

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

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

Reference is made to:

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

Unless otherwise defined, all capitalised terms shall bear the same meanings as ascribed to them in the Previous Announcements.

Further to the Previous Announcements, the Board of Directors (the "**Board**") of the Company and together with its subsidiaries (the "**Group**") would like to draw the attention of shareholders to the following responses that the Company provided in relation to queries raised by the Singapore Exchange Regulation Pte Ltd ("**SGXRegco**") and the Company's sponsor, Stamford Corporate Services Pte Ltd ("**Sponsor**") on the matters raised in the 8 May Announcement and the Previous Announcements:

FLOW OF FUNDS INTO THE ESCROW ACCOUNT

Query 1

We understand that the monies in the escrow account held with JLC ("**Escrow Account**") were an aggregation of proceeds from three transactions. Each of these transactions are set out in Queries 2 – 4 below.

- (a) Leading up to all the questions below, please summarise the major ins and outs of the escrow account in a table (the "**Escrow Account Movement Table**"). Please clarify whether these are extracted from a ledger maintained by the Company, and whether the Company has on a periodic basis checked against statements from JLC (if any) or checked with JLC on accuracy of the ledger.

On or around 23 October 2017, the Company entered into an escrow agreement with JLC (the "**Escrow Agreement**"). Thereafter, on or around 24 October 2017, the then Chief Executive Officer and Group Managing Director of the Company, Mr. Hsu Ching Yuh, wrote to OCBC Securities to instruct OCBC Securities to deposit the 2017 Placement Proceeds (as defined below) into the Escrow Account. The proceeds were deposited on 1 and 3 November 2017.

A summary of the major ins and outs of the Escrow Account since 23 October 2017 is set out as follows:

<u>Date</u>	<u>Particulars</u>	<u>Amount</u>	<u>Balance</u>
1/11/2017	Proceeds from the completion of the 1 st tranche of the proposed placement of up to 675,164,460 new ordinary shares as announced on 24 October 2017	16,719,170.00	16,719,170.00
3/11/2017	Proceeds from the completion of the 2 nd tranche of the proposed placement of up to 675,164,460 new ordinary shares as announced on 31 October 2017	16,677,840.01	33,397,010.01
30/11/2017	Balance proceeds from the disposal of entire equity interest in Allied Machineries (Shanghai) Co., Ltd	12,286,993.00	45,684,003.01
16/01/2018 to 10/04/2018	Due diligence fees and stamp duty in relation to acquisition of Asia Box Office Pte. Ltd. (" ABO ") and business diversification of the Company	(162,762.56)	45,521,240.45
04/04/2018	Payment of consideration for the ABO acquisition	(30,000,000.00)	15,521,240.45
04/04/2018 to 22/01/2019	Four quarterly payments of compensation sum of \$295,812.50 each to Hsu Ching Yuh, the chief executive officer and group managing director of the Company from 12 May 2003 to 29 December 2017	(1,183,250.00)	14,337,990.45
05/04/2018	Balance proceeds from the disposal of entire equity interest in Allied Technologies (Suzhou) Co., Ltd	23,000,000.00	37,337,990.45
05/04/2018 to 01/08/2018	Due diligence fees in relation to 8travelpay Intelligence & Technology (Shanghai) Co., Ltd (" 8TPS ")	(174,503.03)	37,163,487.42
04/07/2018 to 08/08/2018	Due diligence fees and stamp duty in relation to acquisition of Activpass Holdings Pte. Ltd. (" Activpass ")	(210,070.86)	36,953,416.56
12/07/2018	Intercompany loan to ABO	(3,600,000.00)	33,353,416.56
08/10/2018 to 31/12/2018	Transfer to the Company's bank account for working capital	(200,000.00)	33,153,416.56

Each of the withdrawals made above was done pursuant to written notifications made by the Company's authorised signatories at the relevant time under the terms of the Escrow Agreement.

The Company had, on periodic basis, checked the Escrow Account balance maintained by the Company against the Escrow Notices received from JLC, which detailed the incoming and outgoing transactions in relation to the Escrow Account and the Escrow Account balance after each or multiple transactions made around the same time period.

- (b) Please clarify if there were escrow agreements for each of these transactions or if there was any extension in the scope of the original escrow agreement.**

On or around 23 October 2017, the Company's then Board entered into the Escrow Agreement for the purpose of holding the proceeds from the then proposed placement process. This is further elaborated on in our response to query 1(c) below.

Apart from the above stated Escrow Agreement, the Company neither entered into any other escrow agreement with JLC, nor changed the scope of the Escrow Agreement.

- (c) Please also provide clarity on the business rationale for entering into the escrow agreements for the holding of such monies.**

Response: By 31 October 2017, the Company had just completed the placement process from the proposed placement of 675,165,460 shares. The total consideration received from the proposed placement was for the value of up to S\$33,758,223. This was for the purpose of acquiring other businesses to expand the business. Maintaining the funds in an escrow account with a law firm was a measure implemented to provide assurance to the placees that the proceeds from the placement would be utilised for its intended purpose.

During the placement process, the then Management was considering Elitaire Law LLP as the escrow agent to hold the proceeds from the proposed placement since they were also the Company's lawyer handling the then proposed placement exercise. However, as the proceeds from the proposed placement was sizeable, the then Board was of the view that it would be more prudent to engage a sizeable law firm. Hence, Elitaire Law LLP recommended JLC as one of the options to be the escrow agent.

Thereafter, for similar reasons as above, the then Board also decided to place the sums received from the disposal of its then subsidiaries, Allied Machineries (Shanghai) Co., Ltd, and Allied Technologies (Suzhou) Co. Ltd, in the Escrow Account with JLC.

We understand that the then Board had agreed on placing such monies in escrow, and directors' resolutions in writing ("DRIW") for the opening of the escrow account was signed.

- i. Please clarify if the rationale above was communicated to the placees, and when was it done?**

Response: To the best of our knowledge, the then representatives of the Company had verbally communicated the position to the potential placees during the placement period.

- ii. Please clarify whether such reasons were documented in the DRIW dated 21 Sep 2017. Were there any minutes of directors' discussions documenting such reasons?**

Response: The DRIW dated 21 Sept 2017 stated an escrow agent was to be appointed to hold the funds from the placement exercise and also stated it is in the interest of the company to enter into the escrow arrangement. To the best of our knowledge, the DRIW was circulated via email and hence, there were no formal minutes of directors' meetings. However, we understand from the email circulated to the then Board, that the then Board was privy to an escrow arrangement that was proposed.

- iii. **Whom in Elitaire Law recommended JLC Advisors? Did this Elitaire lawyer specifically recommend Jeffrey Ong?**

Response: As stated in our response to query 1(c) above, the Company was looking for a sizeable law firm to act as its escrow agent. Accordingly, sometime in October 2017, Mr Low Yew Shen from Elitaire Law LLP recommended JLC to the Company. Thereafter, based on the material that we have reviewed, a paralegal from Elitaire Law LLP attached Mr Jeffrey Ong's and JLC's profile for the Company's review. However, based on our review of the documents that we have access to at the present time, and to the best of our knowledge, Mr. Low Yew Shen did not explicitly recommend Mr. Jeffrey Ong to any member of the Company at the material time.

- iv. **Who else in JLC Advisors were involved in the opening of the escrow account?**

Response: To the best of our knowledge, Mr. Jeffrey Ong was the only member from JLC whom the Company dealt with at all material times.

- v. **The Escrow Agreement was entered into on 23 Oct 2017, and the appointment of Pok Mee Yau was on 31 Oct 2017. Who introduced her to the Company as an ID? When was the Company first in touch with Pok Mee Yau?**

Response: To the best of our knowledge, the then Board wanted to look for a female board member, preferably with legal knowledge, to join the then Board. The then Board spoke to JLC, and asked for them to recommend suitable candidates. Thereafter, to the best of our knowledge, Mr. Hsu Ching Yuh introduced Ms Pok Mee Yau to the Company, and recommended for her to join the then Board. The Company then followed up with Ms. Pok Mee Yau on her proposed appointment on 30 October 2017.

- vi. **Did the relevant board of directors at that point consider the appropriateness of JLC as escrow agent and Pok Mee Yau as ID given her role as Partner of JLC? If so, where are such considerations documented?**

Response: To the best of our knowledge, the then Board had considered the appropriateness of Ms. Pok Mee Yau as an ID of the board based on her qualifications.

However, the then Board was cognizant of Ms. Pok's then, and current role, as one of the salaried partners at JLC. As the then Board had already finalized JLC's engagement as the escrow agent, and the signatories for the Escrow Agreement had already been decided, Ms Pok's then position as a partner of JLC did not pose any concern to the then Board. In any event, Ms. Pok was not, and was never, one of the signatories for the release of the escrow monies to be placed with JLC.

- (d) **Please provide clarity as to whether approvals from Board / AC / Management were obtained for the entry of the escrow arrangement, and include a summary of the relevant resolutions passed.**

Response: On or around 21 September 2017, the then Board passed a resolution to deposit the money received from the proposed placement of 675,165,460 shares of the Company, amounting to a total consideration of up to S\$33,758,223, in escrow.

To that end, the then Directors resolved that any Director of the Company would be authorised to negotiate and determine the terms of the proposed appointment of the escrow agent, and thereafter authorised to execute, sign and deliver for and on behalf of the Company such appointment of the said escrow agent.

Further, any two Independent Directors (“ID”) of the Company at the material time, being Mr. Lim Jin Wei, Mr Yau Woon Foong, and/or Mr. Shih Chih-Lung were authorised and empowered to, for and on behalf of the Company, maintain, deposit or withdraw from the escrow account for transactions that have been prior approved by way of board resolution.

In passing the said resolution, the then Board had also confirmed that none of the members from the then Board has any interests, direct or indirect, in the proposed placement and the escrow agreement, and that it would be in the best interest of the Company to enter into the escrow arrangement.

- (e) **Since the incorporating of the escrow accounts on 23 Oct 2017, as at every financial reporting juncture (the Company reports unaudited quarterly financial results and full year results and audited full year results), how was the AC comforted of the existence of the cash balances held in escrow by JLC? How often did JLC provide the Company with statements on the transactions and balances of cash held with JLC?**

Response: Jeffrey Ong from JLC had provided to the Company Escrow Notices stating the balance in the escrow account after payment was made after every transaction or after multiple transactions were made during the same period. The emails were copied to the then Board.

Further, as stated above, the Company had, on periodic basis, checked the escrow balance maintained by the Company against the Escrow Notices received from JLC.

Query 2 – The proposed placement

We understand that the Company had, on 21 September 2017, entered into a placement agreement with OCBC Securities for the placement of 675,164,460 new ordinary shares in the capital of the Company to raise gross proceeds of S\$33,758,223. According to the announcement, net proceeds of S\$33,392,000 (after deducting estimated expenses of S\$366,000) were to be raised (the “2017 Placement Proceeds”). We also note from the announcement dated 24 October 2017 that the placement agent had procured subscriptions in two tranches, and had requested for additional time to complete account openings and verification processes for the remaining placees in the second tranche. Please explain the rationale for this transaction structure where subscribers were obtained in two tranches.

Response: To the best of our knowledge, there were delays in completing the placement in one tranche as there were foreign placees and certain documents required from such placees were provided late.

Query 3 – Disposal of entire equity interest in Allied Machineries (Shanghai) Co., Ltd (“AMSH”)

We understand that the Company had previously disposed of its wholly-owned subsidiary, AMSH, in a transaction categorised as a major transaction under Chapter 10 of the Catalist Rules which was therefore subject to Shareholders’ approval. We refer to the Company’s announcement dated 1 December 2017, where the Board announced the receipt by the Company of S\$12,308,792, being the remaining outstanding consideration pursuant to the AMSH SPA.

- (a) **Please provide a recap of the disposal, vendor in question, whether vendor is independent from the Company, total consideration (over how many tranches), and to which bank accounts were the earlier repayments of the consideration paid to? Please also detail the key directors / executive officers in charge of assessing the deal, executing and approving this sale.**

Response: The purchaser was Carapace Daybreak Ltd, whose sole director and shareholder at the material time was Mr Chang Kuo-Yung (“CKY”). CKY was introduced to the Company by Mr Hsu Ching Yuh, a Taiwanese who knows CKY. Mr Hsu Ching Yuh was also the Company’s then Chief Executive Officer and Group Managing Director and then major shareholder. There was no

introductory fee payable to Mr Hsu Ching Yuh and he did not receive any financial benefit (directly or indirectly) from the introduction.

For convenience, we have extracted some of the relevant information from paragraph 5.1 of the circular dated 22 July 2016 in relation to the proposed disposal of AMSH (the “**EGM Circular**”):

Amount (S\$)	Date
999,055	On AMSH Completion Date
1,498,582	6 months from AMSH Completion Date
1,573,511	12 months from AMSH Completion Date
1,612,369	18 months from AMSH Completion Date
1,652,186	24 months from AMSH Completion Date
3,385,975	30 months from AMSH Completion Date

The then Board had announced the completion of, amongst others, the AMSH disposal on 29 November 2016. Accordingly, the AMSH Completion Date set out in the table above refers to the date of 29 November 2016.

The earlier payments (instalments 1 and 2 above) were paid into ATL’s bank account – both USD and SGD.

The then Board collectively assessed the deal, executed and approved this sale.

The following members were on the Board at the material time: Mr Hsu Ching Yuh, Mr Soh Wen Kheong, Mr. Yau Woon Foong, Mr Woo Say Hock, Mr Jake Lam.

The then Group General Manager and then Group Accountant were assisting the then Board in collating information and performing admin matters at the instructions of the then Board.

(b) Include whether shareholders vote was sought, whether any valuation reports were commissioned, any gain / loss on disposal.

Response: No separate valuation was carried out on AMSH as AMSH had been suffering losses in the past few years prior to the disposal.

As such, the considerations were negotiated at arm’s length on a “willing-buyer, willing-seller” basis and had been based on the net asset value of each AMSH and TCSF as at 31 March 2016. The following factors had also been taken into account when determining the considerations: (i) the information provided and exchanged by both parties prior to the execution of the AMSH Agreement and the TCSF Agreement; and (ii) the financial performance, financial position and business prospects of each of TCSF and AMSH. Please refer to paragraph 9 of the EGM Circular for further details.

Under Rule 1006(b) and (c) of the Listing Manual, if the relative figures calculated are more than 20%, the disposal is considered a major transaction under Chapter 10 of the Listing Manual, and it would therefore be subject to the approval of the shareholders. The AMSH disposal was considered as a major transaction. Please refer to paragraph 7.2 of the EGM Circular for further details.

Shareholders vote was sought during the EGM held on 8 August 2016, where the resolutions were duly approved and passed, by way of poll. Please refer to the Company’s announcement dated 8 August 2016 for further details.

The gain on disposal of AMSH is \$1,198,626 as disclosed in Note 5 in the financial statements of the Company's FY2017 annual report. This was derived based on equity consideration of \$9,359,221, and net assets derecognized, at the value of \$7,884,071, and accounting for foreign currency translation recycled to profit or loss upon disposal of subsidiaries, and loss on re-measurement of financial receivables, which amounted to \$276,524.

Query 4 – Disposal of entire equity interest in Allied Technologies (Suzhou) Co., Ltd (“ATSU”)

The Company had, on 20 December 2017 announced the proposed disposal of ATSU, a disclosable transaction under Chapter 10 of the Catalist Rules. On 2 February 2018, the Company had announced the completion of the proposed disposal of ATSU on 31 January 2019 and receipt of S\$2,000,000 as the first instalment of the ATSU equity consideration.

- (a) Please confirm that the S\$2,000,000 was received into the Company's bank account.**

Response: Yes, the amount was deposited into the Company's bank account on 29 Dec 2017.

- (b) Include whether shareholders vote was sought, whether any valuation reports were commissioned, any gain / loss on disposal.**

Response: As the relative figures for the ATSU disposal were more than 5% and did not exceed 50%, the ATSU disposal is considered a Discloseable Transaction under Chapter 10 Rule 1006(a) and (c) of the of the Catalist Rules Listing Manual. Therefore, Shareholders' approval was not required. Please refer to Para 7 in the Company's announcement dated 20 December 2017.

No separate valuation had been carried out on ATSU as ATSU had been suffering losses in the past few years prior to the disposal.

As such, the consideration was negotiated at arm's length on a "willing-buyer, willing-seller" basis after taking into account the financial performance, financial position and business prospects of ATSU. Please refer to Para 3.1.1 in the Company's announcement dated 20 December 2017.

The disposal of ATSU is expected to record a gain of \$178,000 as disclosed in the announcement dated 20 December 2017. Shareholders should note that the Company's auditors, Ernst & Young LLP, are still verifying the actual figure for disclosure in the annual report for FY2018. This figure of S\$178,000 was derived based on equity consideration of \$20,997,000, and net assets derecognized, at the value of \$19,371,000, and accounting for foreign currency translation recycled to profit or loss upon disposal of subsidiaries, and estimated potential tax payable, which amounted to \$1,448,000.

- (c) Please provide a recap of the disposal, vendor in question, whether vendor is independent from the Company, total consideration (over how many tranches), and to which bank accounts were the earlier repayments of the consideration paid to? Please also detail the key directors / executive officers in charge of assessing the deal, executing and approving this sale.**

Response: The purchaser is Madam Hong Siou-Jhu.

She is a businesswoman residing in Taiwan. She is mainly involved in business relating to the manufacturing and sale of electronic components and related products. At the material time, she intended to expand her business into the PRC via acquisition of ATSU.

The Purchaser was introduced to the Company by Mr Hsu Ching Yuh, a Taiwanese who knows the Purchaser. Mr Hsu Ching Yuh was also the Company's previous Chief Executive Officer and Group Managing Director and then substantial shareholder. There was no introductory fee payable

to Mr Hsu Ching Yuh and he did not receive any financial benefit (directly or indirectly) from the introduction. Please refer to the Company's announcement dated 20 Dec 2017.

Details of the receipts of consideration is set out as follows:

1st receipt 29 Dec 2017 – S\$2,000,000 into ATL DBS bank account (SGD)
2nd receipt 5 April 2018 – S\$23,000,000 into Escrow Account.

The then Board collectively assessed the deal, executed and approved this sale.

The then Board members were Mr Hsu Ching Yuh, Mr Soh Weng Kheong, Mr Yau Woon Foong, Mr Lim Jin Wei and Ms Pok Mee Yau.

The then Group General Manager and Group Accountant were assisting the then Board in collating information and performing admin matters at the instructions of the then Board.

FLOW OF FUNDS OUT OF THE ESCROW ACCOUNT

Query 5 – ABO Acquisition

We note from the use of proceeds announcement dated 4 April 2018 that the Company had announced the utilisation of S\$30.1 million on 4 April 2018, being 90% of the 2017 Placement Proceeds, for the acquisition of ABO. We note, however, that the only outflow of funds in relation to the ABO acquisition from the Escrow Account on 4 April 2018 was a cheque of S\$30,000,000 issued to the vendor.

(a) Whose bank account were the funds of S\$30,000,000 paid to?

Response: The Company instructed JLC, via signed Escrow Release Notice from authorized signatories (Mr Lim Jin Wei and Mr Yau Woon Foong), to issue cheque of S\$30,000,000 payable to Platform Internet Capital Pte. Ltd ("**PIC**").

As at 3 April 2018, the sole shareholder and director of PIC was Mr. Lam Yee Kee, who was not related to any of the directors of the Board, controlling shareholders of the Company, or their respective associates.

On 5 June 2018, Klow Ventures Pte Ltd ("**Klow Ventures**"), a company in which Mr. Low Si Ren, Kenneth has a 100% shareholding interest, acquired 100% of the issued and paid-up share capital of PIC from Mr. Lam Yee Kee. Thereafter, Mr. Low Si Ren, Kenneth has been deemed interested in 49% of the issued and paid-up share capital of ABO by virtue of his shareholding in Klow Ventures.

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

(b) Please elaborate on the use by the Company of the remaining S\$0.1 million, when this amount was paid, and whether the amount was paid out of the Escrow Account.

Response: The balance sum of approximately S\$0.1 million was used to pay for various costs incurred in relation to the acquisition of ABO, including professional fees for legal and financial due diligence, valuation and stamp duty.

Query 6 – Payments to Hsu Ching Yuh

We note from the Escrow Account Movement Table that an aggregate of S\$1,183,250 was paid to Mr. Hsu Ching Yuh over the course of 4 instalments on 4 April 2018, 5 July 2018, 8 October 2018, and 22 January 2019. We further note that Mr. Hsu had resigned from the Company with effect from 27 December 2017, and such payments were not disclosed in his cessation announcement, nor were they disclosed in the FY2017 annual report.

- (a) **Please clarify the nature of these payments made to Mr. Hsu and whether there was any agreement entered into by the Company in respect of these payments and, if so, the identity(ies) of the signatory(ies) to such agreement.**

Response: This was a compensation sum pursuant to a termination agreement dated 18 December 2017 between the Company and Mr Hsu. The compensation sum is disclosed in Note 9 and Note 25 in the financial statements of the Company's FY2017 annual report. At that point of time, the only other executive director of the Company was leaving the Group (Mr. Soh Weng Kheong left the Board of Director on 20 December 2017). Hence, the only directors who were available to execute the termination agreement were the IDs (Mr. Lim Jin Wei, Mr. Yau Woon Foong, and Ms. Pok Mee Yau). Mr. Lim Jin Wei signed the termination agreement for and on behalf of the Group.

- (b) **Would these payments constitute directors fees which shareholders' approval should be obtained for? Why or why not?**

Response:

In our opinion, the nature of the question pertains to legal opinion and it would not be appropriate for the company to comment on the same.

In any event, the then Audit Committee took the view that, in consideration that Mr. Hsu had been the Chief Executive Officer and Group Managing Director of the Company since 2003, the termination payments are commensurate with his contributions to the Company. Further, the then Board took the view that the termination fees to be paid to Mr. Hsu ought to be properly classified as fees to be paid for the early termination of Mr. Hsu's services, and ought not be classified as director's fees.

Based on the Group's then practice, only IDs are entitled to director's fees, and Mr. Hsu is not entitled to be paid any director's fees.

Further, at the material time, the Group took the view that the compensation sum to be paid to Mr. Hsu had been recognized on an accrual basis in FY2017 due to its nature that relates to FY2017.

- (c) **Please explain if Board's resolution has been passed or any documentation of discussion relating to approving such termination fees.**

Response:

To the best of our knowledge, somewhere in December 2017, the then Board had discussed and approved Mr. Hsu's termination agreement.

- (d) **Please explain if such payments amounting to S\$1,183,250 are considered material considering (i) total director fees in the year, and (ii) Mr. Hsu's remuneration being in the band of S\$3,000,000 to S\$3,250,000 in FY2017 (85% being benefits in kind and 15% in salary).**

Response:

In our opinion, the nature of the question pertains to legal opinion and it would not be appropriate for the company to comment on the same.

However, we would like to point out that the termination agreement in question was entered into on 18 December 2017, and at that point of time, the Group's then latest NTA (based on Financial Year 2016) was S\$63,573,878.

The total compensation sum agreed to be paid to Mr. Hsu amounted to a total of S\$2,576,500, which was approximately equivalent to 4% of the Group's then latest NTA.

Further, as explained in our response to query 6(b) above, the AC was of the view that the termination payments are commensurate with his contributions to the Company given that Mr. Hsu had been the Chief Executive Officer and Group Managing Director of the Company since 2003.

- (e) How were such payments recorded in the accounting records? Were such payments / payment vouchers approved by the management / Chief Financial Officer / Finance Manager / Board?**

Response:

Initial entry in Dec 2017 accounts:

Debit. Compensation sum (Profit & Loss) – S\$2,366,500

Credit. Accruals (Balance Sheet) – S\$2,366,500

Subsequent entry on each payment:

Debit. Accruals (Balance Sheet) – S\$295,812.50

Credit. Escrow Agreement (Balance Sheet) – S\$295,812.50

Payments were approved by the then Board by way of obtaining the signed notice of release to release payment from escrow account.

- (f) Please summarise the signatories to the notices of release of payments from escrow accounts in respect of these payments.**

Response:

4 April 2018 – Mr Lim Jin Wei and Mr Yau Woon Foong

2 July 2018 – Mr Lim Jin Wei and Mr Yau Woon Foong

8 Oct 2018 – Mr Low Si Ren, Kenneth and Mr Lim Jin Wei

9 Jan 2019 – Mr Low Si Ren, Kenneth and Mr Lim Jin Wei

- (g) Was Mr Hsu still involved in the operational activities / management of the Company or any of its subsidiaries after he has stepped down on 27 December 2017?**

Response: Mr Hsu was not involved in the operational activities / management of the Company or any of its subsidiaries after he has stepped down with effect from 29 December 2017.

Query 7 – Intercompany loan

We note from the Escrow Account Movement Table that an intercompany loan of S\$3.6m was paid on 12 July 2018 to ABO. What is the nature and reason for such loan to be provided? Did ABO make the intended payments (of the loan received) subsequently? Were such payments recorded as a loan receivable in the accounting records of the Company and a loan payable in the accounting records of ABO? Were there a formal loan agreement in place and interest due to the Company?

Response: The then Board of ABO had requested for an intercompany loan of S\$3.6 million as ABO had just completed a major project in Hong Kong (i.e., the Cirque de Soleil's Kooza), and it was the midst of receiving outstanding accounts receivables. Due to working capital requirements for upcoming projects, an intercompany loan was required while the account receivables were fully received.

The amount was recorded as Loan receivable in ATL and loan payable in ABO. To the best of our knowledge, there was no formal loan agreement.

Query 8 – Legal documentation fees for 8TPS

We note from the Escrow Account Movement Table that legal documentation fees of S\$105,745 were paid to JLC on 1 August 2018, in relation to 8TPS. We note from the Company's 16 May 2019 announcement that the 8TPS investment agreement did not lapse but was mutually terminated by the parties on 15 May 2019.

- (a) Subsequent to the announcement on the proposed acquisition of stakes in 8TPS on 18 May 2018, what were the key events that took place leading to a payment of legal documentation fees of S\$105,745 to JLC? What were the stage of discussion with the vendor as at 18 May 2018? What advice or legal documentation did JLC provide?**

Response: JLC was the lead counsel acting for the Company in relation to the drafting and negotiation of the Investment Agreement with 8TPS and all ancillary documents such as MOU and Company announcements. JLC was also the acting as the liaison between PRC counsels led by Huang Hauzen LLP ("**HH 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.

By way of background, as then advised by PRC counsels, as 8TPS was a domestic Chinese company (i.e. wholly-owned by locals), 8TPS would have to be converted into a Sino-Foreign Equity joint venture company in order for the Company to become a shareholder of 8TPS.

As per invoice no. 20187187 issued on 25 July 2018, JLC 's fees for the work done amounted to S\$60,000 (after discount and before GST and disbursements). The invoice also included further sums of S\$14,350 and S\$21,131.35, representing fees incurred by HH LLP.

The then Board was discussing on proposed termination on 19 July 2018.

- (b) Which individuals in JLC were in charge of the legal documentation work?**

Response: Based on information and documents that we were able to review, the counsels in JLC who were in charge of the legal documentation were Ms. Pok Mee Yau and Mr. Jeffrey Ong.

- (c) Who was the counsel from JLC in charge of advising the Company on this transaction? What was Pok Mee Yau's involvement in the 8TPS deal? From the other directors' perspectives, was there a conflict of interest between her role as ID in the Company and as a Partner in JLC?**

Response: As mentioned above, the main counsels involved in advising the Company on the 8TPS deal were Ms. Pok Mee Yau and Mr. Jeffrey Ong (being the supervising partner).

The query as regards whether Ms. Pok Mee Yau's role as an ID, and also acting for the company in the transaction would result in a conflict of interest is a legal question. Hence, it is not appropriate for the company to comment for the time being.

In any event, the then Board (save for Ms. Pok Mee Yau) took the view that since Ms. Pok Mee Yau was acting as the Company's counsel, and would be in any event acting in the best interest of the company in the transaction, the then Board did not consider there to be any issue pertaining to a conflict of interest.

Query 9 – Due diligence

We note that Elitaire Law LLP and Nexia TS Advisory Pte. Ltd. had been engaged to conduct legal due diligence and financial due diligence on ABO respectively. Nexia had also been engaged to conduct financial due diligence on Activpass. In the Company's announcement dated 8 May 2019, para 3.1(e)(i) stated that there exists *"factual error in the valuation report of ABO, which referred to certain contracts having been entered into by ABO in respect of events that are to take place in the future, but were in fact not signed"*. Please explain the nature of the error and in doing so, briefly explain the nature of these contracts and the individuals who handed these contracts to Alternative Advisors Pte Ltd for the valuation.

Response: As part of the valuation exercise performed by Alternative Advisors, Mr Low Si Ren, Kenneth (Consultant of ABO) had furnished information and documents such as contracts, letters of intent and email correspondences with event promoters to Alternative Advisors, the valuers for the ABO acquisition. Both Mr Low Si Ren, Kenneth (Consultant of ABO) and Mr Poh Wee Chiow Roger (the then Executive Director of the Company) were asked to confirm the accuracy and contents of the valuation report prior to finalisation and such confirmations were obtained on 3 April 2018.

On or around 23 April 2019, Alternative Advisors recognized that there were some factual errors in the valuation report of ABO and had suggested to amend the valuation report in relation to the key financials projections assumptions. However, Alternative Advisors also stated that such amendment would have no bearing on its conclusion in terms of the valuation quantum that they had reached as they have taken the view that the valuation of ABO is predominantly based on the business / platform of ABO, and not a valuation of the contracts. Accordingly, Alternative Advisors stated that they would stand by their valuation value of ABO.

Further, Alternative Advisors confirmed that the valuation of ABO was performed without knowledge of the consideration, nor were they provided any expectation in relation to the value of the transaction relating to the then acquisition of ABO.

Query 10 – Signatories to the Escrow Account

We understand that currently, both Mr Low Si Ren, Kenneth and Mr Lim Jin Wei are signatories to the Escrow Account. However, the escrow agreement was entered into on 23 October 2017 and Mr Low Si Ren, Kenneth was only appointed as director of the Company on 27 June 2018.

- (a) Please let us know (i) the individuals who have been authorised signatories to the Escrow Account since its establishment; and (ii) the dates on which there had been changes in the authorised signatories of the Escrow Account.**

Response:

- (i) Pursuant to the Escrow Agreement – Mr Lim Jin Wei, Mr Yau Woon Foong, Mr Shih Chih-Lung
- (ii) Pursuant to the DRIW dated 11th July 2018 – Mr Lim Jin Wei, Mr Poh Wee Chiow Roger, Mr Low Si Ren, Kenneth
- (iii) Pursuant to the DRIW dated 8th Oct 2018 – Mr Lim Jin Wei and Mr Low Si Ren, Kenneth

- (b) **Please confirm whether, in every instance where funds were paid out from the Escrow Account, both authorized signatories (at the respective times) provided authorization to JLC (i.e. can 1 of 2 signatories also authorize a payment)?**

Response: Any instance of funds to be paid out from the Escrow Account requires 2 authorized signatories to provide authorization (via signed Escrow Release Notice) to JLC to effect any payment from Escrow Account.

- (c) **Were there any disbursements from the Escrow Account made via signatures by any other persons other than the *authorized* signatories as provided to JLC?**

Response: As far as we are aware, no disbursements, save for the disbursements allegedly made by Mr. Jeffrey Ong as stated in JLC's letter to the Company dated 22 May 2019, from the Escrow Account were made by any other persons other than those authorised by the Company (via the duly signed Escrow Release Notice signed by 2 authorised signatories).

Query 11 – ABO Monies Held in Trust by JLC

We note from one of the concerns raised by EY, as announced by the Company on 8 May 2019, that ABO also had monies held in trust and/or in escrow with JLC. However, as disclosed in the announcement, there was no formal escrow agreement nor operating mandate between ABO and JLC.

- (a) **Please clarify the date on which ABO monies were placed into JLC's client accounts, and the rationale behind placing monies in escrow with JLC.**

Response: Prior to the acquisition of ABO by ATL, we understand that ABO was, in November 2017, expecting to receive a refund from Wilbros Entertainment Inc, a booking agent. This was in relation to an artist fee refund. However, we understand that at that point of time, ABO had yet to establish a USD denominated bank account to receive the refund in USD. Hence, we understand that ABO then instructed JLC to receive the funds on behalf of ABO.

Most transactions relating to ABO monies held in trust by JLC were done prior to the acquisition of ABO by ATL. Thereafter, we understand that the ABO monies continued to be held in trust by JLC as a matter of convenience. As at 31 December 2018, JLC held a sum of S\$1.1 million on behalf of ABO which consisted of various monies received and payments made by JLC on behalf of ABO. As of 2 April 2019, the ABO monies had been fully returned to ABO.

- (b) **Who from ABO had authorized the (i) cheque payments for disbursements of the funds from ABO to JLC, and (ii) the Payment Vouchers?**

Response: From our records, there was only one payment of US\$500,000 from ABO to JLC on 29 January 2018 done via telegraphic transfer. The payment voucher was signed by the then director of ABO, Mr. Gregory Ang.

The above responses were prepared based on best available information that the Company is able to obtain at the present time. As many of the aforementioned events occurred prior to 2019 after which the Company had undergone certain management changes, and certain information, records and documents in relation 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, had been seized from the premises of the Company and its subsidiaries, the Company may provide further clarification on the responses in the above as and when it is able to.

BY ORDER OF THE BOARD

Leow Wee Kia Clement
Chief Executive Officer and Executive Director
5 June 2019

*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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