



ALLIED TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)
(Registration Number 199004310E)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Introduction

Allied Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 5 March 2014.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide an update on the financial situation of the Company and the Group for the second quarter ended 30 June 2016 (“**2Q FY2016**”).

Update on Unaudited Financial Performance and Financial Position

In 2Q FY2016 and the first half ended 30 June 2016 respectively, the Group has recorded an unaudited net loss of S\$0.64 million and S\$1.81 million compared to the net loss of S\$1.25 million and S\$1.11 million in 2Q FY2015 and the first half ended 30 June 2015. Losses incurred are mainly attributable to the Company’s foreign subsidiaries which are not performing well and have high production and labour costs.

The Group’s net assets as at 30 June 2016 had decreased by S\$4.85 million to S\$59.05 million as compared to 31 December 2015. The decrease is mainly attributable to the loss incurred by the Group in 2Q FY2016 and adverse translation differences relating to the financial statements of the Group’s foreign subsidiaries.

For more details on the results and financial position of the Group for the period ended 30 June 2016, please refer to our separate announcement released on 11 August 2016.

Update on Future Direction

With continuing uncertainty over the strength and sustainability of the economic recovery of major global economies, the Group expects business conditions to remain challenging.

The Group expects to face more challenges ahead due to the increase in production costs across the region, stiff pricing competition and foreign currency movements. However, the Group will continue to explore all avenues for business opportunities to further improve the financial position of the Group. The Group will also endeavour to improve its production efficiency and reduce its operating costs.

Other Material Developments

On 17 March 2016, the Company received a notification from the SGX-ST that the SGX-ST had granted the Company a 12-month extension until 1 March 2017, to meet the requirements of Listing Rule 1314 for exit from the Watch-List.

On 2 June 2016, the Company had entered into the following agreements:

- (a) a sale and purchase agreement ("**TCSF SPA**") with Carapace Daybreak Ltd. (the "**Purchaser**") as the purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Taicang Shanfeng Hardware Co., Ltd. ("**TCSF**") comprising a registered capital of USD 1,500,000 (the "**TCSF Equity**") on the terms of the TCSF SPA (the "**TCSF Transaction**"); and
- (b) a sale and purchase agreement ("**AMSH SPA**") with the Purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Allied Machineries (Shanghai) Co., Ltd. ("**AMSH**") comprising a registered capital of USD 9,010,000 (the "**AMSH Equity**") on the terms of the AMSH SPA (the "**AMSH Transaction**").

Both TCSF Transaction and AMSH Transaction had been approved by shareholders during the Extraordinary General Meeting held on 8 August 2016.

On 1 July 2016, the Company had announced that the non-binding Memorandum of Understanding entered into with Cairnhill Treasure Investment (S) Pte. Ltd. and Tan Boon Kian on 1 December 2015, in relation to a proposed investment by the Company in Maxz Universal Development Group Private Limited (the "**MOU**") had lapsed and there had been no extension of the term of the MOU.

The Company will update shareholders on any other subsequent material developments and will make such necessary announcements as and when appropriate.

BY ORDER OF THE BOARD

Hsu Ching Yuh @ Sheu Ching Yuh
Chief Executive Officer and Group Managing Director

11 August 2016