor relations services provided by Galleria Asia Capital Pte Ltd ("GAC") for which a former director of the Company, Mr Roger Poh (Executive Director from 5 March 2018 to 28 September 2018) is a shareholder and director of GAC from 5 March 2018 to 19 April 2018. The fee charged was based on normal market rates for such services and had been fully settled during the year.

(f) The Company had entered into an escrow agreement with JLC, on 23 October 2017, which Ms Pok Mee Yau, a director of the Company since 31 October 2017, is a salaried partner of JLC. The escrow agreement is handled by another partner of JLC. The fee remains outstanding as the Company has yet to receive any invoice from JLC in relation to the escrow agreement.

(g) The Company used the legal services provided by JLC. In regard to this transaction, JLC was the lead counsel acting for the Company in relation to the drafting and negotiation of the Investment Agreement with 8travel Pay Intelligence & Technology (Shanghai) Co., Ltd ("8TPS") and all ancillary documents such as Memorandum of Understanding and Company announcements. JLC was also acting as the liaison between People's Republic of China counsels led by Huang Hauzen LLP, who was responsible for: (i) conducting legal due diligence on 8TPS; and (ii) drafting of the Shareholders' Agreement and the Constitution for the new Sino-Foreign Equity joint venture company. The fee charged was based on normal market rate for such services and had been fully repaid during the year.

(h) Activpass rendered IT services to Quantum Interactive Pte Ltd, which Mr Peter Seow has controlling interest in. The services are based on normal market rate for such services and had been fully repaid during the year under normal payment terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

(ii) Compensation of key management personnel

	Group	
	2018	2017
	$	$
Short term employee benefits	**1,048,460**	1,272,345
CPF and other pension expenses	**77,019**	68,644
Directors' remuneration (Note 8)	**227,259**	802,169
Directors' fee (Note 8)	**138,411**	97,575
Directors' compensation for termination of service agreements (Note 8)	**–**	2,751,500
	1,491,149	4,992,233

41. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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 that 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.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2018 $			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial asset:				
Other investments (Note 15)	**–**	**–**	**1,960,000**	**1,960,000**

41. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value (Continued)

	Group 2017 $			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Non-financial asset:				
Disposal group classified as held for sale	–	19,343,880	–	19,343,880

Disposal group classified as held for sale were written down to their fair value less costs to sell based on agreed selling price stated in the sale and purchase agreement entered into with the purchaser and adjusted for the estimated tax payable on the disposal. The Group recorded impairment loss of $245,000.

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value as at 31 December 2018	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement				
At FVOCI				
Other investments (Note 15)	**1,960,000**	Market comparable approach	Discount for lack of marketability	35%–45%

41. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 3 fair value measurements (Continued)

(i) **Information about significant unobservable inputs used in Level 3 fair value measurements** (Continued)

For unquoted equity securities, a significant increase(decrease) in the discount for lack of marketability would result in a significant lower(higher) fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2018		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $	Profit or loss $	Other comprehensive income $
Recurring fair value measurements			
Financial assets at FVOCI:			
Other investment	**1,960,000**	**–**	**(162,948)**

In order to determine the effect of the above reasonably possibly alternative assumptions, the Group adjusted the key unobservable input used in the fair value measurement: (i.e. discount for lack of marketability) by increasing and decreasing the assumptions by 5%.

(ii) **Movement in Level 3 assets measured at fair value**

The following table presents the reconciliation for the asset measured at fair value based on the significant unobservable inputs (Level 3):

	Group 2018 $
Financial assets at FVOCI:	
Unquoted equity securities	
Opening balance	**2,205,263**
Loss for the period included in other comprehensive income	
– Net fair value loss on equity instrument at FVOCI	**(245,263)**
Closing balance	**1,960,000**

41. **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

(c) **Level 3 fair value measurements** (Continued)

(iii) **Valuation policies and procedures**

The Group engaged an external valuation expert who possesses the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

(d) **Fair value of financial instruments**

Management has determined that the carrying amount of cash and bank balances, fixed deposits and amount due from a law firm (Note 22), current trade and other debtors (Note 21 and Note 16 respectively), current trade and other creditors and accruals (Note 23 and Note 25 respectively), loans and borrowings (Note 29), amount due to former directors and non-controlling shareholder of a subsidiary (Note 26 and Note 27 respectively), amounts due from subsidiaries (Note 20) and amount due to a subsidiary (Note 20) reasonably approximate their fair values because these are mostly short term in nature or bear interest at floating rates and are re-priced frequently.

The carrying amounts of loan receivables from subsidiaries (Note 14) approximates their fair values since they are floating rate instruments that are re-priced to market interest rate.

The carrying amount of amount due from Carapace (Note 16) approximates its fair value as the amount has been discounted at a rate that is based on the market interest rate near year end after adjusting for credit risk of the counterparty.

42. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

It is, and has been throughout the current and previous financial year the Group's and the Company's policy not to hold or issue derivative financial instruments for trading purposes.

The financial risks are summarised as follows:

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. It is the Group and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group and the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group and the Company does not offer credit terms without approval of the Chief Executive Officer and/or Chief Operating Officer of the precision metal stamping segment.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (Continued)

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group and the Company's historical information.

Trade debtors and contract assets

The Group and the Company provides for lifetime expected credit losses for all trade debtors and contract assets using provision matrix. The provision rates are determined based on the Group and the Company's expected default rates analysed in accordance to days past due by grouping customers based on product segments. The loss allowance provision as at 31 December 2018 is determined as follows, expected credit losses below also incorporate forward looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure on the Group and the Company's trade receivables using provision matrix.

Group

31 December 2018	Current	Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days	Total
	$	$	$	$	$	$
Gross carrying amount	17,873,148	2,158,984	733,294	454,277	86,366	21,306,069
Loss allowance provision	-	(2,943)	(1,578)	(1,994)	(2,688)	(9,203)
						21,296,866

Company

31 December 2018	Current	Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days	Total
	$	$	$	$	$	$
Gross carrying amount	-	-	-	-	1,775	1,775
Loss allowance provision	-	-	-	-	(1,585)	(1,585)
						190

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk* (Continued)

Trade debtors and contract assets (Continued)

Information regarding loss allowance movement of trade receivables are disclosed in Note 21.

During the financial year, the Group has written off $7,383 of trade receivables which the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

The Group has determined the expected credit losses for contract assets to be not material.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry and country sector profile of its trade debtors on an on-going basis. The credit risk concentration profile of the Group's trade debtor balances at the end of the reporting period is as follows:

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	$	% of total	$	% of total	$	% of total
By country:						
China	**8,399,583**	**39**	8,718,719	42	24,505,184	74
Malaysia	**7,940,167**	**37**	6,510,128	32	3,738,971	11
Singapore	**2,159,793**	**10**	2,270,713	11	1,657,235	5
Thailand	**1,885,125**	**10**	2,207,174	11	1,709,165	5
Vietnam	**407,848**	**2**	497,177	2	472,351	1
Hong Kong	**209,634**	**1**	156,960	1	172,755	1
United States	**89,630**	**–**	80,749	–	87,846	–
Others	**205,086**	**1**	139,951	1	955,878	3
	21,296,866	**100**	20,581,571	100	33,299,385	100

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	$	% of total	$	% of total	$	% of total
By industry:						
Information Technology	**20,683,766**	**97**	20,107,813	98	28,424,467	85
Solar Energy	**–**	**–**	–	–	4,067,818	12
E-commerce	**134,743**	**1**	–	–	–	–
Others	**478,357**	**2**	473,757	2	807,100	3
	21,296,866	**100**	20,581,570	100	33,299,385	100

At the end of the reporting period, approximately 88% (31 December 2017: 87%, 1 January 2017: 61%) of the Group's trade debtors were due from 3 major customers located in Vietnam, Thailand and Malaysia (31 December 2017: 3 major customers located in the Vietnam, Thailand and Malaysia, 1 January 2017: 3 major customers located in the People's Republic of China, Vietnam, Thailand and Malaysia).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk concentration profile (Continued)

The credit risk concentration profile of the Group's contract assets balances at the end of the reporting period is as follows:

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	$	% of total	$	% of total	$	% of total
By country:						
Malaysia	**1,161,775**	**77**	864,346	66	–	–
USA	**98,660**	**7**	–	–	–	–
Thailand	**85,525**	**6**	233,459	18	957,720	66
Singapore	**77,780**	**5**	144,266	11	5,491	–
Vietnam	**75,965**	**5**	53,439	4	21,016	1
China	**–**	**–**	–	–	467,873	32
Others	**–**	**–**	11,418	1	6,952	1
	1,499,705	**100**	1,306,928	100	1,459,052	100

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	$	% of total	$	% of total	$	% of total
By customers' industry:						
Information Technology	**1,499,705**	**100**	1,306,928	100	1,459,052	100
	1,499,705	**100**	1,306,928	100	1,459,052	100

The credit risk concentration profile of the Group's other debtors and amount due from a law firm balances at the end of the reporting period is as follows:

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	$	% of total	$	% of total	$	% of total
By country:						
Singapore	**36,792,470**	**90**	131,960	6	92,313	1
Hong Kong	**2,181,119**	**6**	–	–	–	–
Malaysia	**1,318,011**	**3**	1,657,892	75	307,813	4
Vietnam	**471,983**	**1**	409,043	18	2,166,011	26
China	**128,474**	**–**	–	–	5,897,104	69
Thailand	**21,844**	**–**	20,899	1	27,210	–
	40,913,901	**100**	2,219,794	100	8,490,451	100

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk concentration profile (Continued)

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	$	% of total	$	% of total	$	% of total
By industry:						
Information Technology	**35,540,283**	**87**	2,219,794	100	8,490,451	100
E-commerce	**5,373,618**	**13**	–	–	–	–
	40,913,901	**100**	2,219,794	100	8,490,451	100

Financial assets that are neither past due nor impaired

For trade and other debtors that are neither past due nor impaired are credit-worthy debtors with good payment records with the Group. Surplus funds are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 and Note 21.

(b) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash equivalents to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group will constantly raise funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

In light of the matters set out in Note 2.1(b) to the financial statements, the directors are of the opinion for the reasons explained in the same note that the Group is able to meet their obligations for the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted payments, excluding discontinued operation.

31.12.2018	1 year or less $	1 to 5 years $	Total $
Group			
Financial assets			
Trade debtors	21,296,866	–	21,296,866
Other debtors	4,827,929	–	4,827,929
Cash and bank balances	9,015,575	–	9,015,575
Amount due from a law firm	34,542,477	–	34,542,477
Fixed deposits (pledged)	2,983,413	–	2,983,413
Fixed deposits	1,973,127	–	1,973,127
Total undiscounted financial assets	74,639,387	–	74,639,387
Financial liabilities			
Trade creditors	29,046,349	–	29,046,349
Other creditors and accruals	8,030,834	–	8,030,834
Amount due to former directors	1,479,063	–	1,479,063
Amount due to a non-controlling shareholder	238,324	–	238,324
Loans and borrowings	4,244,870	8,667,045	12,911,915
Total undiscounted financial liabilities	43,039,440	8,667,045	51,706,485
Total net undiscounted financial assets/(liabilities)	31,599,947	(8,667,045)	22,932,902

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) Analysis of financial liabilities by remaining contractual maturities (Continued)

31.12.2017	1 year or less $	1 to 5 years $	Total $
Group			
Financial assets			
Trade debtors	20,581,571	–	20,581,571
Other debtors	778,277	–	778,277
Cash and bank balances	58,050,519	–	58,050,519
Fixed deposits (pledged)	1,489,990	–	1,489,990
Fixed deposits	266,547	–	266,547
Total undiscounted financial assets	81,166,904	–	81,166,904
Financial liabilities			
Trade creditors	22,771,730	–	22,771,730
Other creditors and accruals	6,338,851	–	6,338,851
Amount due to former directors	1,553,250	1,183,250	2,736,500
Loans and borrowings	3,370,799	2,528,899	5,899,698
Hire purchase creditors	3,822	–	3,822
Total undiscounted financial liabilities	34,038,452	3,712,149	37,750,601
Total net undiscounted financial assets/(liabilities)	47,128,452	(3,712,149)	43,416,303

1.1.2017	1 year or less $	1 to 5 years $	Total $
Group			
Financial assets			
Trade debtors	33,299,385	–	33,299,385
Other debtors	6,575,183	12,430,897	19,006,080
Cash and bank balances	13,939,360	–	13,939,360
Fixed deposits (pledged)	1,096,229	–	1,096,229
Total undiscounted financial assets	54,910,157	12,430,897	67,341,054
Financial liabilities			
Trade creditors	31,945,170	–	31,945,170
Other creditors and accruals	6,877,377	–	6,877,377
Loans and borrowings	5,813,063	–	5,813,063
Hire purchase creditors	9,126	3,801	12,927
Total undiscounted financial liabilities	44,644,736	3,801	44,648,537
Total net undiscounted financial assets	10,265,421	12,427,096	22,692,517

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) *Analysis of financial liabilities by remaining contractual maturities* (Continued)

31.12.2018	1 year or less $	1 to 5 years $	Total $
Company			
Financial assets			
Loan receivables from subsidiaries	**4,825,600**	–	**4,825,600**
Trade debtors	**190**	–	**190**
Cash and bank balances	**126,900**	–	**126,900**
Amount due from a law firm	**33,449,229**	–	**33,449,229**
Total undiscounted financial assets	**38,401,919**	–	**38,401,919**
Financial liabilities			
Amount due to a subsidiary	**138,644**	–	**138,644**
Other creditors and accruals	**418,720**	–	**418,720**
Amount due to former directors	**1,479,063**	–	**1,479,063**
Total undiscounted financial liabilities	**2,036,427**	–	**2,036,427**
Total net undiscounted financial assets	**36,365,492**	–	**36,365,492**
31.12.2017			
Financial assets			
Loan receivables from subsidiaries excluding quasi-equity loan	781,034	–	781,034
Amounts due from subsidiaries	4,759,832	–	4,759,832
Trade debtors	1,953,084	–	1,953,084
Other debtors	15,520	–	15,520
Cash and bank balances	51,215,073	–	51,215,073
Total undiscounted financial assets	58,724,543	–	58,724,543
Financial liabilities			
Amount due to a subsidiary	139,087	–	139,087
Trade creditors	177,396	–	177,396
Other creditors and accruals	1,326,991	–	1,326,991
Amount due to former directors	1,553,250	1,183,250	2,736,500
Total undiscounted financial liabilities	3,196,724	1,183,250	4,379,974
Total net undiscounted financial assets/(liabilities)	55,527,819	(1,183,250)	54,344,569

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) *Analysis of financial liabilities by remaining contractual maturities* (Continued)

1.1.2017	**1 year or less** $	**1 to 5 years** $	**Total** $
Company			
Financial assets			
Amounts due from subsidiaries	4,684,722	–	4,684,722
Trade debtors	1,549,892	–	1,549,892
Other debtors	4,898,602	10,404,757	15,303,359
Cash and bank balances	1,108,558	–	1,108,558
Fixed deposits (pledged)	347,520	–	347,520
Total undiscounted financial assets	12,589,294	10,404,757	22,994,051
Financial liabilities			
Trade creditors	763,410	–	763,410
Other creditors and accruals	1,693,479	–	1,693,479
Loans and borrowings	267,668	–	267,668
Total undiscounted financial liabilities	2,724,557	–	2,724,557
Total net undiscounted financial assets	9,864,737	10,404,757	20,269,494

(ii) *Analysis of contingent liabilities by contractual expiry*

The table below shows the contractual expiry by maturity of the Group's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

Group	**1 year or less** $	**1 to 5 years** $	**Total** $
31.12.2018			
Financial guarantee	10,662,172	–	10,662,172
31.12.2017			
Financial guarantee	5,134,968	–	5,134,968
1.1.2017			
Financial guarantee	5,421,784	–	5,421,784

Company	**1 year or less** $	**1 to 5 years** $	**Total** $
31.12.2018			
Financial guarantee	10,662,172	–	10,662,172
31.12.2017			
Financial guarantee	5,134,968	–	5,134,968
1.1.2017			
Financial guarantee	5,421,784	–	5,421,784

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that changes in interest rate will have an adverse financial effect on the Group's financial conditions and/or results.

The Group's exposure to market risk for changes in interest rate environment relates mainly to its cash balances, fixed deposits and debt obligations.

The Group manages its interest rate exposure through reviews of its debt portfolio and cash resources deployment, taking into account the debts and deposits periods and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been higher by 75 (2017: 75) basis points with all other variables held constant, the Group's earnings before tax for the financial year ended 31 December 2018 would have been lower (2017: lower) by $79,966 (2017: $100,205) as a result of higher interest expenses on floating rate loans and borrowings. If the interest rate had been lower by 75 (2017: 75) basis points, the Group's earnings would have had the equal but opposite effect, on the basis that all other variables remain constant.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, PRC Renminbi (RMB), Malaysian Ringgit (MYR) and Vietnamese Dong (VND). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). Approximately 90% (2017: 77%) of the Group's sales are denominated in foreign currencies whilst approximately 31% (2017: 38%) of costs are denominated in the respective functional currencies of the Group entities.

The Group and the Company also hold cash and fixed deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD.

Foreign currency risk arises from a change in foreign currency exchange rate which is expected to have adverse effects on the Group in the current reporting period and in future years.

The Group is exposed to foreign currency exchange fluctuations mainly in USD.

The Group maintains a natural hedge, wherever possible, by matching the foreign currencies assets against its liabilities. However, the Group continues to be exposed to foreign currency risk relating to any unmatched amounts, which is managed by the use of forward contracts when appropriate.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

In relation to its overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risk are not hedged as they are held for long term investment purposes, the differences arising from such translation are captured under the exchange translation reserve. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant, of the Group's earnings net of tax.

		Earnings net of tax	
		2018	**2017**
		Increase earnings/ (Decrease earnings)	**Increase earnings/ (Decrease earnings)**
		$	**$**
USD/SGD	– strengthened 3% (2017: 3%)	**60,024**	373,266
	– weakened 3% (2017: 3%)	**(60,024)**	(373,266)
USD/RMB	– strengthened 1% (2017: 1%)	**5,266**	(8,395)
	– weakened 1% (2017: 1%)	**(5,266)**	8,395
USD/VND	– strengthened 1% (2017: 1%)	**(62,440)**	(53,984)
	– weakened 1% (2017: 1%)	**62,440**	53,984
USD/MYR	– strengthened 3% (2017: 3%)	**(38,684)**	(69,234)
	– weakened 3% (2017: 3%)	**38,684**	69,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Classification of financial instruments

The table below is an analysis of the carrying amount of financial instruments by categories of the Group's and the Company's financial instruments that are carried in the financial statements:

	Group 31.12.2018 $	Company 31.12.2018 $
Financial assets at amortised cost		
Trade debtors	21,296,866	190
Other debtors	4,827,929	–
Fixed deposits	4,956,540	–
Cash and bank balances	9,015,575	126,900
Amount due from a law firm	34,542,477	33,449,229
Loan receivables from subsidiaries	–	7,325,600
Total	74,639,387	40,901,919
Financial assets at fair value through OCI		
Other investments	1,960,000	–
Financial liabilities at amortised cost		
Trade creditors	29,046,349	–
Other creditors and accruals	8,030,834	418,720
Amount due to a former director	1,479,063	1,479,063
Amount due to a non-controlling shareholder	238,324	–
Loans and borrowings	10,662,172	–
Amount due to a subsidiary	–	138,644
Total	49,456,742	2,036,427

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Classification of financial instruments (Continued)

	Group		Company	
	31.12.2017	**1.1.2017**	**31.12.2017**	**1.1.2017**
	$	**$**	**$**	**$**
Loans and receivables				
Trade debtors	20,581,571	33,299,385	1,953,084	1,549,892
Other debtors	2,219,794	20,921,348	15,520	15,303,359
Cash and bank balances	58,050,519	13,939,360	51,215,073	1,108,558
Fixed deposits	1,756,537	1,096,229	–	347,520
Amounts due from subsidiaries	–	–	4,759,832	4,684,722
Loan receivables due from subsidiaries	–	–	13,637,827	17,916,268
Total	82,608,421	69,256,322	71,581,336	40,910,319
Available-for-sale financial assets				
Other investments	2,205,263	2,205,263	2,080,934	2,080,934
Financial liabilities measured at amortised cost				
Trade creditors	22,771,730	31,945,170	177,396	763,410
Other creditors and accruals	9,230,065	6,939,811	4,165,128	1,693,479
Loans and borrowings	5,134,968	5,688,216	–	266,432
Hire purchase creditors	3,667	12,090	–	–
Amount due to a subsidiary	–	–	139,087	–
Total	37,140,430	44,585,287	4,481,611	2,723,321

43. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. During the financial year ended 31 December 2018 and 31 December 2017, there has been no change to the Group's objective, policies and processes for managing capital.

Management monitors capital based on a gearing ratio. The Group's strategy, which was unchanged from prior year, is to maintain gearing ratios within 150%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

43. CAPITAL MANAGEMENT (CONTINUED)

The gearing ratio is calculated as total liabilities divided by net worth. Total liabilities are calculated as borrowings plus trade and other creditors, contract liabilities, accruals, amount due to former directors amount due to a non-controlling shareholder and deposit received. Net worth is calculated as equity less foreign currency translation reserve.

	Group	
	2018	**2017**
	$	**$**
Total liabilities	**50,321,621**	39,891,330
Net worth	**93,989,579**	98,908,360
Gearing ratio	**54%**	40%

As disclosed in Note 33, the China subsidiaries are required to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2018 and 2017.

In addition, the Group is required to comply with certain debt covenants imposed by banks on the loans drawn down. The Directors have assessed the Group is in compliance with the debt covenants as at year-end.

44. DIVIDENDS

	Group and Company	
	2018	**2017**
	$	**$**
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– Final one-tier tax exempt dividend for 2017: 0.01 cents	**–**	135,033

45. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to year-end, an extraordinary general meeting ("EGM") was scheduled to be held on 6 June 2019 to seek shareholders' approval for the proposed ratification of the acquisition of 51% of the entire issued and fully paid-up ordinary shares in the capital of Activpass which was completed on 3 July 2018. On 28 May 2019, the Company announced that the originally scheduled EGM has been adjourned to a later date to be announced in due course after the completion of the Special Audit disclosed in Note 46.

46. OTHER MATTERS

Special Audit

Pursuant to Catalist Rule 305(1)(e) and (k), Singapore Exchange Regulation Pte. Ltd. (the "SGX Regco") directed the Company to appoint a suitable independent special auditor and to report solely to the SGX Regco on the scope and all findings pursuant to the Special Audit.

On the scope of the Special Audit, in addition to looking into the matters raised by the auditor as highlighted in the Auditor's Report which include the circumstances surrounding the placing of the Company's funds with JLC, the SGX Regco also requires the Special Auditor to investigate into the subsequent developments surrounding the Company's funds deposited with JLC and the progress in procuring the escrow funds of $33,153,416 that remain outstanding as at the date of this report.

Investigation by the Commercial Affairs Department ("CAD")

On 28 May 2019, the CAD had 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 Advisors LLP.

On 28 May 2019, the Company's Executive Director was asked by the CAD to attend an interview and retained his mobile phone and laptop for investigation purpose. On 29 May 2019, the Executive Director had also surrendered his passport as part of the investigation.

The Company and the Group will continue to monitor the progress of the investigation.

47. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 5 July 2019.

STATISTICS OF **SHAREHOLDINGS**

AS AT 21 JUNE 2019

Issued & fully paid-up capital	:	115,898,594
Number of shares	:	1,770,328,920
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury shares and subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	59	2.47	673	0.00
100 – 1,000	148	6.20	127,600	0.01
1,001 – 10,000	500	20.95	3,084,710	0.17
10,001 – 1,000,000	1,555	65.14	211,071,438	11.92
1,000,001 AND ABOVE	125	5.24	1,556,044,499	87.90
TOTAL	**2,387**	**100.00**	**1,770,328,920**	**100.00**

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
SUBSTANTIAL SHAREHOLDERS				
Lim Tah Hwa @ Lin Tah Hwa(1)	168,000,000	9.49	–	–
Quantum Global Limited(2)	140,000,000	7.91	–	–
Tang Junwei(2)	–	–	140,000,000	7.91
Low Si Ren, Kenneth(3)	100,000,000	5.65	–	–

Notes:

(1) 168,000,000 shares held by Lim Tah Hwa @ Lin Tah Hwa are registered in the name of Citibank Nominees Singapore Pte Ltd.

(2) Tang Junwei is deemed to have an interest in the 140,000,000 Shares held by Quantum Global Limited.

(3) Of the 100,000,000 Shares held by Low Si Ren, Kenneth, 90,000,000 are registered in the name of DBS Vickers Securities (Singapore) Pte Ltd

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	302,194,600	17.07
2	OCBC SECURITIES PRIVATE LIMITED	140,773,600	7.95
3	QUANTUM GLOBAL LIMITED	140,000,000	7.91
4	DBS NOMINEES (PRIVATE) LIMITED	128,298,184	7.25
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	96,674,767	5.46
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	91,772,500	5.18
7	PHILLIP SECURITIES PTE LTD	74,989,522	4.24
8	LIM CHEE SAN	54,000,000	3.05
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	49,206,096	2.78
10	SOH WENG KHEONG	26,037,630	1.47
11	HSBC (SINGAPORE) NOMINEES PTE LTD	25,050,000	1.41
12	LOO HUI LIN EMILY	20,000,000	1.13
13	TAN MAY HUA LINDA	19,000,000	1.07
14	TAN LAY THIAM	17,354,100	0.98
15	TONG YOKE CHAN	13,165,707	0.74
16	TAN KENG PENG	13,109,000	0.74
17	LAI PING LIANG DAMIEN IAIN	13,000,000	0.73
18	RAFFLES NOMINEES (PTE.) LIMITED	12,558,200	0.71
19	DB NOMINEES (SINGAPORE) PTE LTD	11,000,000	0.62
20	LOW SI REN, KENNETH (LIU SIREN)	10,000,000	0.56
	TOTAL	**1,258,183,906**	**71.05**

SHAREHOLDING IN THE HANDS OF PUBLIC

Based on the information provided to the Company as at 21 June 2019, approximately 76.95% of the issued ordinary shares of the Company were held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST, which require that at least 10% of the total number issued shares (excluding preference shares and convertible equity securities and treasury shares) in a class that is listed is at all times held by the public.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **ALLIED TECHNOLOGIES LIMITED** will be held at Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162, on 25th July 2019, at 9.00 a.m. for the following purposes of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors, and the Statement of Directors. **(Resolution 1)**

2. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to Regulation 117 of the Company's Constitution:

(i)	Mr Low Si Ren, Kenneth	(refer to explanatory notes (i) and (iv))	**(Resolution 2)**
(ii)	Mr Chin Chee Choon	(refer to explanatory notes (ii) and (iv))	**(Resolution 3)**
(iii)	Mr Leow Wee Kia Clement	(refer to explanatory notes (iii) and (iv))	**(Resolution 4)**

3. To approve the payment of Directors' fees of S$138,411 for the financial year ended 31 December 2018. **(Resolution 5)**

4. To approve payment of Directors' fees of up to S$200,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. **(Resolution 6)**

5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix the Auditors' remuneration. **(Resolution 7)**

6. To transact any other ordinary business that may be properly transacted at the AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolutions.

7. **Authority to allot and issue new shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Directors be and are hereby authorised to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) 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 exchangeable into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total -issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of convertible securities outstanding at the time this authority is given;

(bb) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Company's Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

BY ORDER OF THE BOARD

Kennedy Chen
Company Secretary
Singapore
10 July 2019

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED:

(i) Mr Low Si Ren, Kenneth will, upon re-election as a Director of the Company, remain as Executive Director of the Company.

(ii) Mr Chin Chee Choon will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Chairman of the Board and a member of the Audit Committee, Nominating Committee and Remuneration Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) Mr Leow Wee Kia Clement will, upon re-election as a Director of the Company, remain as Chief Executive Officer and Executive Director of the Company.

(iv) To comply with paragraph 17 of the notice of compliance dated 8 May 2019 which requires that the Board composition remain unchanged prior to the satisfactory resolution of the Special Audit, in the event that any of the retiring directors are not re-elected, the remaining Directors shall exercise their powers under the Constitution to re-appoint the remaining retiring Directors to the Board.

NOTES:

(i) A member of the Company who is entitled to attend and vote at the AGM and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.

(ii) Where a member appoints multiple proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under its Common Seal or the hand of its attorney or its duly authorised officer.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 390 Orchard Road, #15-04 Palais Renaissance, Singapore 238871, not less than 48 hours before the time appointed for holding the above AGM.

(v) A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ALLIED TECHNOLOGIES LIMITED

(Company Registration Number 199004310E)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. Pursuant to Section 181(1C) of the Singapore Companies Act, Cap. 50 (the "**Act**"), relevant intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company ("**CPF/SRS Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS Investors are requested to contact their respective Agent Banks/SRS Operators for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks/SRS Operators as proxies for the Annual General Meeting.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 10 July 2019.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ____________________ (Name) ____________ (*NRIC/Passport/Registration No.)

of ____ (Address)

being a *member/members of ALLIED TECHNOLOGIES LIMITED (the "**Company**"), hereby appoint:

Name	NRIC/Passport/Registration No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport/Registration No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162, on 25th July 2019 at 9.00 a.m. and at any adjournment thereof.

No.	Resolutions relating to:	No. of Votes For	No. of Votes Against
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors, and the Statement of Directors.		
2.	To re-elect Mr Low Si Ren, Kenneth, a Director retiring pursuant to the Company's Constitution.		
3.	To re-elect Mr Chin Chee Choon, a Director retiring pursuant to the Company's Constitution.		
4.	To re-elect Mr Leow Wee Kia Clement, a Director retiring pursuant to the Company's Constitution.		
5.	To approve the payment of Directors' fees of S$138,411 for the financial year ended 31 December 2018.		
6.	To approve payment of Directors' fees of up to S$200,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears.		
7.	To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix the Auditors' remuneration.		
Special Business			
8.	To authorise the Directors to allot and issue shares and convertible securities.		

(Please indicate your vote 'For' or 'Against' with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.)

Dated this ________ day of ______________ 2019

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 390 Orchard Road, #15-04 Palais Renaissance, Singapore 238871, not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Mr Chin Chee Choon

Executive Directors
Mr Leow Wee Kia Clement
Mr Low Si Ren, Kenneth

Independent Directors
Mr Lim Jin Wei
Ms Pok Mee Yau

AUDIT COMMITTEE

Chairman
Mr Lim Jin Wei

Members
Ms Pok Mee Yau
Mr Chin Chee Choon

NOMINATING COMMITTEE

Chairman
Ms Pok Mee Yau

Members
Mr Lim Jin Wei
Mr Chin Chee Choon

REMUNERATION COMMITTEE

Chairman
Mr Lim Jin Wei

Members
Ms Pok Mee Yau
Mr Chin Chee Choon

REGISTERED OFFICE

390 Orchard Road,
#15-04 Palais Renaissance,
Singapore 238871
Phone: 67330350

AUDITORS

Ernst & Young LLP
Chartered Accountants
One Raffles Quay
Level 18, North Tower
Singapore 048583
Partner-in-charge: Ms Ho Shyan Yan
(Since Financial Year 2014)

COMPANY SECRETARIES

Mr Ong Wei Jin
Mr Chen JianHao Kennedy

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place,
#32-01, Singapore Land Tower,
Singapore 048623

PRINCIPAL BANKERS

Alliance Bank
Citibank
CTBC Bank
DBS Bank Limited
OCBC Bank
Standard Chartered Bank

LEGAL COUNSEL

Eversheds Harry Elias LLP
4 Shenton Way,
#17-01, SGX Centre 2
Singapore 068807

SPONSOR

Stamford Corporate Services Pte. Ltd.
10 Collyer Quay,
#27-00 Ocean Financial Centre,
Singapore 049315

ALLIED TECHNOLOGIES LIMITED
Company Registration No. 199004310E

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