

Our Ref: REG/LC/GT/JH/NOC-ATL

23 May 2019

The Board of Directors

Allied Technologies Limited

390 Orchard Road #15-04

Palais Renaissance

Singapore 238871

Dear Sirs,

ALLIED TECHNOLOGIES LIMITED ("ALLIED" OR THE "COMPANY", TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP")

NOTICE OF COMPLIANCE (THE "SECOND NOTICE")

1. Singapore Exchange Regulation ("**SGX RegCo**" or the "**Exchange**") refers to:
 - (a) The Company's SGXNet announcement dated 8 May 2019 (Announcement Reference No: SG190508OTHRVMGL) entitled:
 - A. Grant of extension of time to (I) Hold its Annual General Meeting for the Financial year ended 31 December 2018; (II) Announce its financial results for the first quarter ended 31 March 2019; and (III) Issue its Sustainability Report for the financial year ended 31 December 2018
 - B. Observations raised by Auditors
 - C. Appointment of Special Auditor(the "**8 May 2019 Announcement**");
 - (b) The Company's SGXNet announcement dated 23 May 2019 (Announcement Reference No: SG190523OTHRBZBY) entitled Escrow Monies Deposited with JLC Advisors LLP (the "**23 May 2019 Announcement**"); and
 - (c) The Notice of Compliance issued by SGX RegCo dated 8 May 2019 (Announcement Reference No: SG190508OTHRLP09) entitled Regulatory Actions By SGX (the "**First Notice**").

Background

2. SGX RegCo had in the First Notice directed the following:

- (a) The Company to appoint a suitable independent Special Auditor to look into the Observations raised by the Auditors, Ernst & Young LLP (as detailed in the 8 May 2019 Announcement), subject to clearance by SGX RegCo. The terms of reference and scope of the Special Audit must also be cleared by the Exchange. The Special Auditors will report concurrently to SGX RegCo, the Continuing Sponsor and the Independent Directors (save for Pok Mee Yau) of the Company;
- (b) With the objective of safeguarding the cash and bank balances of the Company, pursuant to Catalist Rule 305(1)(k), the Exchange required the Company to expeditiously procure the release of the funds of the Company amounting to S\$33.4 million ("**Allied Funds**") held with a Singapore law firm, JLC Advisors LLP ("**JLC**"), and to place such 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.

The Independent Directors (except Pok Mee Yau) shall be the authorized signatories to operate the escrow account. Additionally, the Allied Funds, the ABO Funds (as defined in the 8 May 2019 Announcement), and any cash and bank balances in excess of the Group's operational requirements must also be placed in the abovementioned escrow account (collectively, the "**Escrowed Funds**").

In the event the Company needs to draw down from the Escrowed Funds, the Independent Directors (except Pok Mee Yau) will need to justify the need for such drawdown and seek approval from SGX RegCo for the disbursement;

- (c) The Company is required to (a) provide monthly valuation of the Group's cash balances, which includes both the Escrowed Funds and any cash balances held by the Group, and (b) the utilization of cash of the Group, to shareholders and the Exchange via SGXNet announcements; and
- (d) In view of the Special Audit to be commissioned, prior to the satisfactory resolution of the Observations raised by the Auditors, the Company's Board composition shall remain unchanged.

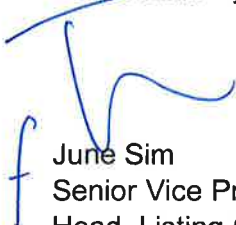
Further developments

- 3. The 23 May 2019 Announcement states amongst others, that the Company has on 22 May 2019 received a letter from JLC stating that the Allied Funds of S\$33.4 million deposited by the Company with JLC have been purportedly paid out from JLC's Clients' Account. While JLC is still investigating this development, JLC has reasons to believe that such funds were paid out on the instructions of its partner, Ong Su Aun Jeffrey ("**Jeffrey Ong**"), and "*might have been unauthorized*".
- 4. The Law Society of Singapore had on 22 May 2019 issued a notice of intervention into the client accounts of JLC pursuant to Section 74 and paragraph 1(1)(a) of the First Schedule to the Legal Profession Act (Cap 161) and requested for law practices having pending matters relating to the client accounts of JLC to write in with: (a) the file reference of the firm; (b) a short description of the matter; (c) the amount of client money said to be held by JLC; and (d) when and to whom the client money is to be paid.

Exchange's Directives

5. In light of these most recent developments and pursuant to Catalist Rule 305(1)(e) and (k), the Exchange directs the Company to require the Special Auditor (to be appointed pursuant to the First Notice) to report **solely to SGX RegCo on the scope and all findings pursuant to the special audit**. The appointment of the said Special Auditor must be finalized by **14 June 2019**.
6. On the scope of the Special Audit, in addition to looking into the Observations raised by the Auditors which include the circumstances surrounding the placing of the Allied Funds with JLC, SGX RegCo also requires the Special Auditor to investigate into the subsequent developments surrounding the Allied Funds held with JLC and the progress in procuring the deposit of the Escrowed Funds as required under the First Notice.
7. For the avoidance of doubt, all other directives in the First Notice remain binding, effective and unchanged.
8. SGX RegCo will make the necessary referrals and work together with the relevant authorities and agencies on this matter.
9. Further, we note that Annica Holdings Limited ("**Annica**") announced on 22 May 2019 that Jeffrey Ong had resigned as the Non-Executive and Independent Director, and acting non-executive Chairman of Annica on 20 May 2019 with immediate effect, citing personal reasons. However, the Continuing Sponsor of Annica has been unable to arrange for an exit interview with him.
10. Taking into consideration the above developments at Allied with regards to the Allied Funds held with JLC, and Jeffrey Ong's departure from Annica, the Exchange will object, pursuant to Catalist Rule 305(1)(d) and (k), to any future appointments of Jeffrey Ong as a director or executive officer of any company listed on the SGX-ST, until the Exchange is satisfied that the above-mentioned matters have been adequately resolved.
11. Please note that this Second Notice is an official notification to the Company with immediate effect.
12. Pursuant to Catalist Rule 305(4), failure to comply with the requirements imposed by the Exchange shall be deemed to be a contravention of the Rules.
13. Please note that compliance with this Second Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and / or Relevant Persons for breaches of the Listing Rules, including any failure to comply with the requirements imposed by the Exchange.

Yours faithfully,

A handwritten signature in blue ink, appearing to be "June Sim", is written over a horizontal line. The signature is fluid and cursive.

June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation