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ALLIED TECHNOLOGIES LIMITED

ENHANCING FUTURE DEVELOPMENTS

ANNUAL REPORT 2019

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 (the "Company"), together with its subsidiaries (the "Group"), is a manufacturer of precision stamped metal parts and has, in 2018, diversified into the e-commerce space.

The Group 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, the Group'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 its customers for over a decade, as well as multi-national companies 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 for its metal stamping business, which commenced in 2016 with the 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 also disposed of its Suzhou and Shanghai subsidiaries. These exercises were done with the view to improve the overall financial performance, increase cost efficiency and reduce potential business risk of the Group. Since the completion of disposal of Suzhou and Shanghai subsidiaries, 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 areas, 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 Activpass Holdings Pte. Ltd., in July 2018, marking its first move into the e-commerce, promotion of events and event ticketing industry.

VISION

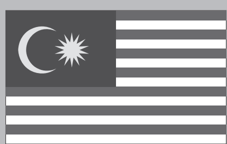
Our vision is to be the leading original design manufacturer and provider of fully integrated manufacturing solutions in the electronics and precision engineering industries, and the leading E-commerce platform in the area of ticketing, class booking, and events management and promoting.

MISSION

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

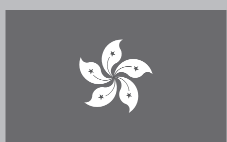
REGIONAL **PRESENCE**


SINGAPORE



MALAYSIA

CHINA



HONG KONG

THAILAND

VIETNAM

ALLIED TECHNOLOGIES LIMITED

LETTER TO SHAREHOLDERS

Notwithstanding the challenging economic climate in FY2019, the Group's Metal Stamping segment recorded an increase of 9.9% in revenue from S$112.09 million for FY2018 to S$123.16 million for FY2019.

Dear Shareholders

FY2019 was a difficult time for the Group as it was faced with numerous challenges in its attempt to consolidate its newly acquired businesses in the e-Commerce, promotion of events and event ticketing industry (the "Diversification").

As noted in our Annual Report 2018, as we were undergoing 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 of (i) Asia Box Office Pte. Ltd. ("ABO") and its subsidiary, Asia Box Office (HK) Limited ("ABO HK") (collectively "ABO Group"), and (ii) Activpass Holdings Pte. Ltd. ("Activpass"). They have also raised queries on certain transactions of the ABO Group. 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 Auditors (the "Special Audit").

Further, the Company was also informed on 23 May 2019 that it may have difficulty recovering the balance of the escrow funds (the "JLC Issue") amounting to approximately S$33.15 million (the "Escrow Funds") that it had placed with JLC Advisors LLP ("JLC") in the period of October 2017 – April 2018. 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. We have also lodged a police report and issued a complaint letter to the Law Society in relation to the JLC Issue. As at 24 February 2020, we note from the media reports that the Managing Director for JLC has since been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the JLC issue. The whereabouts of the Escrow Funds remain unclear to the Company as at the date of this annual report.

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 has since opened the Escrow Account with DBS 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.

On 14 June 2019, Pricewaterhousecoopers Risk Services Pte Ltd was appointed as the Group's special auditor (the "Special Auditor") to conduct the Special Audit. Since then, the Group has been using its best endeavors to work with the Special Auditor and SGX Recgo to resolve the Special Audit, and to address any other concerns highlighted by the Group's Auditor. In the meantime, the Group has also been extending its full cooperation with the authorities in order to obtain a more expedient resolution of, among others, the JLC Issue, and to recover the Escrow Funds. The Group has also strengthened its corporate governance and internal controls even as it is awaiting the resolution of the Special Audit.

In the meantime, the Group is doing its level best to control cost, and to continue to seek new business opportunities for the Group. We note that the worsening business environment is further exacerbated by the recent COVID-19 issue that has particularly affected economics in Asia. For instance, on 16 March 2020, the Federal Government of Malaysia announced that mass movements and gatherings across Malaysia, including religious, sports, social and cultural activities are prohibited (the "MCO"). In enforcing this prohibition, all houses of worship and business premises are required to be closed from 18 March 2020 to 31 March 2020, except for supermarkets, public markets, grocery stores and convenience stores selling everyday necessities. On 25 March 2020, the Federal Government of Malaysia further announced that it would be extending the MCO by two (2) weeks till 14 April 2020 (the "Extended MCO"). In complying with the MCO and the Extended MCO, all operations in Malacca and Johor Bahru from 18 March 2020 until 14 April 2020 were closed. During this period, the offices in both Malacca and Johor Bahru remained contactable, and all business support functions were supported by the Group's offices in Singapore. Given the

LETTER TO SHAREHOLDERS

fluid situation as regards COVID-19, the Company will make further announcements, where suitable, on the impact to the Group's operations in Malaysia, and when they would resume operations in due course. While the Group is still assessing the impact caused by the COVID-19 issue given that the COVID-19 issue is a relatively recent one, the Group Covid-19 pandemic and its effects on the global and domestic economy may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months. In particular, certain supplies for the Group's metal stamping segment comes from China while Malaysia is the site of two (2) of our production plants, and COVID-19 has had a wide impact on business sentiments throughout Asia.

In addition, going forward, we will also continue to look into enhancing the operational 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 FY2019, the Group had shown slight decrease in its revenue as a result of lower revenue recorded from the e-commerce subsidiaries, which was offset by an increase from the precision metal stamping subsidiaries.

The Group recorded revenue of S$123.35 million in FY2019, a decrease of 2% from S$125.92 million reported in FY2018. The largest revenue contributors of the Group were Vietnam subsidiary followed by the Malaysian subsidiaries, representing 57% and 35% of the Group revenue, respectively.

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 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 its report sometime in 2020.

THE BOARD AND MANAGEMENT

In compliance with paragraph 17 of the First Notice, which states, amongst others, that the Board composition should remain unchanged prior to the satisfactory resolution of the audit concerns raised by the Company's Auditor, the Board had re-appointed Mr Leow Wee Kia Clement, Mr Low Si Ren Kenneth, and Mr Chin Chee Choon as directors of the Company after the FY2018 AGM. Pursuant to their re-appointment, Mr Leow Wee Kia Clement remained as Chief Executive Officer and Executive Director, and Mr Low Si Ren Kenneth remained as Executive Director of the Company, while Mr Chin Chee Choon remained as an Independent Director/Independent Non-Executive Chairman, a member of the Audit Committee, Nominating Committee and Remuneration Committee.

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, the COVID-19 issue, and the JLC Issue. Besides streamlining its operations, the Group will be looking to explore other possible avenues for business opportunities. 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. 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 2019 ("FY2019"), the Group had shown slight decrease in its revenue as a result of lower revenue recorded by the e-commerce subsidiaries, which was offset by an increase in revenue generated by the precision metal stamping subsidiaries.

The Group recorded revenue of S$123.35 million in FY2019, a decrease of 2% from S$125.92 million reported in FY2018. The largest revenue contributors of the Group were Vietnam subsidiary followed by the Malaysian subsidiaries, representing 57% and 35% of the Group's revenue, respectively.

Notwithstanding the slight decrease in revenue, the cost of revenue stayed constant at approximately S$114.68 million in FY2019 compared to that of S$114.56 million in FY2018. This was mainly due to changes in material mix for the precision metal stamping segment's new products, which require a higher percentage of raw material used, resulting in higher material cost. Other than the material cost, the increase in cost of revenue was due to higher labour cost, sub-contractor cost and overhead costs incurred during the year.

The higher labour and sub-contractor costs were due to the increase in headcount and manpower to meet the operational needs. The increase in overhead costs arose due to higher depreciation expenses as a result of additions of property, plant and equipment.

Other income had decreased from S$1.68 million in FY2018 to S$0.87 million in FY2019. The decrease was mainly due to the absence of investment return on amount due from the principal of an international sporting event of S$0.20 million for which the Group was not informed of any profits being generated from the event in 2019 and absence of consultancy fee earned of S$0.67 million from the principal of the international sporting event due to the expiry of the consultancy service agreement on 31 December 2018.

SINGAPORE

As a result of an internal restructuring exercise as announced on 9 May 2018, the Company has ceased its operations in the metal stamping business in Singapore 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 Singapore subsidiary.

Hence, the metal stamping segment's total revenue in Singapore had decreased from S$1.89 million in FY2018 to S$1.20 million in FY2019.

VIETNAM

The Group's Vietnam subsidiary recorded a higher revenue of S$70.33 million in FY2019 as compared to S$58.22 million in FY2018. The increase in revenue was attributable to copier assembly projects and its metal stamping division.

MALAYSIA

The revenue of Malaysian subsidiaries of the Group decreased from S$45.31 million in FY2018 to S$42.92 million in FY2019. The decrease was mainly due to lower sales demand from its major customers in copier projects during the year.

THAILAND

Our Thailand subsidiary continues to supply printer and copier parts to Cal-comp, which is producing printers and copiers for Hewlett Packard Group and Konica Minolta respectively. It had reported higher revenue of S$8.71 million in FY2019, as compared to the revenue of S$6.67 million in FY2018, due to more sales orders received from its existing main customers.

E-COMMERCE SEGMENT

For the purpose of segment reporting, ABO Group and Activpass were identified as operating segments. ABO's financial and Activpass' financials were aggregated as the "E-Commerce" reportable segment.

The e-commerce segment reported revenue of S$0.19 million in FY2019 as compared to S$13.83 million in FY2018. The decrease in revenue is mainly due to the fact that ABO Group did not promote and organise any events in FY2019. In FY2019, ABO Group recorded revenue of less than S$0.01 million. It did not record revenue from promotion of events as it was, and still is, facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The promotion of a major event in FY2018 accounted for the bulk of the revenue recorded by the e-commerce segment in FY2018.

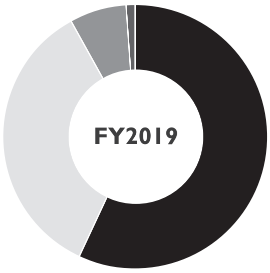
Separately, Activpass recorded revenue of slightly less than S$0.19 million in FY2019 as compared to S$0.32 million in FY2018 respectively. The decrease in revenue resulted from the delay in funding and execution of marketing plans locally and overseas to motivate merchants and users to join its platform in light of the audit matters as announced on 8 May 2019 as Activpass was unable to secure internal and external funding successfully.

For the purposes of ABO segment reporting, taking into account impairment loss, it recorded a loss before tax of S$10.95 million. The loss incurred was mainly due to impairment loss of $6.68 million recognized on goodwill arising from acquisition of ABO Group in April 2018 as the carrying amount exceeded its recoverable amount derived based on value in use calculations, reasons for which are highlighted in the earlier paragraphs.

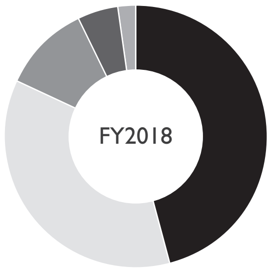
Similarly, for the purposes of Activpass segment reporting, taking into account impairment loss, it recorded a loss before tax of $18.18 million. The loss incurred was mainly due to impairment loss of $17.27 million recognized on goodwill arising from acquisition of Activpass in July 2018 as the carrying amount exceeded its recoverable amount derived based on value in use calculations. This was due to similar reasons for the decrease in revenue, as mentioned in the earlier paragraphs.

FINANCIAL **HIGHLIGHTS**

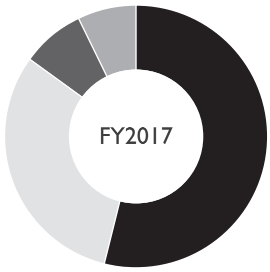
REVENUE BY GEOGRAPHICAL LOCATIONS (CONTINUING OPERATIONS)



Vietnam **57**% Malaysia **35**%
Thailand **7**% Singapore **1%**

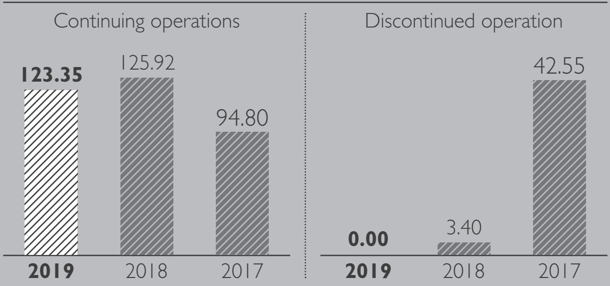


Vietnam **46**% Malaysia **36**%
Hong Kong **11**% Thailand **5**%
Singapore **2%**

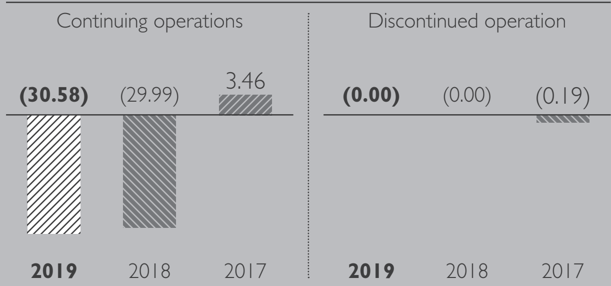


Vietnam **54**% Malaysia **31**%
Thailand **7**% Singapore **8%**

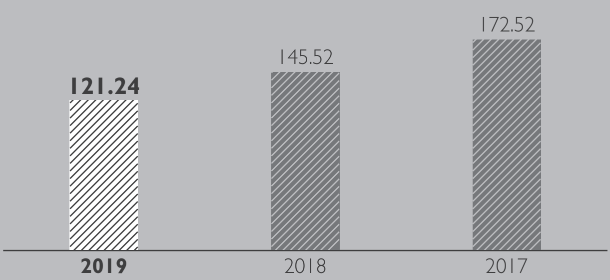
REVENUE ($M)



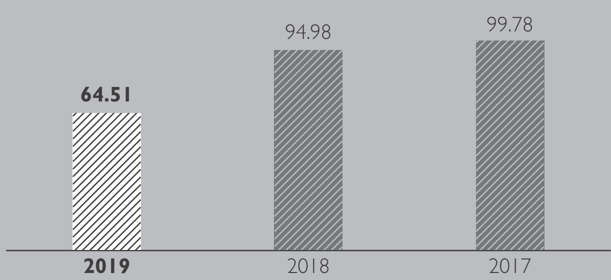
NET PROFIT/(LOSS) ($M)



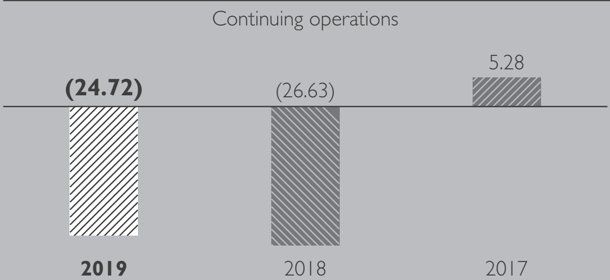
TOTAL ASSETS ($M)

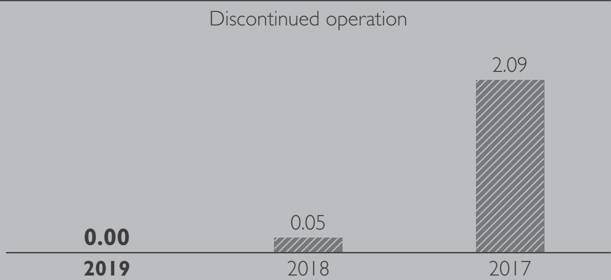


SHAREHOLDERS' EQUITY ($M)



(LBITDA)/EBITDA ($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 does not hold any shares in the Company or any of its subsidiaries.

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.

Kenneth oversees the business development, investment and strategy functions of the Group. He has over 13 years of experience as an entrepreneur, investor, and serves as a director of several private companies.

Kenneth is a substantial shareholder of the Company.

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.

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 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 8 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.

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

Ms Tan joined the Company in 1994 and has been with Allied Technologies for 25 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.

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.

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SUSTAINABILITY REPORT

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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**) and Allied Precision Technologies (M) Sdn Bhd (**APTM**) from 1 January 2019 to 31 December 2019 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.

RESTATEMENTS

The numbers for FY2018 have been restated to reflect the current organisational scope of reporting, excluding Asia Box Office Pte. Ltd. (**ABO**) and Activpass Holdings Pte Ltd. (**Activpass**). In addition, water consumption and environmental impact intensity data for FY2018 has also been restated for accuracy.

SUSTAINABILITY CONTACT

We welcome feedback on our sustainability practices and reporting at sustainability@allied-tech.com.sg.

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY ORGANISATIONAL STRUCTURE

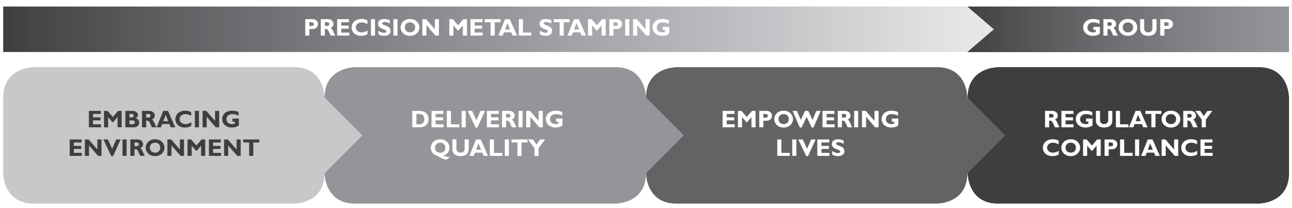
Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much determine our financial performance. We developed a sustainability organisational structure to move things forward:

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

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.	• Strengthen quality of the product • Establish green factory • Ensure business continuity
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

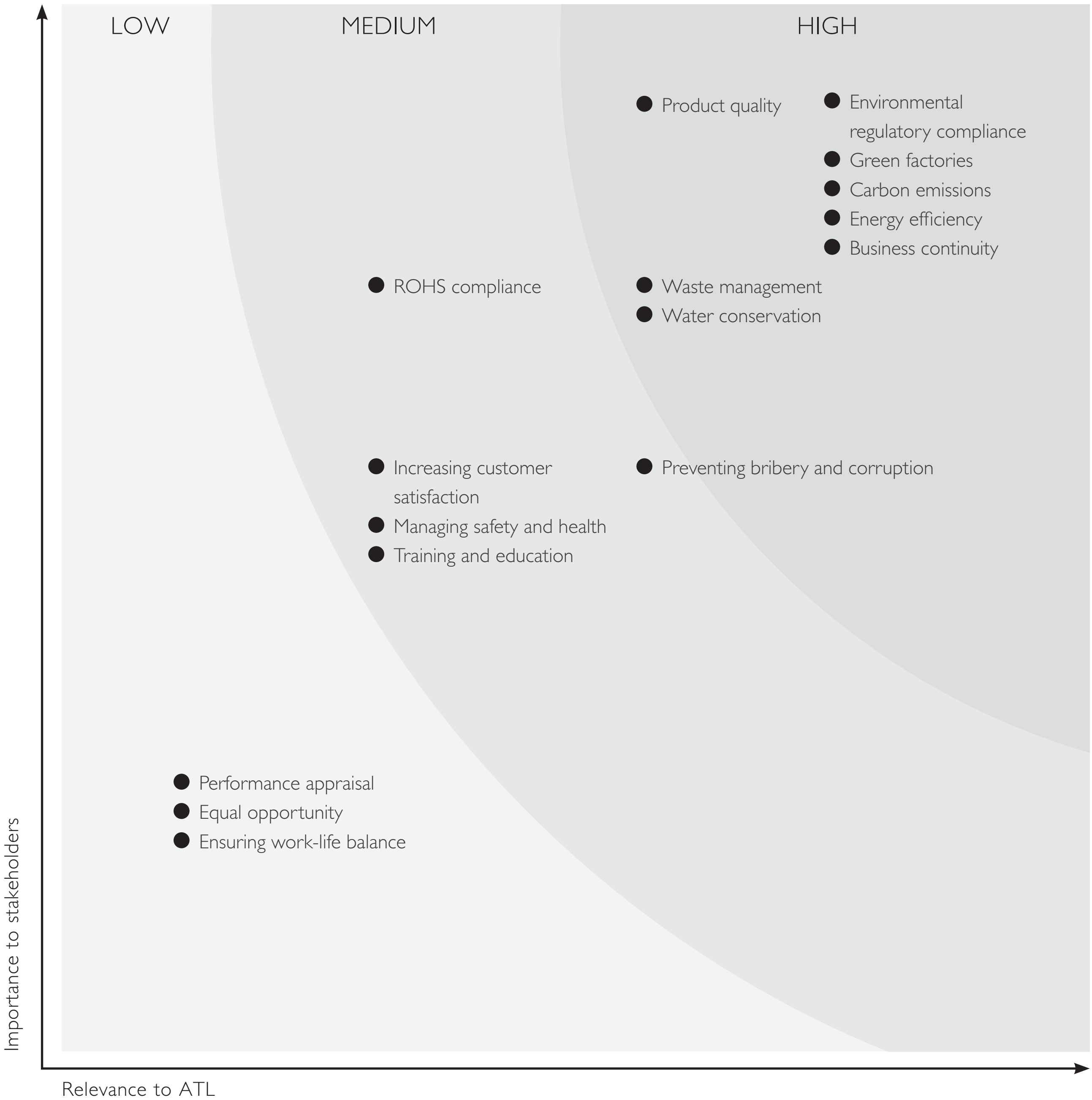
SUSTAINABILITY **REPORT**

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 and APTM, 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/commitment not met
◑	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.

SUSTAINABILITY REPORT

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: ISO14001:2004 certified in April 2019.

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.

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 launch)
Prevention of global warming	CO_2 emissions	5% reduction
	Energy costs	5% reduction
Waste reduction	External discharge quantity	12.5% reduction
	Material / waste costs	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

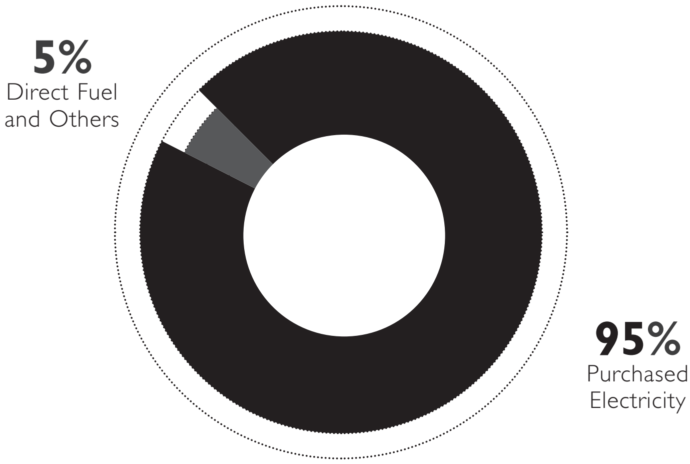
As of May 2017, ATSC is certified to have achieved the Green Supplier Activity Targets. As part of our strategy, ATL has committed that APTM will meet KM's Green Supplier Activity Targets by FY2021.

SUSTAINABILITY **REPORT**

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 FY2019, ATL generated a carbon footprint of 5,518 tonnes of carbon dioxide emission (**tCO_2e**) with a carbon footprint intensity of 44.9 tCO_2e per million dollars of revenue. This 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 carbon footprint.

Using the "control method", we include 100% of the GHG 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)

In FY2019, carbon footprint intensity increased from the previous year as APTM commenced dual shift operations in the current year, contributing to a significant increase in our electricity consumption. Without compromising our operational capacity and efficiency, we will continue to seek ways to improve energy efficiency, not only to help protect the environment but also lower our financial costs.

As such, we have revised our commitment to reduce carbon footprint intensity by 5% by FY2022, from a FY2019 baseline.

SUSTAINABILITY **REPORT**

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.

We have performed the following steps to reduce our energy consumption with the primary goal of reducing our carbon footprint.

(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.

SUSTAINABILITY **REPORT**

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 compared to the previous year as APTM commenced dual shift operations in FY2019. 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 FY2019.
(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 FY2019.
(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.

SUSTAINABILITY REPORT

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.

In FY2019, water consumption intensity decreased from the previous year. During the year, we managed to detect and stem a water leakage problem in ATSC, resulting in a significant reduction in water consumption in China. However, the commencement of dual shift operations in APTM resulted in a significant increase in water consumption in Malaysia.

As such, we have revised our commitment to reduce our water consumption intensity by 5% by FY2022, from a FY2019 baseline.

COMMITMENTS: EMBRACING ENVIRONMENT

Full compliance with environmental laws and regulations	**Achievements** • Achieved zero environmental regulatory compliance incidents in Vietnam and Malaysia	**FY2019 progress** • 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** • ATSC: ISO14001:2004 certified since FY2012. • APTM: ISO14001:2004 certified in April 2019.	**FY2019 progress** • We fully comply with the requirements of ISO14001:2004 (Environmental Management)
Achieve KM's Green Supplier Activity Targets	**Achievements** • ATSC: Achieved KM's Green Supplier Activity Targets since May 2017.	**FY2019 progress** • APTM: On track to achieve KM's Green Supplier Activity Targets by FY2021.
Reduce carbon footprint per million dollars of revenue by 5% (from FY2019 baseline)	**Carbon footprint per million dollars of revenue (tCO_2e)** 2019: 44.9 2018[1]: 37.5 2017: 65.7 2016: 63.6	**FY2019 progress** • Our carbon footprint increased from the previous year as APTM commenced dual shift operations this year. • As such, we have revised our target and baseline to commence in FY2019.
Reduce energy consumption per million dollars of revenue by 5% (from FY2019 baseline)	**Energy consumption per million dollars of revenue (MWh)** 2019: 62.1 2018[1]: 51.3 2017: 86.8 2016: 86.2	**FY2019 progress** • Our energy consumption increased from the previous year as APTM commenced dual shift operations this year. • As such, we have revised our target and baseline to commence in FY2019.
Reduce water consumption per million dollars of revenue by 5% (from FY2019 baseline)	**Water consumption per million dollars of revenue (m^3)** 2019: 348 2018[1]: 531 2017: 1,016 2016: 1,067	**FY2019 progress** • ATSC: Water consumption reduced as we detected and stemmed a water leakage problem this year. • APTM: Water consumption increased as APTM commenced dual shift operations this year. • As such, we have revised our target and baseline to commence in FY2019.

[1] Restated.

SUSTAINABILITY REPORT

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: 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 FY2019, we have conducted 101 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 FY2019, we have conducted 28 supplier audits and 100% of them are assessed to be ROHS compliant.

SUSTAINABILITY REPORT

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 FY2019, we were subjected to seven 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.

BUSINESS CONTINUITY

Due to the rapid development of the coronavirus (COVID-19) situation around the globe, the Group has initiated business continuity planning to protect our staff and mitigate the impact on the Group's business operations. We have put in place the following controls at our Singapore Headquarters and our factories in Malaysia, Vietnam and Thailand as follows:

- Brief employees on good personal hygiene practices as advised by the Ministry of Health.
- Enhanced screening procedures for visitors, including completion of a health screening and declaration form, to let them declare they have travel history to affected areas in the last 14 days and/or contact history with infected persons in the last 14 days.
- Carry out symptom or temperature monitoring of employees daily. Staff are encouraged to wear a mask if they are unwell, and will be advised to go to a designated clinic/ hospital for immediate medical assessment if they are identified to have symptoms of COVID-19 (e.g. fever of 37.5°C and above).
- Hand sanitisers are placed in common areas for staff to use.
- Adopt social distancing measures as mandated by the government and ensure that employees are seated at least 1m apart from each other.
- Where possible, cross-train employees and establish covering arrangements to minimise disruptions.

We will continue to monitor the local situation and will put in place the above practices and any additional controls as required by the local governments (e.g. quarantine measures, stop work orders) where applicable.

In addition, as a business continuity measure, we have been working with customer-appointed suppliers to keep a higher level of inventory as a buffer, and sourcing from alternative suppliers to ensure that we have sufficient raw material to continue production in view of the global repercussions of COVID-19.

SUSTAINABILITY REPORT

COMMITMENTS: DELIVERING QUALITY

Commitment	Achievements	FY2019 progress
Full compliance with ISO9001:2015 (Quality Management Systems)	• ATSC: ISO9001:2008 certified since FY2009 and ISO9001:2015 certified since FY2015. • APTM: ISO9001:2015 certified in Jan 2019.	• Fully compliant with ISO9001:2015 (Quality Management Systems).
Achieve 100% attendance from our staff for quality trainings	• Achieved 100% attendance from staff for quality trainings.	• Conducted 101 staff trainings related to quality matters with 100% attendance from staff.
Achieve 100% ROHS compliance from our suppliers	• Achieved 100% ROHS compliance from our suppliers.	• Conducted 28 supplier audits with 100% of the suppliers assessed to be ROHS compliant.
Achieve 100% "Good" rating from our customer audits	• Achieved 100% "Good" rating from our customer audits.	• Subjected to seven 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

SUSTAINABILITY REPORT

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.

However, in FY2019, APTM had 1 case of serious incident and 9 workplace injuries. This resulted from a fire incident in the factory caused by non-compliance with fire safety practices by a production staff. The fire was contained using fire extinguishers with minimal damages. Subsequent to the incident, we attended to the injured personnel immediately and reinforced the following fire safety practices to all our staff to prevent reoccurrence:

- Replaced the used fire extinguishers and purchased fire blankets for every department.
- Conducted Fire Safety Awareness Training to create safety awareness among production workers.
- Conducted Fire Drill Training to ensure every worker knows how to exit safely as quickly as possible if emergency happens.
- Replaced the current container used to store flammable liquids.
- Prohibited workers from bringing lighters into the production area. Lighters will only allowed at the designated smoking area.

In addition, we have communicated lessons learnt in this incident to all our factories across the Group. As part of our strategy, ATL has committed to achieving zero incidents and workplace injuries in our operations.

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 FY2019, 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 FY2019, 88.4% of our employees are at least subject to an annual performance appraisal by their superiors, comprising 100% from ATSC, and 66% from APTM. As part of our strategy, ATL has committed to achieving 100% annual performance appraisal in due course.

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 FY2019, female employees comprise 42.1% of our entire workforce, with female representation in management at 35.3%.

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. 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.

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

COMMITMENTS: EMPOWERING LIVES

	Achievements	FY2019 progress
Achieve zero incidents and workplace injuries	• ATSC: Achieved zero incidents and workplace injuries, demonstrating our commitment to provide a safe and healthy work environment for all our employees.	• APTM: 1 case of serious incident and 9 workplace injuries resulting from a fire incident in the factory. The fire was contained using fire extinguishers with minimal damages. • Subsequent to the incident, we attended to the injured personnel immediately and also reinforced fire safety practices to all our staff to prevent reoccurrence. • In addition, we have communicated lessons learnt in this incident to all our factories across the Group.
	Achievements	**FY2019 progress**
Achieve 100% annual performance appraisal	• ATSC: Achieved 100% annual performance appraisal.	• APTM: Achieved 66% annual performance appraisal.

SUSTAINABILITY REPORT

REGULATORY COMPLIANCE

OVERVIEW

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business.

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 FY2019, the Group was not in violation of any of the relevant laws and regulations in relation to anti-corruption, bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMITMENTS: REGULATORY COMPLIANCE

	Achievements	FY2019 progress ◉
Full regulatory compliance in relation to anti-corruption, bribery, extortion, fraud and money laundering	• Achieved full regulatory compliance in relation to 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 anti-corruption, bribery, extortion, fraud and money laundering that have a significant impact on the Group.

APPENDIX A: SUSTAINABILITY SCORECARD

ECONOMIC CONTRIBUTION

Performance indicators	Units	FY2016	FY2017	FY2018[1]	FY2019
Payments to government (including all taxes and relevant penalties)	S$'000	508	273	937	557
Proportion of spending on local suppliers	%	27.8%	25.3%	21.3%	29.5%
Proportion of senior management hired from local community	%	44.4%	66.7%	76.5%	100%

[1] Restated.

SUSTAINABILITY REPORT

EMBRACING ENVIRONMENT

Performance indicators	Units	FY2016	FY2017	FY2018[1]	FY2019
Environmental regulatory and compliance incidents	Number	0	0	0	0
Carbon footprint (Electricity)	tCO_2e	2,913	3,215	3,991	5,223
Carbon footprint (Other)	tCO_2e	57	145	209	295
Total carbon footprint	tCO_2e	2,970	3,360	4,200	5,518
Carbon footprint intensity[1]	tCO_2e/S$'m	63.6	65.7	37.5	44.9
Electricity consumption intensity[1]	MWh/S$'m	86.2	86.8	51.3	62.1
Water consumption intensity[1]	m^3/S$'m	1,067	1,016	531	348
Recycled materials (metals)	tonne	7	9	600	941
Recycled materials (pallets)	kg	504	317	11,520	14,400
Recycled materials (papers)	kg	1,112	1,382	84,035	50,400
Reused materials (pallets)	kg	6,250	9,730	35,100	48,900
Reused materials (PE bags)	kg	2,880	2,210	17,000	23,986

DELIVERING QUALITY

Performance indicators	Units	FY2016	FY2017	FY2018	FY2019
Number of quality trainings	Number	4	5	20	101
% of staff attending quality trainings	%	100%	100%	100%	100%
Number of suppliers audits conducted	Number	15	15	20	28
% of ROHS compliant suppliers	%	100%	100%	100%	100%
Number of customer audits conducted	Number	3	3	5	7
% of audit results meeting "Good" rating	%	100%	100%	100%	100%

EMPOWERING LIVES

Performance indicators	Units	FY2016	FY2017	FY2018[1]	FY2019
Serious accidents and workplace injuries	Number	0	0	0	10
Training hours per employee	Hours	13.8	9.0	7.4	8.3
Overtime hours per employee	Hours	180	181	212	398
Proportion of female representation in the workforce	%	54.7%	58.0%	42.6%	42.1%
Proportion of female representation in the management	%	33.3%	22.2%	41.2%	35.3%
Proportion of employees receiving regular performance and career development reviews	%	100%	100%	89.6%	88.4%

REGULATORY COMPLIANCE

Performance indicators	Units	FY2016	FY2017	FY2018	FY2019
Other regulatory and compliance incidents	Number	0	0	0	0

[1] Restated.

SUSTAINABILITY REPORT

APPENDIX B: GRI CONTENT INDEX

GRI STANDARDS CONTENT INDEX

The GRI Content Index references the Allied Technologies Ltd Sustainability Report 2019 (SR), and the Annual Report 2019 (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 77)
	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 (pages 21-23)
	102-10	Significant changes to the organisation and its supply chain	• SR: Delivering quality (pages 21-23)
	102-11	Precautionary Principle or approach	• AR: Corporate governance report (pages 31-58)
	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)
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 31-58)
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 31-58)
Governance	102-18	Governance structure	• AR: Corporate governance report (pages 31-58)
	102-19	Delegating authority	• AR: Corporate governance report (pages 31-58)
	102-20	Executive-level responsibility for economic, environmental, and social topics	• SR: Sustainability organisational structure (page 12)
	102-21	Consulting stakeholders on economic, environmental, and social topics	• SR: Consulting our stakeholders (page 13)
	102-22	Composition of the highest governance body and its committees	• AR: Corporate governance report (pages 31-58)
	102-23	Chair of the highest governance body	• AR: Corporate governance report (pages 31-58)
	102-24	Nominating and selecting the highest governance body	• AR: Corporate governance report (pages 31-58)
	102-25	Conflicts of interest	• AR: Corporate governance report (pages 31-58)
	102-26	Role of highest governance body in setting purpose, values, and strategy	• AR: Corporate governance report (pages 31-58)
	102-27	Collective knowledge of highest governance body	• AR: Corporate governance report (pages 31-58)
	102-28	Evaluating the highest governance body's performance	• AR: Corporate governance report (pages 31-58)
	102-29	Identifying and managing economic, environmental, and social impacts	• SR: Sustainability materiality (page 14)
	102-30	Effectiveness of risk management processes	• AR: Corporate governance report (pages 31-58)
	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 31-58)

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	102-33	Communicating critical concerns	• SR: Sustainability materiality (page 14)
	102-34	Nature and total number of critical concerns	• SR: Sustainability materiality (page 14)
	102-35	Remuneration policies	• AR: Corporate governance report (pages 31-58)
	102-36	Process for determining remuneration	• AR: Corporate governance report (pages 31-58)
	102-37	Stakeholders' involvement in remuneration	• AR: Corporate governance report (pages 31-58)
	102-38	Annual total compensation ratio	• AR: Corporate governance report (pages 31-58)
	102-39	Percentage increase in annual total compensation ratio	• AR: Corporate governance report (pages 31-58)
Stakeholder engagement	102-40	List of stakeholder groups	• SR: Consulting our stakeholders (page 13)
	102-41	Collective bargaining agreements	• Not applicable
	102-42	Identifying and selecting stakeholders	• SR: Consulting our stakeholders (page 13)
	102-43	Approach to stakeholder engagement	• SR: Consulting our stakeholders (page 13)
	102-44	Key topics and concerns raised	• SR: Consulting our stakeholders (page 13)
Reporting practice	102-45	Entities included in the consolidated financial statements	• AR: Financial statements, note 14 (pages 119-128)
	102-46	Defining report content and topic Boundaries	• SR: Sustainability materiality (page 14)
	102-47	List of material topics	• SR: Sustainability materiality (page 14)
	102-48	Restatements of information	• SR: Restatements (page 11)
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• SR: Scope of sustainability report (page 11)
	102-51	Date of most recent report	• SR: Scope of sustainability report (page 11)
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• SR: Sustainability contact (page 11)
	102-54	Claims of reporting in accordance with the GRI Standards	• SR: Scope of sustainability report (page 11)
	102-55	GRI content index	• SR: GRI context index (pages 28-30)
	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 (page 26)
	205-2	Communication and training about anti-corruption policies and procedures	• SR: Regulatory compliance (page 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)

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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 21-23) • 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 23-25)
Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	• SR: Empowering lives (pages 23-25)
	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 23-25) • SR: Sustainability scorecard (pages 26-27)
Training and education	404-1	Average hours of training per year per employee	• SR: Empowering lives (pages 23-25) • SR: Sustainability scorecard (page 26-27)
	404-2	Programs for upgrading employee skills and transition assistance programs	• SR: Empowering lives (pages 23-25)
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR: Empowering lives (pages 23-25) • SR: Sustainability scorecard (pages 26-27)
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• SR: Empowering lives (pages 23-25) • SR: Sustainability scorecard (pages 26-27)
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• SR: Empowering lives (pages 23-25)
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 21-23) • 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 21-23) • 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.

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Allied Technologies Limited (the "**Company**") is committed to continually uphold high standards of corporate governance. The Company recognises the importance of a robust and sound governance framework within the Company and its subsidiaries (the "**Group**") and is committed to maintaining it. Good corporate governance establishes and maintains a legal and ethical environment, which strives to preserve and enhance the interests of all shareholders.

On 6 August 2018, the Code of Corporate Governance 2018 (the "**Code**") was published by the Monetary Authority of Singapore. According to the accompanying Transitional Practice Note 3, the 2018 Code will apply to Annual Reports covering financial years commencing from 1 January 2019. As such, this report outlines the Company's corporate governance framework and practices with specific reference to the Code for the financial year ended 31 December 2019 ("**FY2019**"). The Company is pleased to report that for FY2019, the Group has adhered closely with the core principles of corporate governance laid down by the Code. Where there are any deviations from the provisions of the Code, appropriate explanations have been provided on the reason for such variations.

1. BOARD MATTERS

1.1 THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

As at the date of this report, the Board comprises the following members:

Executive Directors

Mr. Leow Wee Kia Clement	Chief Executive Officer and Director
Mr. Low Si Ren, Kenneth	Director

Non-Executive Directors

Mr. Chin Chee Choon	Chairman and Independent Director
Ms. Pok Mee Yau	Independent Director
Mr. Lim Jin Wei	Independent Director

The Board currently has five (5) Directors, comprising one (1) Chief Executive Officer and Executive Director, 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. In ensuring proper accountability within the Company, the Board is responsible for the long-term success of the Company, holds Management accountable for performance, and exercises close oversight over key areas in corporate governance, finance, strategy, risk management and internal controls.

Apart from its statutory requirements, the Board performs the following principal functions, each of which requires the Board's approval:

(a) sets and directs the long-term vision and strategic direction of the Group;

(b) reviews and approves the corporate policies, strategies, budgets and financial plans of the Company;

(c) monitors financial performance, including approval of the quarterly financial reports of the Company;

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(d) oversees 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;

(e) approves major funding decisions, material interested party transactions and all strategic matters;

(f) reviews the process of evaluating the adequacy of internal controls, risk management and compliance;

(g) identifies the key stakeholder groups and recognise how their perceptions affect the Company's reputation;

(h) sets the Company's value and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and

(i) considers sustainability issues (e.g. environmental and social factors) in the formulation of its strategies.

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 Chief Executive Officer and Executive Director ("**CEO**").

All Directors, as fiduciaries, act objectively in the best interests of the Company, while exercising reasonable diligence in the discharge of the duties of their office. 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 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. These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective terms of reference and/or limits of delegated authority and yet maintain control over major policies and decisions. The effectiveness of each Board Committee is also constantly monitored. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Board meets at least on a quarterly basis and convenes at other times as warranted by particular circumstances to discuss the Group's key activities. Dates of the Board meetings are normally set by the Directors well in advance. In between the scheduled meetings, the Board may have ad-hoc Board meetings and/or informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

Meetings of the Board and Board Committees may be conducted by way of telephone conferencing, if necessary. The Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

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The number of meetings held by the Board and Board Committees and the Directors' attendance for FY2019 are summarized in the table below:

	Board	AC	RC	NC
No. of meetings held	5	5	1	1
Name of Director	**Attendance**			
Lim Jin Wei	5	5*	1*	1
Pok Mee Yau	4	4	1	1*
Low Si Ren, Kenneth	3	4#	1#	1#
Chin Chee Choon(1)	5*	5	1#	1#
Leow Wee Kia Clement(2)	4	4#	–	–

* Chairman
\# By invitation
(1) Mr Chin Chee Choon was appointed as an Independent Director/Independent Non-Executive Chairman on 15 February 2019.
(2) Mr Leow Wee Kia Clement was appointed as Chief Executive Officer and Executive Director on 1 March 2019.

In FY2019, the Group held 1 Annual General Meeting (on 25 July 2019), and 2 Extraordinary General Meeting (on 4 June 2019[1], and on 7 October 2019). The Directors' attendance for such meetings in FY2019 are summarized in the table below:

	AGM	EGM
No. of meetings held	1	2
Name of Director	**Attendance**	
Lim Jin Wei	1	1
Pok Mee Yau	1	0
Low Si Ren, Kenneth	1	2
Chin Chee Choon(1)	1	2
Leow Wee Kia Clement(2)	1	2

The Management and Executive Directors provide the Board with relevant, adequate and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. They update the Board on the business and strategic developments of the Group, and also highlight the salient issues as well as the risk management considerations for the industry the Group is in. The Board is also apprised of any significant developments, receives training or briefings (either in-house or externally by auditors, company secretary, Management and/or other relevant professionals and during Board or ad hoc sessions) on business initiatives, industry developments and changes to laws, regulations and accounting standards.

(1) The EGM held on 4 June 2019 was adjourned in consultation with SGX RegCo, as the Company was of the view that it would be beneficial for the EGM to be convened only after the conclusion of the Special Audit.

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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. 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 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.

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. If a new Executive Director is appointed, the Company will provide a formal letter to the director, setting out the Director's 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 to facilitate better understanding of the Group's operations and projects. 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. First-time Directors who do not have prior experience as a director of a Singapore listed company are provided with comprehensive training. The training will cover the roles and responsibilities of a director of a listed company, which includes relevant areas such as accounting, legal knowledge and compliance.

Newly appointed Directors will be briefed by the relevant members of the Management team on the Group's businesses, the regulatory and commercial environment in which the Group operates and its governance policies. If a new Executive Director is appointed, the Company will provide a formal letter to the director, setting out the Director's duties and obligations. Familiarization visits to the Group's offices will be organised on a need-to basis, where necessary, to facilitate better understanding of the Group's operations and projects.

The Company is responsible for arranging and funding the training of Directors. The Group sponsors relevant courses and seminars for new and existing Directors in issues beyond basic director's duties and liabilities. Our Directors, from time to time, attend appropriate courses, conferences and seminars. The Board encourages the Directors to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates.The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

The Directors have unrestricted access to records and information of the Group, and have separate and independent access to Management, Company Secretaries, and external advisers. The Company Secretary attends all meetings of the Board and Board Committees, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The Directors and the Chairman of the respective Board Committees, whether as a group or individually, have the right to seek and obtain independent professional advice as and when necessary, at the expense of the Company, in furtherance of their duties and responsibilities as Directors.

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1.2 BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently consists of five (5) Directors, compromising two (2) Executive Directors, and three (3) Non-Executive Directors, all of whom are independent. Further, the Chairman of the Board is an Independent Director. Under the Code, non-executive Directors should make up a majority of the Board. As there is a majority of independent and non-executive Directors on the Board, the requirements of the Code are met.

The independence of each Director is reviewed annually by the NC. The criterion for independence is based on the definition given in the Code. The Code defines an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its 5% shareholders or its officers 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 independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code. The three (3) Independent Directors, namely Mr Chin Chee Choon, Mr Lim Jin Wei and Ms Pok Mee Yau, have confirmed their independence and that they do not have any interest in and any business or other relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to, interfere with the exercise of their independent judgment with a view to the best interests of the Group. The NC has also reviewed and is of the view that the three (3) Independent Directors are independent in accordance with the definition of independence in the Code. Any Director who has an interest or relationship which is likely to impact their independence or conflict with a subject under discussion by the Board is required to immediately declare their interest or relationship to the Board. Where the Board requires new Independent Directors to be elected to the Board, the NC will first identify and recommend candidates to the Board, which then takes into account the views of the NC prior to determining whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

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.

The Company currently has no Independent Directors who have served on the Board beyond nine (9) years. The Independent Directors provide oversight on Management performance by constructively challenging and helping to develop proposals on strategy. The Non-Executive Directors and Independent Directors regularly meet without the Management's presence to review the effectiveness and performance of Management in meeting agreed goals and objectives, and feedback is thereafter provided to Management.

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.

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.

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The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge and experience, and other aspects of diversity such as gender, race and age, so as to avoid groupthink and foster constructive debate. The Board is of the view that there is adequate relevant competence on the part of the Directors, who, as a group, carries 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.

Nonetheless, the Board is committed to continuous improvement and therefore, in concurrence with the NC, the Board is of the view that more measures can be considered to ensure appropriate balance and diversity of its members so as to supplement the collective skillsets of the existing Directors and bring different perspectives to the Board. In particular, the Board is working towards the appointment of more ethnically diverse and more female Directors.

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	Date of Appointment	Date of Last Re-election	Current directorships in other listed companies	Past directorships in listed companies (in last three years)
Mr Lim Jin Wei	1 August 2017	30 April 2018	–	• Sincap Group Limited • Epicentre Holdings Limited
Ms Pok Mee Yau	31 October 2017	30 April 2018	–	• ecoWise Holdings Limited • Transcorp Holdings Limited • Imperium Crown Limited • Zhengli Holdings Limited
Mr Low Si Ren, Kenneth	27 June 2018	25 July 2019	–	–
Mr Chin Chee Choon	15 February 2019	25 July 2019	• Versalink Holdings Ltd	• Choo Chiang Holdings Ltd
Mr Leow Wee Kia Clement	1 March 2019	25 July 2019	• MSM International Limited • Ellipsiz Ltd • Overseas Education Limited • Lum Chang Holdings Limited	–

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' Report" section of this Annual Report.

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1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and Chief Executive Officer ("**CEO**") 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.

The Independent Director/Non-Executive Chairman of the Board, Mr Chin Chee Choon (the "**Chairman**"), is assisted by the three Board committees and the Management of the Group to ensure the effectiveness and integrity of the governance process.

The Chief Executive Officer and Executive Director, Mr Leow Wee Kia Clement ("**CEO**"), is responsible for the business and operational decision of the Group.

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.

1.4 BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of 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 three directors, all of whom are independent:

Ms. Pok Mee Yau	Chairman
Mr. Lim Jin Wei	Member
Mr. Chin Chee Choon	Member

The NC is of the view that the independent directors are independent as defined in the 2018 Code and are able to exercise judgment on the corporate affairs of the Group independent of the management.

The NC meets at least once a year and functions under a set of written terms of reference which sets out its responsibilities as follows:

(a) 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;

(b) to determine on an annual basis whether or not a Director is independent;

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(c) 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;

(d) to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years;

(e) 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;

(f) to review the board succession plans for Directors; and

(g) to review the training and professional development programmes for the Board.

There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments. The NC ensures that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In the nomination and selection process of a new Director, the NC will take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board.

Where a vacancy arises under any circumstances, or where it is considered that the Board could benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The NC will evaluate the capabilities of the candidates in the area of academic and professional qualifications, knowledge and experiences in relation to the business of the Group. For new appointment of Director(s), the NC may tap on the Directors' or the Management's personal contacts, networks and recommendations. If candidates shortlisted are not suitable, executive recruitment agencies are appointed to assist in the search process. The NC will then meet with the shortlisted candidates to assess their suitability prior to recommending to the Board for approval.

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC has considered and taken the view that it would not be appropriate to set a limit on the number of listed company directorships that a Director may hold because Directors have different capabilities, the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. In any case, the NC notes that none of the Directors hold more than five (5) listed company directorships. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the NC having reviewed each Director's attendance, participation and contribution is of the view that sufficient time and attention to the affairs of the Company has been given by these Directors and is satisfied that all Directors have discharged their duties adequately for FY2019.

The NC is also responsible for the re-nomination and re-appointment of Directors to the Board, 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. None of the Directors has appointed an alternate director.

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Under the Company's Constitution, all Directors, other than the Managing Director or a Director holding an equivalent position, must submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Regulation 107 of the Company's Constitution requires that one-third of the Directors for the time being, 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**"). In addition, Regulation 117 of the Company's Constitution also provides that new Directors appointed during the year either to fill a casual vacancy or as an addition to the Board are required to submit themselves for re-election at the next AGM of the Company. The following Directors are retiring at the forthcoming AGM in accordance with Regulations 107 and 117:

(a) Mr Leow Wee Kia Clement (per Regulation 117)

(b) Mr Chin Chee Choon (per Regulation 117)

(c) Mr Low Si Ren, Kenneth (per Regulation 117)

Mr Leow Wee Kia Clement, Mr Chin Chee Choon and Mr Low Si Ren, Kenneth, being eligible, have offered themselves for re-election and the NC has recommended their re-election to the Board. Mr Chin Chee Choon, being a member of the NC as at the date of this Annual Report, 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	46	47	32
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.

CORPORATE GOVERNANCE REPORT

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
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 of 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.
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

CORPORATE GOVERNANCE REPORT

Conflict of interests (including any competing business)	No	No	No
Shareholding interest in the listed issuer and its subsidiaries?	No	No	Yes
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 Platform Internet Capital Pte. Ltd., which is wholly-owned by Klow Ventures Pte. Ltd. ("Klow Ventures") . Kenneth Low has a 100% shareholding interest 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 15 Scotts 01 Pte. Ltd. – Director 15 Scotts 02 Pte. Ltd.– Director 15 Scotts 3F Pte. Ltd.– Director Alpeg Investment Pte. Ltd. – Director Kingscrest Investment Pte. Ltd. – Director Pegal Investment Pte. Ltd. – Director Asia Box Office Pte Ltd – Director

CORPORATE GOVERNANCE REPORT

Present	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 Grand Team Technologies Limited – Non Executive Director	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 Scotts Icon 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

CORPORATE GOVERNANCE REPORT

(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
(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.

CORPORATE GOVERNANCE REPORT

(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
(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

CORPORATE GOVERNANCE REPORT

(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 or 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
(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

CORPORATE GOVERNANCE REPORT

(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, 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
>> 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.

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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 Regulation 117 of the Constitution to re-appoint the said retiring directors to the Board. The retiring directors will then hold office under the next AGM and shall be eligible for re-election. This is also to ensure compliance and 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*". The Company has since opened the said Escrow Account with DBS Bank. At present, in view of certain potential 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, were appointed as authorised signatories of the Escrow Account.

1.5 BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Annually, the NC performs an evaluation of the overall effectiveness of the Board, the Board Committees and each individual Director. The evaluation process is undertaken as an internal exercise and involves Board members completing detailed evaluation forms covering areas relating to a number of factors, including the discharge of the Board functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. Feedback on the key areas was also given as part of the evaluation process.

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.

Each Director will assess the Board's performance as a whole and provide the feedback to the NC. A similar evaluation process is also conducted by each member of the Board Committees and the Board Committee members will evaluate the relevant Board Committee and provide feedback to the NC. In reviewing the Board's effectiveness as a whole and the Board Committees, the NC will take into account the feedback from Board and Board Committee members as well as the Director's individual skills and experience. The annual evaluation process facilitates consideration by the Board of its membership, including renewal considerations. The results of the evaluation exercise will be considered by the NC, and a summary report will be compiled, with a view to implementing certain recommendations to further enhance the effectiveness of the Board's oversight of the Group. The contribution of each individual Director to the effectiveness of the Board and Board Committee is assessed individually and reviewed by the NC. In assessing an individual Director's and Board Committee's performance, factors that are to be taken into consideration include attendance at Board meetings and related activities, adequacy of preparing for board meetings, contributions in specialist areas, generation of constructive ideas, and maintenance of independence.

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.

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory for FY2019. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS

2.1 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises three Directors, all of whom are Independent Directors namely:

Mr. Lim Jin Wei	Chairman
Mr. Pok Mee Yau	Member
Mr. Chin Chee Choon	Member

The RC meets at least once a year and functions under a set of written terms of reference which sets out its responsibilities as follows:

(a) to recommend to the Board a framework of remuneration for the Directors and the key management personnel;

(b) 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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

(g) to carry out such other duties as may be agreed to by the RC and the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be reviewed by the RC. The recommendations of the RC would be submitted to the Board for endorsement. Each RC member will abstain from voting on any resolution and making any recommendations in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his/her own remuneration.

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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 RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and management and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants.

The RC has met to consider and review the remuneration packages of the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company. During FY2019, the RC did not require the services of an external remuneration consultant.

2.2 LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel

The remuneration packages for CEO and the other Executive Director take into account the performance of the Group. The remuneration of the CEO includes a fixed salary and a discretionary bonus to be determined by the RC and recommended to the Board. 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 Director. The RC recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors, yet not overcompensate them to the extent that their independence may be compromised.

All 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.

2.3 DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Details of remuneration of Directors

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Executive Director.

The Non-Executive Director receives 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 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.

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The breakdown of remuneration paid to or accrued to each Director for FY2019 is as follows:

Directors	Salary*	Bonus*	Profit sharing	Directors' Fees**	Benefits-in-kind and Others^	Total
S$500,001 to S$750,000						
Mr Leow Wee Kia Clement (Date of appointment: 1 March 2019)	92%	7%	–	–	1%	100%
Up to S$250,000						
Mr Lim Jin Wei	–	–	–	100%	–	100%
Ms Pok Mee Yau	–	–	–	100%	–	100%
Mr Chin Chee Choon (Date of appointment: 15 February 2019)	–	–	–	100%	–	100%
Mr Kenneth Low^	–	–	–	–	–	–

* 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 FY2019.

Details of remuneration of top key management personnel

The Company's staff remuneration policy is based on individual's rank and role, the individual's performance, the Group's performance and industry benchmarking gathered from companies in comparable industries.

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 at least once a year. The Executive Directors do not receive Directors' fees.

The annual aggregate remuneration paid to the top five(5) key management personnel of the Group (who are not Directors or the CEO) for FY2019 is S$1,199,320. The breakdown of remuneration paid to or accrued to each key management personnel for FY2019 is as follows:

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Key Executives	Salary*	Bonus*	Benefits-in-kind and Others	Total
S$250,001 to S$500,000				
Ms Tan Siang Keng	83%	10%	7%	100%
Mr Tung Gee Khim	82%	7%	11%	100%
Ms Ong Lizhen, Daisy (Date of appointment: 1 February 2019)	81%	18%	1%	100%
Up to S$250,000				
Ms Ang Lee Ai	92%	8%	–	100%
Mr Wong Hon Siong Andrew (Date of cessation: 15 January 2019)	100%	–	–	100%

* Salary and bonus are inclusive of CPF

No termination, retirement and post-employment benefits other than payment in lieu of notice in the event of termination were included in the employment contracts of Directors and the top five (5) key management personnel.

3. ACCOUNTABILITY AND AUDIT

3.1 RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance and the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board affirms its overall responsibility for the Group's system of internal controls and risk management. In this regard, the Board:

(a) ensures that Management maintains a sound systems of risk management to safeguard shareholders' interest and the Group's assets;

(b) determines the nature and extend of significant risks that the Board is willing to take in achieving its strategic objective;

(c) determines the Company's levels of risk tolerance and risk policies;

(d) oversees Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational and compliance risk), and ensures that the necessary corrective actions are taken on a timely basis; and

(e) reviews annually the adequacy and effectiveness of the risk management policies and systems, and key internal controls.

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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. First, Allied Technologies Holdings Pte Ltd ("ATH") and its subsidiaries ("ATH Group"), which are in the precision metal stamping segment, and secondly the E-Commerce segment (generally the ABO Group, and Activpass). The Group understands that areas of concern were raised by the Company's Auditors (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. To date, and to the best of the Company's knowledge, the Special Auditor has yet to complete its work on the Special Audit. 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. Notwithstanding the foregoing, the Company has provided its full cooperation during the course of the Special Audit.

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 of the Company, 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 yet to be concluded, 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 CEO and Chief Financial Officer ("**CFO**") 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 commissioned on 14 June 2019 to look into various matters, including those of corporate governance and internal controls, and that the Special Audit has yet to be concluded.

In the meantime, the Board has received assurance from the CEO and CFO for FY2019 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 the reasonably foreseen as it strives to achieve its business objectives.

However, in respect to the E-Commerce segment, the Group will continue to work on improving the internal controls and risk management at the respective subsidiary level given that the Special Auditor has yet to complete its work. The Group will review the findings of the Special Audit and use its best efforts to resolve the areas of concern surrounding the Special Audit. The Group will also take on board any areas for improvement that may be identified by the Special Auditor, and implement suitable improvements once the Special Audit is concluded.

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3.2 AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises three Directors, all of whom are Independent Directors, namely:

Mr. Lim Jin Wei	Chairman
Mr. Pok Mee Yau	Member
Mr. Chin Chee Choon	Member

None of the AC members were former partners or directors of the Company's external auditor within the last two years or hold any financial interest in the external auditor.

Two of the members of the AC including the AC Chairman have recent and relevant experience or expertise in accounting and financial management, and the Board is of the view that the members of the AC are qualified to discharge the AC's responsibilities. The AC assists the Board in discharging its responsibility to safeguard assets, maintain adequate accounting records, and develop and maintain effective system of internal controls, with the overall objective of ensuring that management creates and maintains an effective control environment in the Company. The AC provides a channel of communication between the Board of Directors, the Management and the independent auditors of the Company on matters relating to audit.

The AC carries out its functions in accordance with the Singapore Companies Act, Cap. 50 and the Code under a set of written terms of reference which sets out its responsibilities as follows:

(a) to review the internal and external auditors' audit plans and auditors' reports;

(b) to review the co-operation given by our officers to the internal and external auditors;

(c) 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;

(d) meeting with the internal auditors and external auditors without the presence of the Management at least once a year;

(e) to review the financial statements before submission to the Board;

(f) 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

(g) 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.

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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 five (5) times during the year under review. Details of members' attendance at the meetings are set out on page 33. The CFO and Company Secretary are invited to these meetings. Where appropriate, other members of the senior management, internal auditors and external auditors are also invited to attend as appropriate to present reports.

The AC has met two (2) 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 FY2019.

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, CFO 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 had met with the internal and external auditors, without the presence of the management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors.

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 to EY and its member firms for FY2019 was S$539,000, of which audit fees amounted to S$482,000 (which included additional fees for FY2018 of S$72,000) and non-audit fees amounted to S$57,000. 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 Group is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.

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 report directly to the Chairman of the AC but plan 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 AC is of the view that the internal audit function is independent, effective and adequately resourced.

CORPORATE GOVERNANCE REPORT

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.

Whistle-blowing Policy

To encourage proper work ethics and deter any wrongdoing within the Group, the Group has established a whistle-blowing policy, as approved by the AC and adopted by the Board, for the purpose of providing a channel for the Group's employees and external parties to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will review the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees and external parties. Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistle-blowers.

There were no reported incidents pertaining to whistle-blowing during FY2019 and until the date of this Annual Report.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

4.1 SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matter affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is accountable to shareholders and aims to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects by furnishing timely information and ensuring full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual. The Management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Board is provided with the management accounts of the Group's performance and position on a quarterly basis. The Board has also taken steps to ensure compliance with legislative and regulatory requirements.

In line with continuous disclosure obligations of the Company, pursuant to the Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that shareholders are informed of all major developments that impact the Group regularly and on a timely basis. The Company believes in timely, fair and adequate disclosure of relevant information to the Shareholders and investors so that they will be apprised of the developments that may have a material impact on the price or value of Company's securities. The Company does not practice selective disclosure. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will also be announced or issued within legally prescribed periods.

The annual general meeting ("**AGM**") of the Company is a principal forum for dialogue and interaction with all shareholders. The Board encourages shareholders to attend the Company's general meetings to ensure a greater level of shareholder participation and to meet with the Board and key management staff so as to stay informed on the Group's developments. The Directors regard AGMs as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal.

CORPORATE GOVERNANCE REPORT

Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

All shareholders of the Company receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two (2) proxies to vote on his behalf at the meeting through proxy forms sent in advance. Corporations which provide nominee or custodial services can appoint more than two (2) proxies to allow such shareholders who hold shares through such corporations to attend and participate in general meetings as proxies.

The Company has not amended its Constitution to provide for absentia voting methods. The Company is of the view that voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the internet is not compromised.

The Directors, including the Chairman of each Board and Board Committees will as much as possible present to address shareholders' questions at the annual general meeting. The Board will also engage in dialogue with shareholders at the AGM, to gather views or inputs and address shareholders' concerns.

The Chairpersons of the AC, RC and NC are normally available at shareholders' meetings to answer those questions relating to the work of these Board Committees. The Company's independent auditors will also be present to address queries by shareholders in respect of its audit opinion. To ensure that all the Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will henceforth be conducted by poll. The Chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders on the procedures involved in voting by poll. An announcement of the detailed results of the poll showing the number of votes cast for and against each resolution and the respective percentages will be announced after the general meeting via SGXNET. Having undertaken a cost/benefit analysis, the Company has decided not to employ electronic polling at this juncture.

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.

4.2 ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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, at which the shareholders can access information on the Group.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request.

Results and other material information are released through SGXNet on a timely basis for disseminating to shareholders and the public in accordance with the requirements of the SGX-ST.

Moving forward, the Company will also be releasing minutes of all general meetings on SGXNet, including minutes of the upcoming AGM to be held before 29 June 2020.

CORPORATE GOVERNANCE REPORT

The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Manual. However, in the event that unpublished material information is inadvertently disclosed to any selected person in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET to disclose and/or address such material information.

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At shareholders' meetings, shareholders are given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group. The Company is open to meetings with investors and analysts, and in conducting such meetings, is mindful to ensure fair disclosure.

The Company did not pay any dividends for FY2019. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via the SGXNet.

5. MANAGING STAKEHOLDER RELATIONSHIPS

5.1 ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information is regularly conveyed to the Stakeholders through SGXNet. The Company's website (www.allied-tech.com.sg) is maintained to communicate and engage with stakeholders.

ADDITIONAL INFORMATION

6. 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 2019.

However, the Board would like to draw Shareholders' attention to Note 39(i) from page 145 to page 147 of the financial statements on the current year Related Person Transactions with interested parties.

7. DEALINGS IN SECURITIES

The Company has adopted policies in line with Rule 1204(19) of the Catalist Rules, 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.

CORPORATE GOVERNANCE REPORT

8. MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that there were no material contracts or loans 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.

Details of the transactions (including advances) with related parties are disclosed in Note 39(i) to the financial statements.

9. NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, Stamford Corporate Services Pte Ltd, the Company's current continuing sponsor with effect from 1 January 2019 to 31 December 2019.

10. 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 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 the date of this Annual Report S$ million	Balance of Net Proceeds the date of this Annual Report S$ million
(i) Business expansion through acquisition, 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. As such, no placement proceeds were utilised in FY2019. Further details are disclosed in Note 2.1(b) to the financial statements.

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 2019.

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 2019 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;

(ii) for the reasons explained in Note 2.1(a) to the financial statements, the directors are unable to express an opinion on the financial statements of Asia Box Office Pte. Ltd. and its subsidiary; and

(iii) 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:

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

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.

DIRECTORS' STATEMENT

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**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Low Si Ren, Kenneth	100,000,000	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 Platform Internet Capital Pte. Ltd., which is wholly-owned by Klow Ventures Pte. Ltd. ("Klow Ventures"). Kenneth Low has a 100% shareholding interest 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 2020.

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 2020.

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;

DIRECTORS' STATEMENT

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 five meetings during the year. 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.

7. **UPDATES ON AUDIT ISSUES PURSUANT TO PARAGRAPH 3A OF APPENDIX 7C OF THE CATALIST RULES**

With regard to the disclaimer of opinion issued by the Company's independent auditor in relation to the Group's audited financial statements for FY2019 (the basis of which is set out on pages 64 – 66 of this annual report), the Company wishes to provide an update on the efforts taken to address the basis for the qualified opinion to date. Shareholders are advised to read the audited financial statements accompanying this annual report in conjunction with the updates set out below.

The disclaimer of opinion by the Company's independent auditor arose from the following five (5) issues:

(1) Funds held with JLC Advisors LLP (the "Missing Funds");

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

(3) ABO and its subsidiary;

(4) On-going special audit and investigation; and

(5) Going concern assumption.

DIRECTORS' STATEMENT

7. UPDATES ON AUDIT ISSUES PURSUANT TO PARAGRAPH 3A OF APPENDIX 7C OF THE CATALIST RULES (CONTINUED)

Issues (1) to (4)

In relation to issues (1) to (4) above, the Company has, as announced on 14 June 2019, appointed PricewaterhouseCoopers Risk Services Pte Ltd as the Special Auditor to undertake a special audit to look into, amongst others, the issues pertaining to issues (1) to (5) above. To date, the Special Auditor has yet to complete the special audit. As such, the Company is not in a position to comment on the resolution of these issues at the present time. Notwithstanding the foregoing, the Company has provided its full cooperation during the course of the special audit. The board of directors (the "Board") will review the findings of the special audit and use its best efforts to resolve the outstanding issues surrounding the special audit.

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

On 24 February 2020, the Company noted from the media reports that the managing director for JLC has since been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the escrow funds. However, the whereabouts of the escrow funds remain unclear to the Company as at the date of this report.

As the Company had previously announced on 30 July 2019, the Company had been advised by our legal counsel to await the conclusion of the special audit and/or further information before deciding on what steps to take, and against who, to recover the Missing Funds. This is in the interest of not incurring unnecessary costs. To date, the special audit is still ongoing, and to the best of the Company's knowledge, the investigations by the Commercial Affairs Department is still ongoing, and such investigations may uncover further facts and/or relevant parties that might be culpable, and to which the Company is unaware of at the present time.

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

Issue (5)

In relation to issue (5) above, due to insufficient information and uncertainties surrounding the outcome of matters highlighted in issues (1) to (4) above, the independent auditor is unable to conclude on the appropriateness of the going concern assumption used in the preparation of the financial statements.

Nonetheless, the Board, together with the management of the Company, has assessed and is of the view that the use of the going concern in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate 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 fundraising 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;

DIRECTORS' STATEMENT

7. **UPDATES ON AUDIT ISSUES PURSUANT TO PARAGRAPH 3A OF APPENDIX 7C OF THE CATALIST RULES** (CONTINUED)

(c) The Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out reorganisation and restructuring of the Group as and when appropriate;

(d) Given the positive net tangible assets ("NTA") position of the Group of $64,514,697 (NTA of $31,361,280 without taking into consideration the amount due from a law firm) as at 31 December 2019, 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;

(f) The Group will continue to engage and maintain good relationship with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group despite the ongoing investigations and special audit; and

(g) The COVID-19 global outbreak does not materially impact the demand from customers, our suppliers nor the ability to carry on production in our factories.

The Board confirms that the impact of all outstanding audit issues on the audited financial statements have been adequately disclosed in the audited financial statements.

On behalf of the board of directors,

Chin Chee Choon
Director

Leow Wee Kia Clement
Director

Singapore
9 April 2020

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019, 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 2019, the Company has funds amounting to $33,153,417 receivable from a Singapore law firm, JLC Advisors LLP ("JLC"), held in non-interest bearing trust or escrow account. Despite repeated demands for repayment from the Company, JLC has failed to release the escrow funds to the Company and has been notified by JLC that the funds deposited by the Company with JLC have been purportedly paid out from the escrow account, and that JLC is still investigating. The Company has filed a police report over unauthorised payout of S$33 million from its escrow account.

We were unable to obtain all necessary information and evidence to determine the completeness, existence and recoverability of the Company's funds receivable from JLC as at 31 December 2019, including the related transactions, flow of funds and whether they are appropriately presented and disclosed in the financial statements.

During the financial year ended 31 December 2019, Asia Box Office Pte. Ltd. ("ABO"), a subsidiary of the Company, recovered its funds amounting to $1,093,248 from JLC. Although ABO has recovered its funds from JLC, we were unable to ascertain the legality and legitimacy of the arrangement of ABO funds held in trust by JLC due to absence of a formal agreement, and the related financial statement implications.

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

As disclosed in Note 14(d) to the financial statements, the Group acquired 51% interest in ABO and its subsidiary and 51% interest in Activpass Holdings Pte. Ltd. ("Activpass") in 2018. Goodwill of $55,221,558 was recognised on the acquisitions and management recorded impairment loss of $31,274,000 against the goodwill as at 31 December 2018. During the financial year ended 31 December 2019, further impairment loss of $23,947,558 was recognized to fully impair the remaining goodwill.

Similarly, an impairment charge of $30,542,000 was recorded by the Company against the cost of investment of the related subsidiaries as at 31 December 2018, and an additional impairment charge of $24,658,000 was recorded during the year ended 31 December 2019. The Company also recognised a full impairment loss during the year ended 31 December 2019 on the loans to the subsidiaries as disclosed in Note 14.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Basis for disclaimer of opinion (Continued)

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

We were unable to assess the appropriateness of the fair value of assets and liabilities recorded by the Group as at the acquisition date, recognition of the resulting goodwill and the impairment charges in the current and previous financial year due to lack of information available to us. Accordingly, we were unable to determine the appropriateness of the impairment losses recognised by the Company and Group during the year ended 31 December 2019 and whether any adjustment is necessary.

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 unfavorable outcome on the accounting for the investment in Activpass or any consequential effect arising from the outcome of EGM.

(c) ABO and its subsidiary

As disclosed in Note 2.1(a), the management of ABO initiated a reconstruction exercise of ABO and its subsidiary's current and previous year financial statements. As at the date of this report, the reconstruction exercise has not been completed and management financial statements of ABO have been used for the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2019. As a result, we are unable to determine the appropriateness of form and content of ABO's financial statement included in the consolidated financial statements of the Group for the year ended 31 December 2019.

Additionally, the following movements as disclosed in Notes 16 and 25 were observed in respect of matters noted in the previous year:

(i) A full impairment allowance of $1,500,000 was recorded during the current financial against the remaining uncollected amount of an original $1,700,000 deposit placed with an event financier purportedly for a potential concert during the financial year ended 31 December 2018;

(ii) The full amount of interest-free loan of $350,000 loaned in 2018 to the same event financier mentioned in (c)(i) above was returned to ABO during the current financial year;

(iii) A full impairment allowance of $2,181,119 was recorded during the current financial year against a deposit remitted by ABO in January 2018, which we understood was for an international sporting event, to a company purportedly related to the principal of the sporting event; and

(iv) ABO made repayments to reduce the net amount payable to an entity owned by an Executive Director from $940,578 as at 31 December 2018 to $249,113 as at 31 December 2019.

As we were unable to ascertain the nature and completeness of these transactions in the previous year, we were unable to determine if these amounts were properly presented and disclosed in the financial statements. Consequently, we were unable to determine the appropriateness of the impairment losses being recognised during the current financial year. Additionally, we were unable to assess whether these transactions breached any applicable laws and regulations and could cause other consequential impact to the financial statements.

The outcome of the reconstruction exercise could result in other amounts reported in the Group's financial statements to be materially different from those currently presented.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Basis for disclaimer of opinion (Continued)

(d) On-going special audit and investigation

As disclosed in Note 45 to the financial statements, 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 disclosure or other consequential effect in respect of current and prior years' financial statements.

(e) Going concern assumption

The Group and the Company incurred a net loss of $30,577,755 and $31,479,670 for the financial year ended 31 December 2019. The directors have prepared these financial statements on a going concern basis based on the assumptions disclosed in Note 2.1(b) to the financial statements.

However, due to insufficient information available to us and the uncertainties surrounding the outcome of matters highlighted in (a) to (d) 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.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 Philip Ng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
9 April 2020

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In Singapore dollars)

	Note	2019 $	2018 $
Continuing operations			
Revenue	5	**123,351,019**	125,918,856
Cost of revenue		**(114,684,861)**	(114,564,547)
Gross profit		**8,666,158**	11,354,309
Other income	6	**866,030**	1,681,476
Marketing and distribution costs		**–**	(381,423)
General and administrative expenses		**(38,706,831)**	(42,123,628)
Finance costs	7	**(1,099,045)**	(255,478)
Loss before tax from continuing operations	8	**(30,273,688)**	(29,724,744)
Income tax expense	9	**(304,067)**	(269,940)
Loss from continuing operations, net of tax		**(30,577,755)**	(29,994,684)
Discontinued operation			
Loss from discontinued operation, net of tax	10	**–**	(1,140)
Loss for the financial year		**(30,577,755)**	(29,995,824)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		**(28,075,792)**	(29,697,737)
Loss from discontinued operation, net of tax		**–**	(1,140)
Loss for the financial year attributable to owners of the Company		**(28,075,792)**	(29,698,877)
Non-controlling interests			
Loss from continuing operations, net of tax	14(b)	**(2,501,963)**	(296,947)
Loss from discontinued operation, net of tax		**–**	–
Loss for the financial year attributable to non-controlling interests		**(2,501,963)**	(296,947)
Loss per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	35	**(1.59)**	(1.90)
Loss per share (cents per share)			
Basic and diluted	35	**(1.59)**	(1.90)

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 2019

(In Singapore dollars)

	2019 $	2018 $
Loss for the financial year	**(30,577,755)**	(29,995,824)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net fair value gain/(loss) on equity instrument at fair value through other comprehensive income	**110,000**	(245,263)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation of foreign subsidiaries	**130,523**	419,202
Foreign currency translation recycled to profit or loss upon disposal and liquidation of subsidiaries	**–**	12,119
Total comprehensive income for the financial year	**(30,337,232)**	(29,809,766)
Attributable to:		
Owners of the Company	**(27,835,826)**	(29,538,683)
Non-controlling interests	**(2,501,406)**	(271,083)
Total comprehensive income for the financial year	**(30,337,232)**	(29,809,766)
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations	**(27,835,826)**	(29,823,788)
Total comprehensive income from discontinued operation	**–**	285,105
Total comprehensive income for the financial year attributable to owners of the Company	**(27,835,826)**	(29,538,683)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2019

(In Singapore dollars)

	Note	Group		Company	
		2019	2018	2019	2018
		$	$	$	$
Non-current assets					
Intangible assets	11	**–**	24,080,316	**–**	–
Property, plant and equipment	12	**27,257,152**	24,084,186	**6,447**	–
Right-of-use assets	24	**5,337,047**	–	**–**	–
Investment in joint venture	13	**–**	–	**–**	–
Investment in subsidiaries	14	**–**	–	**30,925,175**	53,083,175
Loan receivables from subsidiaries	14	**–**	–	**–**	7,325,600
Deferred tax assets	29	**–**	–	**–**	–
Other investments	15	**2,070,000**	1,960,000	**–**	–
Prepayments	17	**–**	2,056,033	**–**	–
		34,664,199	52,180,535	**30,931,622**	60,408,775
Current assets					
Inventories	18	**15,882,805**	15,052,918	**–**	–
Amount due from joint venture	19	**–**	–	**–**	–
Amount due from subsidiaries	20	**–**	–	**–**	–
Trade debtors	21	**25,948,539**	21,296,866	**–**	190
Other debtors	16	**1,441,726**	6,371,424	**42,733**	11,273
Contract assets	5	**1,186,174**	1,499,705	**–**	–
Prepayments and advances to suppliers		**283,350**	601,451	**15,353**	8,117
Fixed deposits	22	**2,731,422**	4,956,540	**–**	–
Cash and bank balances	22	**5,945,777**	9,015,575	**112,919**	126,900
Amount due from a law firm	22	**33,153,417**	34,542,477	**33,153,417**	33,449,229
		86,573,210	93,336,956	**33,324,422**	33,595,709
Current liabilities					
Amount due to a subsidiary	20	**–**	–	**–**	138,644
Loan payable to a subsidiary	20	**–**	–	**750,000**	–
Trade creditors	23	**30,861,023**	29,046,349	**–**	–
Contract liabilities	5	**490,073**	826,808	**–**	–
Lease liabilities	24	**779,741**	–	**–**	–
Other creditors and accruals	25	**7,114,326**	8,068,905	**1,834,406**	418,720
Amount due to a former director	26	**1,183,251**	1,479,063	**1,183,251**	1,479,063
Amount due to a non-controlling shareholder of a subsidiary	27	**411,570**	238,324	**–**	–
Income tax payable		**164,998**	191,750	**–**	–
Loans and borrowings	28	**4,428,000**	3,822,524	**–**	–
		45,432,982	43,673,723	**3,767,657**	2,036,427

BALANCE SHEETS

AS AT 31 DECEMBER 2019

(In Singapore dollars)

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Net current assets		**41,140,228**	49,663,233	**29,556,765**	31,559,282
Non-current liabilities					
Other creditors and accruals	25	**61,498**	–	**–**	–
Lease liabilities	24	**5,014,180**	–	**–**	–
Loans and borrowings	28	**6,200,052**	6,839,648	**–**	–
Deferred tax liabilities	29	**14,000**	28,569	**–**	–
		11,289,730	6,868,217	**–**	–
Net assets		**64,514,697**	94,975,551	**60,488,387**	91,968,057
Equity attributable to owners of the Company					
Share capital	30	**115,898,594**	115,898,594	**115,898,594**	115,898,594
Foreign currency translation reserve	31	**1,115,938**	985,972	**–**	–
Statutory reserve fund	32	**230,760**	131,075	**–**	–
Other reserves	33	**188,948**	188,948	**188,948**	188,948
Fair value adjustment reserve	34	**(135,263)**	(245,263)	**–**	–
Accumulated losses		**(49,990,052)**	(21,691,981)	**(55,599,155)**	(24,119,485)
		67,308,925	95,267,345	**60,488,387**	91,968,057
Non-controlling interests	14(b)	**(2,794,228)**	(291,794)	**–**	–
		64,514,697	94,975,551	**60,488,387**	91,968,057

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 2019

(In Singapore dollars)

2019 Group	Note	Ordinary shares $	Foreign currency translation reserve $	Statutory reserve fund $	Other reserves $	Fair value adjustment reserve $	Accumulated losses $	Total equity attributable to owners of the Company $	Non-controlling interests $	Total equity $
Opening balance at 1 January 2019		115,898,594	985,972	131,075	188,948	(245,263)	(21,691,981)	95,267,345	(291,794)	94,975,551
Effects of adopting SFRS(I) 16 *Leases*	2.2	–	–	–	–	–	(122,594)	(122,594)	(1,028)	(123,622)
Opening balance at 1 January 2019 (adjusted)		115,898,594	985,972	131,075	188,948	(245,263)	(21,814,575)	95,144,751	(292,822)	94,851,929
Loss for the financial year		–	–	–	–	–	(28,075,792)	(28,075,792)	(2,501,963)	(30,577,755)
Other comprehensive income:										
Net fair value gain on equity instruments at fair value through other comprehensive income		–	–	–	–	110,000	–	110,000	–	110,000
Foreign currency translation		–	129,966	–	–	–	–	129,966	557	130,523
Total comprehensive income for the financial year		–	129,966	–	–	110,000	(28,075,792)	(27,835,826)	(2,501,406)	(30,337,232)
Transfer to statutory reserve fund		–	–	99,685	–	–	(99,685)	–	–	–
Closing balance at 31 December 2019		115,898,594	1,115,938	230,760	188,948	(135,263)	(49,990,052)	67,308,925	(2,794,228)	64,514,697

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(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)		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		–	(291,386)	–	–	–	1,938,234	(1,646,848)	–	–	–
Contributions by and distribution to owners:											
Issuance of ordinary shares	30	25,200,000	–	–	–	–	–	–	25,200,000	–	25,200,000
Share issuance expense	30	(39,200)	–	–	–	–	–	–	(39,200)	–	(39,200)
Dividends on ordinary shares	43	–	–	–	–	–	(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 2019

(In Singapore dollars)

2019 Company	**Note**	**Ordinary shares $**	**Other reserves $**	**Accumulated losses $**	**Total equity attributable to owners of the Company $**
Opening balance at 1 January 2019		**115,898,594**	**188,948**	**(24,119,485)**	**91,968,057**
Effects of adopting SFRS(I) 16 *Leases*		**–**	**–**	**–**	**–**
Opening balance at 1 January 2019 (adjusted)		**115,898,594**	**188,948**	**(24,119,485)**	**91,968,057**
Loss for the financial year		**–**	**–**	**(31,479,670)**	**(31,479,670)**
Total comprehensive income for the financial year		**–**	**–**	**(31,479,670)**	**(31,479,670)**
Closing balance at 31 December 2019		**115,898,594**	**188,948**	**(55,599,155)**	**60,488,387**

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	43	–	–	(135,033)	(135,033)
Issuance of ordinary shares	30	25,200,000	–	–	25,200,000
Share issuance expense	30	(39,200)	–	–	(39,200)
Closing balance at 31 December 2018		115,898,594	188,948	(24,119,485)	91,968,057

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 2019

(In Singapore dollars)

	Note	2019 $	2018 $
Cash flows from operating activities:			
Loss before tax from continuing operations		**(30,273,688)**	(29,724,744)
Profit before tax from discontinued operation	A	**–**	1,658,285
Loss before tax, total		**(30,273,688)**	(28,066,459)
Adjustments for:			
(Gain)/loss on disposal of property, plant and equipment		**(97,723)**	2,242
Gain on disposal of intangible assets	6	**–**	(30,025)
Depreciation of property, plant and equipment	12	**3,401,879**	2,268,695
Depreciation of right-of-use assets	24	**1,011,651**	–
Amortisation of intangible assets	11	**42,354**	566,801
Impairment loss on goodwill	11	**23,947,558**	31,274,000
Impairment loss on other intangible assets	11	**90,404**	–
Impairment loss on property, plant and equipment	12	**191,284**	–
Impairment loss on right-of-use assets	24	**232,184**	–
Impairment loss on other debtors	16	**3,850,872**	1,175
Loss on disposal of a subsidiary	10	**–**	256,016
Amortisation of deferred interest income	6	**–**	(18,836)
Amortisation of deferred compensation income	6	**–**	(40,439)
Interest income from bank deposits	6	**(129,007)**	(95,195)
Interest income from deposit for a concert	6	**(100,000)**	–
Investment return on amount due from the principal of an international sporting event	6	**–**	(201,861)
Interest expense	7	**854,426**	304,884
Interest expense of lease liability		**244,619**	–
Dividend income from other investments	6	**(220,295)**	(195,331)
Exchange differences		**15,810**	(38,303)
Operating cash flows before changes in working capital		**3,062,328**	5,987,364
Increase in inventories		**(964,809)**	(4,717,417)
(Increase)/decrease in trade debtors, contract assets, other debtors and prepayments		**(2,788,796)**	3,743,991
Increase/(decrease) in trade creditors, contract liabilities and other creditors and accruals		**1,077,449**	(4,177,529)
Payment to a former director in relation to termination of service agreement	C	**(295,812)**	(1,257,437)
Cash flows generated from/(used in) operations		**90,360**	(421,028)
Interest paid		**(854,426)**	(304,884)
Interest paid for lease liability		**(244,619)**	–
Interest received		**129,007**	95,195
Tax paid		**(343,838)**	(302,681)
Net cash flows used in from operating activities		**(1,233,516)**	(933,398)
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		**731,205**	788,972
Proceeds from disposal of intangible assets		**–**	152,606
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)
Purchase of property, plant and equipment	B	**(5,486,212)**	(6,347,342)
Prepayment for purchase of land		**–**	(2,084,932)
Dividend received from other investments	15	**220,295**	195,331
Receipt of investment return on amount due from the principal of an international sporting event	6	**–**	201,861
Net cash used in investing activities		**(4,534,712)**	(42,883,996)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(In Singapore dollars)

	Note	2019 $	2018 $
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares (net of transaction costs)	30	**–**	25,160,800
Dividend paid on ordinary shares	43	**–**	(135,033)
Net decrease of hire purchase creditors		**–**	(3,723)
Payment of principal portion of lease liabilities	24	**(816,286)**	–
Drawdown of loans and borrowings	28	**20,723,378**	19,236,283
Repayment of loans and borrowings	28	**(20,716,160)**	(13,663,582)
Decrease/(increase) in fixed deposits		**2,205,745**	(3,221,100)
Increase in amount due to non-controlling shareholder of a subsidiary		**173,246**	292,019
Net cash flows generated from financing activities		**1,569,923**	27,665,664
Net decrease in cash and bank balances		**(4,188,305)**	(16,151,730)
Cash and cash equivalents at beginning of financial year		**9,015,575**	59,618,106
Pending recovery of funds from JLC Advisors LLP	C	**–**	(34,542,477)
Funds returned from JLC Advisors LLP	C	**1,093,248**	–
Effects of exchange rates on opening cash and cash equivalents		**25,259**	91,676
Cash and cash equivalents at end of financial year	22	**5,945,777**	9,015,575

Note A:

	2019 $	2018 $
Profit before tax from discontinued operation	**–**	1,658,285
Capital gains tax paid included in cash flow from investing activities	**–**	(1,659,425)
Loss from discontinued operation, net of tax	**–**	(1,140)

Note B:

	2019 $	2018 $
Additions of property, plant and equipment (Note 12)	**7,539,225**	6,330,667
Add: Additions attributable to Allied Technologies (Suzhou) Co., Ltd.	**–**	16,675
Less: Prepayment made in 2018 (Note 17)	**(2,056,033)**	–
Add: Currency realignment	**3,020**	–
Cash outflow on purchase of property, plant and equipment	**5,486,212**	6,347,342

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 financial years ended 31 December 2017 and 31 December 2018 (Note 10) and are non-interest bearing. On 9 January 2019, the Company authorised JLC to make payment of $295,812 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 $1,093,248. Consequently, the remaining balance held in escrow by JLC is $33,153,417 ("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 $33,153,417 (2018: $34,542,477) and $33,153,417 (2018: $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 2019

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 3 Temasek Avenue, Level 34, Centennial Tower, Singapore 039190.

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)). The management of ABO initiated a reconstruction exercise of ABO and its subsidiary's current and previous year financial statements. As at the date of this report, the reconstruction exercise has not been completed due to absence of certain documents and the inability to identify the underlying reasons behind certain transactions. Hence, the management financial statements of ABO have been used for the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2019. In view of the foregoing, the board of directors is unable to determine whether the financial statements of ABO were appropriately presented and disclosed in the financial statements for the financial year ended 31 December 2019. In view of the foregoing, the board of directors is unable to determine whether the financial statements of ABO were appropriately presented and disclosed in the financial statements for the financial year ended 31 December 2019.

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 $30,577,755 and $31,479,670 (2018: net losses of $29,995,824 and $32,074,072) during the financial year ended 31 December 2019 respectively and as at that date, the Group's and the Company's current and total assets exceeded its current and total liabilities by $41,140,228 and $29,556,765 (2018: $49,663,233 and $31,559,282) and $64,514,697 and $60,488,387 (2018: $94,975,551 and $91,968,057) 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. on November 2017 and Allied Technologies (Suzhou) Co., Ltd. on April 2018, in the same escrow account. The proceeds from these transactions were mainly utilised for acquisitions-related professional fees and working capital, including payment to a former director, during the financial year ended 31 December 2018, and for the acquisition of 51% interest in the issued and paid up share capital of Asia Box Office Pte. Ltd. and its subsidiary in April 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

On 24 February 2020, the Company noted from the media reports that the managing director for JLC has since been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds. However, the whereabouts of the Balance Escrow Funds remain unclear to the Company as at the date of this report.

The Company is monitoring the situation closely and will take rigorous steps to protect its interests. The Company will continue to provide further updates to shareholders on subsequent material developments. In light of the abovementioned, cash of $33,153,417 and $34,542,477 has been classified as amount due from a law firm as at 31 December 2019 and 31 December 2018 respectively, pending recovery of the remaining balance of $33,153,417 subsequent to year end.

During the financial year ended 31 December 2019, 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 (the "Board") had on 14 June 2019 appointed PricewaterhouseCoopers Risk Services Pte. Ltd. as Special Auditor to undertake the Special Audit.

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 and the whereabouts of the Balance Escrow Funds remain unclear, the Group is still assessing the impact on the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 2019 is still appropriate after taking into consideration the following assumptions and measures:

(a) The Group and the Company are able to obtain new banking facilities and other potential fund-raising options for their working capital requirements for the next twelve months as and when required;

(b) The Group's existing lenders continue to support the current credit facilities for their working capital requirements and purchase of property, plant and equipment for the next twelve months as and when required;

(c) The Group will continue to review and assess the Group's existing business strategies and overall financial performance of the Group and carry out reorganisation and restructuring of the Group as and when appropriate;

(d) Given the positive net tangible assets ("NTA") position of the Group of $64,514,697 (NTA of $31,361,280 without taking into consideration the amount due from a law firm) as at 31 December 2019, 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;

(f) The Group will continue to engage and maintain good relationship with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group; and

(g) The COVID-19 global outbreak does not materially impact the demand from customers, our suppliers nor the ability to carry on production in our factories.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 New and amended standards and interpretations

The Group applied SFRS(I) 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and amended standards and interpretations (Continued)

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the the statement of financial position.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and IFRIC 4 at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

Impact on the consolidated balance sheet (increase/(decrease)):

	$
Right-of-use assets	4,346,341
Property, plant and equipment	(42,096)
Prepayments	(4,146)
Lease liabilities (current)	747,184
Lease liabilities (non-current)	3,676,537
Retained earnings	(122,594)
Non-controlling interests	(1,028)

The Group has lease contracts for office space, warehouse and factory, office equipment and ticketing software. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.20. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New and amended standards and interpretations (Continued)

SFRS(I) 16 *Leases* (Continued)

The Group also applied the available practical expedients wherein it:

- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of $4,346,341 were recognised and presented separately in the balance sheet.
- Lease liabilities of $4,423,721 were recognised and presented separately in the balance sheet.
- Property, plant and equipment of $42,096 and prepayments of $4,146 related to previous operating leases were derecognised.
- Retained earnings and non-controlling interests decreased by $122,594 and $1,028, respectively due to the net impact of these adjustments.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$
Operating lease commitment as at 31 December 2018	3,000,597
Weighted average incremental borrowing rate as at 1 January 2019	5.31%
Discounted operating lease commitments as at 1 January 2019	2,750,849
Less:	
Commitments relating to short-term leases	(106,990)
Add:	
Lease payments relating to renewal periods not included in the operating lease commitment as at 31 December 2018	1,779,861
	4,423,721

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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**
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
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

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.

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.

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(a) *Basis of consolidation* (Continued)

– 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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

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) *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 was estimated to be 10 years from July 2018.

(b) *Corporate contract*

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

(c) *Consultancy agreement*

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(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.

Derecognition

A financial liability is derecognised 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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and assets of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

(a) *As lessee* (Continued)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date of the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Factory and warehouse	–	3 to 10 years
Office space	–	2 to 4 years
Office equipment	–	2 to 5 years
Ticketing software	–	3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies set out in Note 2.9.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or at a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change of lease term, a change in lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

(a) As lessee (Continued)

(iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

(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 basis 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 2019

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 of 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (Continued)

(b) *Deferred tax* (Continued)

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.

(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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Contingencies (Continued)

(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) 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, availability of funding 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 calibrates 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 41 to the financial statements.

The carrying amount of trade debtors as at 31 December 2019 is $25,948,539 (2018: $21,296,866).

(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.

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.

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, 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 2019

	Corporate	Precision Metal Stamping					E-commerce			
	Singapore	Singapore	Malaysia	China	Vietnam	Thailand	Singapore	Hong Kong	Elimination	Total
	$	$	$	$	$	$	$	$	$	$
Segment revenue										
External customers	–	1,195,389	42,920,568	–	70,332,280	8,711,752	191,030	–	–	123,351,019
Inter-segment sales	–	–	–	1,888,508	–	6,023	–	–	(1,894,531)	–
Total revenue	–	1,195,389	42,920,568	1,888,508	70,332,280	8,717,775	191,030	–	(1,894,531)	123,351,019
Segment (loss)/profit	(2,717,811)	(144,588)	(1,288,086)	(42,396)	3,011,661	1,126,726	(28,934,514)	(185,635)	–	(29,174,643)
Finance costs										(1,099,045)
Loss before tax										(30,273,688)
Income tax expense										(304,067)
Net loss after tax										(30,577,755)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

	Corporate	Precision Metal Stamping					E-commerce			
	Singapore $	Singapore $	Malaysia $	China $	Vietnam $	Thailand $	Singapore $	Hong Kong $	Elimination $	Total $
Segment assets	33,330,869	1,156,244	45,015,480	664,709	34,006,306	4,905,752	84,125	3,924	–	119,167,409
Unallocated assets									(ii)	2,070,000
										121,237,409
Other segment information:										
Additions to non-current assets	394,915	–	6,756,095	–	365,873	9,397	12,945	–	–	7,539,225
Depreciation and amortisation	15,346	109,853	2,917,861	23,211	491,812	637,943	259,858	–	–	4,455,884
Allowance for/(write-back of) inventory obsolescence	–	–	95,911	–	(72,770)	30,668	–	–	–	53,809
Loss/(gain) on disposal of property, plant and equipment	60,122	–	(131,961)	–	(4,021)	(21,863)	–	–	–	(97,723)
(Write-back of)/allowance for impairment loss on:										
– Trade debtors	(1,595)	(1,806)	(3,917)	–	499	480	–	42,196	–	35,857
– Other debtors	–	–	–	–	199,288	–	3,651,584	–	–	3,850,872
Impairment loss on:										
– Goodwill	–	–	–	–	–	–	23,947,558	–	–	23,947,558
– Other intangible assets	–	–	–	–	–	–	90,404	–	–	90,404
– Property, plant and equipment	–	–	–	–	–	–	191,284	–	–	191,284
– Right-of-use assets	–	–	–	–	–	–	232,184	–	–	232,184
Trade receivables written off	–	–	–	–	–	–	4,920	–	–	4,920

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2018

	Corporate	Precision Metal Stamping						E-commerce			
							Discontinued operation				
	Singapore	Singapore	Malaysia	China	Vietnam	Thailand	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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 debtors	–	–	–	–	–	–	–	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. SEGMENT INFORMATION (CONTINUED)

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 (Note 15).

Information about major customers

For the current financial year, revenue from the top 10 customers of the Group represents 98% (2018: 96%) of the total Group's revenue from continuing operations.

Revenue from one (2018: one) major customer, who individually contributes more than 10% of the Group's revenue from continuing operations, amounts to $99,412,742 (2018: $89,455,000). The sales to this major customer are recorded in Malaysia and Vietnam segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
Primary geographical markets						
Singapore	**1,195,389**	1,885,067	**191,030**	345,158	**1,386,419**	2,230,225
Malaysia	**42,920,568**	45,313,022	**–**	–	**42,920,568**	45,313,022
People's Republic of China	**–**	–	**–**	–	**–**	–
Hong Kong	**–**	–	**–**	13,483,431	**–**	13,483,431
Vietnam	**70,332,280**	58,221,802	**–**	–	**70,332,280**	58,221,802
Thailand	**8,711,752**	6,670,376	**–**	–	**8,711,752**	6,670,376
	123,159,989	112,090,267	**191,030**	13,828,589	**123,351,019**	125,918,856
Major product or service lines						
Metal stamped parts	**116,783,115**	107,415,346	**–**	–	**116,783,115**	107,415,346
Tooling	**6,279,211**	4,609,516	**–**	–	**6,279,211**	4,609,516
Provision of design services	**97,663**	65,405	**–**	–	**97,663**	65,405
Promotion of events	**–**	–	**–**	13,483,431	**–**	13,483,431
Ticketing	**–**	–	**5,204**	20,922	**5,204**	20,922
Provision of IT related services	**–**	–	**42,564**	164,289	**42,564**	164,289
Sponsorship	**–**	–	**50,000**	100,000	**50,000**	100,000
Provision of software as a service	**–**	–	**85,259**	54,184	**85,259**	54,184
Commission fee	**–**	–	**8,003**	5,763	**8,003**	5,763
	123,159,989	112,090,267	**191,030**	13,828,589	**123,351,019**	125,918,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Precision metal stamping		E-commerce		Total revenue	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
Timing of transfer of goods or services						
At a point in time	**123,159,989**	112,090,267	**191,030**	13,828,589	**123,351,019**	125,918,856

(b) Contract assets and contract liabilities

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

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Trade debtors (Note 21)	**25,948,539**	21,296,866	**–**	190
Contract assets	**1,186,174**	1,499,705	**–**	–
Contract liabilities	**490,073**	826,808	**–**	–

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.

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

	Group	
	2019	2018
	$	$
At 1 January	**1,499,705**	1,306,928
Additions during the year	**1,136,500**	1,481,102
Contract assets reclassified to receivables	**(1,447,907)**	(1,303,067)
Currency realignment	**(2,124)**	14,742
At 31 December	**1,186,174**	1,499,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. REVENUE (CONTINUED)

(b) Contract assets and contract liabilities (Continued)

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

	Group 2019 $	Group 2018 $
At 1 January	**826,808**	750,900
Additions during the year	**375,182**	794,753
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(710,826)**	(724,808)
Currency realignment	**(1,091)**	5,963
At 31 December	**490,073**	826,808

6. OTHER INCOME

	Group 2019 $	Group 2018 $
From continuing operations:		
Dividend income from other investments	**220,295**	195,331
Interest income from bank deposits	**129,007**	95,195
Investment return on amount due from the principal of an international sporting event*	**–**	201,861
Consultancy fee earned from the principal of an international sporting event*	**–**	668,540
Interest income from deposit for a concert @	**100,000**	–
Gain on disposal of property, plant and equipment, net	**97,723**	–
Gain on disposal of intangible assets	**–**	30,025
Rental income	**54,881**	98,499
Waiver of amount owing to Allied Technologies (Suzhou) Co., Ltd. ⌘	**–**	173,432
Sundry income	**264,124**	218,593
	866,030	1,681,476
From discontinued operation (Note 10):		
Rental income	**–**	1,481
Amortisation of deferred interest income	**–**	18,836
Amortisation of deferred compensation income #	**–**	40,439
	–	60,756
	866,030	1,742,232

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 2019

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, during the financial year ended 31 December 2018, 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, during the financial year ended 31 December 2018, the Group recorded S$668,540 of consultancy fee. The consultancy service agreement was 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.

@ As disclosed in Note 16, ABO worked out a principal plus interest repayment plan ("Settlement Agreement") with the Event Financier. During the financial year ended 31 December 2019, the Group recorded $100,000 of interest income arising from the Settlement Agreement.

7. FINANCE COSTS

	Group	
	2019	**2018**
	$	**$**
From continuing operations:		
Interest on loans and borrowings	**854,426**	255,314
Hire purchase interest	**–**	164
Interest on lease liabilities (Note 24)	**244,619**	–
	1,099,045	255,478
From discontinued operation (Note 10):		
Interest on loans and borrowings	**–**	49,406
	–	49,406
	–	304,884

The effective interest rate for loans and borrowings and hire purchase creditors ranged from 3.70% to 5.30% (2018: 3.55% to 5.27%) and nil % (2018: nil %) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. LOSS BEFORE TAX

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

	Group	
	2019	**2018**
	$	**$**
From continuing operations:		
Audit fees		
– Auditors of the Company	**392,000**	320,000
– Other auditors	**100,000**	83,000
Non-audit fees		
– Auditors of the Company	**29,000**	50,000
– Other auditors	**28,000**	34,000
Special Audit fee	**368,000**	–
Utilities	**1,412,137**	1,390,872
Legal and other professional fees	**892,858**	1,160,150
Freight and packaging expenses	**2,508,899**	3,160,789
Directors' emoluments		
– Directors' remuneration #	**517,839**	227,259
– Directors' fee	**190,110**	138,411
Allowance for/(write back of) impairment loss on:		
– Trade debtors	**35,857**	(72,773)
– Other debtors (Note 16)	**3,850,872**	1,175
Allowance for impairment loss on amount due from joint venture (Note 13)	**–**	560,100
Trade debtors written off	**4,920**	7,383
Impairment loss on goodwill (Note 11)	**23,947,558**	31,274,000
Impairment loss on other intangible assets (Note 11)	**90,404**	–
Impairment loss on property, plant and equipment (Note 12)	**191,284**	–
Impairment loss on right-of-use assets (Note 24)	**232,184**	–
Foreign exchange loss, net	**377,739**	550,943
Lease expenses	**481,911**	1,239,572
Salaries, bonuses and other costs	**17,543,625**	16,909,579
CPF and other pension contributions	**1,411,345**	1,105,218
From discontinued operation:		
Utilities	**–**	87,655
Legal and other professional fees	**–**	11,731
Freight and packaging expenses	**–**	141,166
Foreign exchange loss, net	**–**	19,540
Salaries, bonuses and other costs	**–**	816,851
CPF and other pension contributions	**–**	84,407

Includes CPF contributions of $17,340 (2018: $9,668).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2019 and 2018 are:

	Group 2019 $	Group 2018 $
Current income tax – continuing operations:		
– Current income taxation	**345,069**	363,956
– Over provision in respect of previous years	**(26,433)**	(3,801)
	318,636	360,155
Deferred income tax – continuing operations (Note 29):		
– Reversal of temporary differences	**(14,569)**	(90,215)
	(14,569)	(90,215)
Income tax attributable to continuing operations, recognised in profit or loss	**304,067**	269,940

A reconciliation between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2019 and 2018 are as follows:

	Group 2019 $	Group 2018 $
Loss before tax from continuing operations	**(30,273,688)**	(29,724,744)
Loss from discontinued operation including capital gains tax (Note 10)	**–**	(1,140)
Loss before tax	**(30,273,688)**	(29,725,884)
Tax at the domestic rates applicable to profit in the countries where the Group operates	**(5,444,495)**	(5,176,828)
Adjustments for:		
Non-deductible expenses	**5,424,591**	5,923,304
Non-taxable income	**(224,934)**	(391,109)
Effect of partial tax exemption and tax relief	**(13,347)**	(60,916)
Deferred tax assets not recognised	**611,129**	773,005
Benefits from previously unrecognised deferred tax assets	**(7,777)**	(697,729)
Over provision in respect of previous years	**(26,433)**	(3,801)
Others	**(14,667)**	(95,986)
Income tax expense recognised in profit or loss	**304,067**	269,940

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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 follows:

	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Income statement disclosures

The results of ATSU for the year ended 31 December 2018 are as follows:

	Group 2018 $
Revenue	3,403,638
Other income	60,756
Expenses	(3,160,112)
Profit from operations	304,282
Finance costs	(49,406)
Profit before tax	254,876
Income tax	–
Loss on disposal of a subsidiary, net of tax	(256,016)
Loss from discontinued operation, net of tax	(1,140)

Cash flow statement disclosures

The cash flows attributable to ATSU are as follows:

	Group 2018 $
Operating	1,325,741
Investing	(16,675)
Net cash inflows	1,309,066

Loss per share disclosure

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

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 35(a) to the financial statements.

* Amount is less than $0.01 cents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE ASSETS

	Goodwill $	Contractual customer relationships $	Corporate contract $	Consultancy agreement $	Membership rights $	Total $
Group						
Cost						
At 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, 1 January 2019 and 31 December 2019	55,221,558	75,661	78,274	544,795	–	55,920,288
Accumulated amortisation and impairment						
At 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 and 1 January 2019	31,274,000	3,783	17,394	544,795	–	31,839,972
Charge for the year	–	7,566	34,788	–	–	42,354
Impairment loss	23,947,558	64,312	26,092	–	–	24,037,962
At 31 December 2019	55,221,558	75,661	78,274	544,795	–	55,920,288
Net book value						
At 31 December 2018	23,947,558	71,878	60,880	–	–	24,080,316
At 31 December 2019	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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.

During the financial year, an impairment loss was recognised to write-down the carrying amount of contractual customer relationships. The impairment loss of $64,312 has been recognised in income statement under the line item "General and administrative expenses" in light of the impairment testing as discussed under the sub-heading "Impairment testing of goodwill".

(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.

During the financial year, an impairment loss was recognised to write-down the carrying amount of corporate contract. The impairment loss of $26,092 has been recognised in income statement under the line item "General and administrative expenses" in light of the impairment testing as discussed under the sub-heading "Impairment testing of goodwill".

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE ASSETS (CONTINUED)

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 $	Activpass $	Total $
Goodwill amount, gross as at 31.12.2018	30,185,361	25,036,197	55,221,558
Impairment loss in FY2018	(23,510,000)	(7,764,000)	(31,274,000)
Goodwill amount, net as at 31.12.2018	6,675,361	17,272,197	23,947,558
Impairment loss in FY2019	**(6,675,361)**	**(17,272,197)**	**(23,947,558)**
Goodwill amount, net as at 31.12.2019	**–**	**–**	**–**

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		Activpass	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Terminal growth rates	**0.0%**	4.7%	**0.0%**	3.2%
Pre-tax discount rates	**20.0%**	20.0%	**24.7%**	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 for the FY2018 cash flow projections were based on past two years' experience and expectations of market developments. A constant gross margin was applied. For FY2019 cash flow projections, no revenue was being forecasted in light of the matters set out in Note 2.1(b) to the financial statements which resulted in challenges in securing new contracts due to the issues.

Budgeted funding – For Activpass, for FY2018 cash flow projections, 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. For FY2019 cash flow projections, no funding was being allocated to Activpass in light of the matters set out in Note 2.1(b) to the financial statements.

Growth rates – For ABO, the growth rate used in FY2018 cash flow projections 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 used in the FY2018 cash flow projections is based on the blended (by revenue contribution) expected long-term consumer price index in the countries the Group plans to expand to. For FY2019 cash flow projections for both Activpass and ABO, in view of the matters highlighted under "Budgeted gross margins" and "Budgeted funding", no growth rate is used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in the value in use calculations (Continued)

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.

Sensitivity to changes in assumptions

For the financial year ended 31 December 2019

In relation to the assessment of value in use for both ABO and Activpass, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of these CGUs to materially exceed its recoverable amount as the goodwill allocated to both ABO and Activpass has been fully impaired as at 31 December 2019.

For the financial year ended 31 December 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE ASSETS (CONTINUED)

Sensitivity to changes in assumptions (Continued)

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.

Impairment loss recognised

During the financial year ended 31 December 2019, 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 $6,675,361 (2018: $23,510,000) for ABO and $17,272,197 (2018: $7,764,000) for Activpass has been recognised in income statement under the line item "General and administrative expenses".

An impairment loss of $6,675,361 (2018: $23,510,000) was recognised on goodwill arising in FY2019 as a result of matters set out in Note 2.1(b) to the financial statements. ABO also faced challenges in securing new contracts due to these matters. Similarly, impairment loss of $218,998 (2018: $nil) has been recognised for right-of-use assets of ABO CGU.

An impairment loss of $17,272,197 (2018: $7,764,000) was recognised on goodwill arising in FY2019 as a result of matters set out in Note 2.1(b) to the financial statements and caused delay in funding and execution of marketing plans locally and overseas. Similarly, impairment loss of $294,874 (2018: $nil) has been recognised for intangible assets of $90,404 (2018: $nil), property, plant and equipment of $191,284 (2018: $nil) and right-of-use assets of $13,186 (2018: $nil) of Activpass CGU.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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 and 1 January 2019	2,609,748	767,779	14,380,904	23,624,208	283,559	280,281	373,554	1,175,591	94,013	557,830	2,498,072	46,645,539
Currency realignment	(4,963)	(11,138)	(117,690)	75,423	31	1,659	(434)	(3,004)	1,423	(6,072)	(293)	(65,058)
Additions	3,721,431	–	160,177	1,910,349	30,297	93,524	125,330	197,584	385,988	345,460	569,085	7,539,225
Disposals	–	–	–	(2,511,402)	–	–	(79)	(96,360)	(385,988)	–	(15,517)	(3,009,346)
Reclassification	–	–	–	2,144,951	58,150	160,928	5,920	–	–	161,515	(2,531,464)	–
Reclassification to right-of-use assets	–	–	–	–	–	–	–	–	–	(42,096)	–	(42,096)
At 31 December 2019	**6,326,216**	**756,641**	**14,423,391**	**25,243,529**	**372,037**	**536,392**	**504,291**	**1,273,811**	**95,436**	**1,016,637**	**519,883**	**51,068,264**
Accumulated depreciation and impairment loss												
At 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 and 1 January 2019	–	230,334	2,096,113	18,735,594	119,635	218,912	222,553	547,176	50,759	340,277	–	22,561,353
Currency realignment	–	(3,488)	(30,465)	70,546	(13)	1,250	166	(1,800)	1,154	(4,890)	–	32,460
Charge for the financial year	–	15,279	289,551	2,441,594	54,984	73,478	68,715	309,023	27,078	122,177	–	3,401,879
Disposals	–	–	–	(2,276,243)	–	–	(79)	(86,676)	(12,866)	–	–	(2,375,864)
Impairment loss	–	–	–	–	24,320	–	6,198	127,905	–	32,861	–	191,284
At 31 December 2019	**–**	**242,125**	**2,355,199**	**18,971,491**	**198,926**	**293,640**	**297,553**	**895,628**	**66,125**	**490,425**	**–**	**23,811,112**
Net book value												
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
At 31 December 2019	**6,326,216**	**514,516**	**12,068,192**	**6,272,038**	**173,111**	**242,752**	**206,738**	**378,183**	**29,311**	**526,212**	**519,883**	**27,257,152**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings $	Office equipment $	Computers $	Motor vehicles $	Renovations $	Total $
Company						
Cost						
At 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 and 1 January 2019	–	–	–	–	–	–
Additions	–	–	8,927	385,988	–	394,915
Disposals	–	–	–	(385,988)	–	(385,988)
At 31 December 2019	**–**	**–**	**8,927**	**–**	**–**	**8,927**
Accumulated depreciation						
At 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 and 1 January 2019	–	–	–	–	–	–
Charge for the financial year	–	–	2,480	12,866	–	15,346
Disposals	–	–	–	(12,866)	–	(12,866)
At 31 December 2019	**–**	**–**	**2,480**	**–**	**–**	**2,480**
Net book value						
At 31 December 2018	–	–	–	–	–	–
At 31 December 2019	**–**	**–**	**6,447**	**–**	**–**	**6,447**

Freehold land of a subsidiary with a carrying amount of $2,605,449 and leasehold land and properties of certain subsidiaries with a carrying amount of $8,644,955 (31 December 2018: freehold land of a subsidiary and leasehold properties of certain subsidiaries with carrying amounts of $2,609,748 and $6,982,660) are pledged to secure loans and borrowings (Note 28).

The addition to freehold land of the Group during the year which amounted to $3,721,431 relates to a freehold land in Malaysia of a subsidiary which was reclassified from prepayments (Note 17) to property, plant and equipment as vacant possession of the land has been delivered. The land title has not been transferred to the subsidiary as at 31 December 2019.

13. INVESTMENT IN JOINT VENTURE

The Group has 50% (2018: 50%) interest in ownership and voting rights of a joint venture, ABO Labs Pte. Ltd. ("ABO Labs") held through ABO, post-acquisition of ABO. 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVESTMENT IN JOINT VENTURE (CONTINUED)

The joint venture was operating but became dormant since September 2018. It did not generate any revenue during the financial years ended 31 December 2018 and 2019. The cost of investment in the joint venture by ABO is $50, and the Group has stopped recognising its share of loss of its joint venture and recorded its investment at $nil as at 31 December 2019 (2018: $nil). The unrecognised share of loss of its joint venture for the financial year ended 31 December 2019 is $nil (2018: unrecognised share of loss $304,142) (unaudited).

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 during the financial year ended 31 December 2018.

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES

	Company	
	2019	**2018**
	$	**$**
Unquoted shares, at cost	**83,625,175**	83,625,175
Less: Allowance for impairment in value of investments in subsidiaries	**(55,200,000)**	(30,542,000)
	30,925,175	53,083,175
Loan receivables, unsecured*	**–**	2,725,600
Loan to ABO Group	**3,834,000**	4,600,000
Loan to Activpass	**217,735**	–
Less: Allowance for impairment on loan receivables	**(4,051,735)**	–
	–	7,325,600

Metal stamping business

In FY2018, the Company undertook an internal restructuring exercise by transferring its investment in subsidiaries in the 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.

E-commerce business

In FY2018, the Company acquired ABO and Activpass at total cost of investment amounting to $30,000,000 and $25,200,000, respectively.

In FY2018, a loan of $4,600,000 was provided to ABO. Save for the approval from the then board of directors, no loan agreement was entered into between the Company and ABO. The loan receivable due from ABO is unsecured, interest-free and not expected to be received within next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

E-commerce business (Continued)

During the financial year ended 31 December 2019, ABO made a partial loan repayment of $870,000 and took additional loans from the Company amounting to $104,000. A loan of $217,735 was also extended to Activpass during the year. The loans extended to ABO and Activpass during the year are unsecured, interest-free and repayable on demand.

During the financial year ended 31 December 2019, impairment losses of $7,233,000 and $17,425,000 (2018: $22,767,000 and $7,775,000) were made by the Company for its investment in ABO and Activpass respectively. The impairment loss was made as the costs of investment in these subsidiaries exceeded their recoverable 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.

In addition, an impairment loss of $4,051,735 was made for loan receivables due from ABO Group and Activpass during the financial year ended 31 December 2019 in light of the assessment made.

* $2,500,000 loan receivables from a subsidiary were capitalised as cost of investment in the subsidiary during the financial year ended 31 December 2019.

Analysis of allowance for impairment loss:

	Company	
	2019	**2018**
	$	**$**
Balance at beginning of the financial year	**30,542,000**	16,979,673
Amount provided during the financial year	**28,709,735**	30,542,000
Novation of loan receivables to a subsidiary company	**–**	(16,979,673)
Balance at end of the financial year	**59,251,735**	30,542,000
Included in income statement, impairment loss on:		
– Investments in subsidiaries	**24,658,000**	30,542,000
– Loan receivables	**4,051,735**	–
	28,709,735	30,542,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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 2019 %	2018 %
	Held by the Company:			
~+	Allied Technologies Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	**100**	100
+	Asia Box Office Pte. Ltd. (Singapore)	Events promoter and ticketing agencies (Singapore)	**51**	51
+	Activpass Holdings Pte. Ltd. (Singapore)	Business and management consultancy services – The wellness, fitness and beauty platform (Singapore)	**51**	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**	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 Precision (Thailand) Co., Ltd. (Thailand)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Thailand)	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019 %	2018 %
	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**	100
@	Suzhou Allied Tech Co., Ltd (People's Republic of China)	Marketing office (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**	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 Holdings Pte. Ltd. was incorporated on 3 January 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019:				
Asia Box Office Pte. Ltd.	Singapore	49%	(2,057,612)	(2,378,223)
Activpass Holdings Pte. Ltd.	Singapore	49%	(444,351)	(416,005)
			(2,501,963)	(2,794,228)
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		Activpass Holdings Pte. Ltd.	
	2019	2018	2019	2018
	$	$	$	$
Current				
Assets	**44,668**	5,450,457	**43,381**	116,645
Liabilities	**(792,946)**	(1,412,918)	**(647,276)**	(453,409)
Net current (liabilities)/assets	**(748,278)**	4,037,539	**(603,895)**	(336,764)
Non-current				
Assets	**–**	6,675,361	**–**	17,694,705
Liabilities	**(4,012,623)**	(4,600,000)	**(218,927)**	(22,569)
Net non-current (liabilities)/assets	**(4,012,623)**	2,075,361	**(218,927)**	17,672,136
Net (liabilities)/assets	**(4,760,901)**	6,112,900	**(822,822)**	17,335,372

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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		Activpass Holdings Pte. Ltd.	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Revenue	**5,204**	13,504,353	**185,826**	324,236
(Loss)/profit from operations before income tax	**(4,277,169)**	300,969	**(774,079)**	(240,431)
Income tax expense	**77,961**	(100,581)	**–**	–
(Loss)/profit from operations after income tax	**(4,199,208)**	200,388	**(774,079)**	(240,431)
Impairment loss on goodwill	**(6,675,361)**	(23,510,000)	**(17,272,197)**	(7,764,000)
Consolidation adjustments	**–**	(452,180)	**(110,188)**	(17,577)
Other comprehensive income	**1,137**	52,783	**–**	–
Total comprehensive income	**(10,873,432)**	(23,709,009)	**(18,156,464)**	(8,022,008)

Other summarised information:

	Asia Box Office Pte. Ltd. and its subsidiary		Activpass Holdings Pte. Ltd.	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Net cash flows (used in)/generated from operations	**(241,101)**	2,729,591	**(352,817)**	(176,966)
Acquisition of significant property, plant and equipment	**–**	–	**(12,945)**	(113,343)
Net cash flows (used in)/generated from financing activities	**(877,782)**	(2,570,566)	**358,302**	292,019

d. *Acquisitions of subsidiaries*

For the financial year ended 31 December 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

d. *Acquisitions of subsidiaries* (Continued)

For the financial year ended 31 December 2018 (Continued)

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.

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.

The Group has finalised the PPA review for the acquisition of ABO Group in the financial year ended 31 December 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

d. *Acquisitions of subsidiaries* (Continued)

For the financial year ended 31 December 2018 (Continued)

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.

	Group $
Consideration transferred	
Cash paid (sourced from share placement)	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 was attributable to future growth of ABO Group's business.

Impact of the acquisition on profit or loss of the Group for the financial year ended 31 December 2018

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 in the financial year ended 31 December 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 30))	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 of the Group for financial year ended 31 December 2018

The goodwill of $25,036,197 was 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. OTHER INVESTMENTS

Other investments as at 31 December:

At fair value through other comprehensive income

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Equity securities (unquoted)	**2,070,000**	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 $220,295 (2018: $195,331) 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.

16. OTHER DEBTORS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Current				
Sundry debtors	**393,942**	265,064	**–**	–
Less: Allowance for sundry debtors	**(1,175)**	(1,175)	**–**	–
	392,767	263,889	**–**	–
VAT receivables	**861,192**	1,543,495	**30,601**	11,273
Deposits	**387,055**	332,921	**12,132**	–
Less: Allowance for deposit	**(199,288)**	–	**–**	–
	187,767	332,921	**12,132**	–
Deposit for a concert	**1,500,000**	1,700,000	**–**	–
Less: Allowance for deposit for a concert	**(1,500,000)**	–	**–**	–
	–	1,700,000	**–**	–
Revolving loan extended to an event financier	**–**	350,000	**–**	–
Amount due from the principal of an international sporting event	**2,151,584**	2,181,119	**–**	–
Less: Allowance for amount due from the principal of an international sporting event	**(2,151,584)**	–	**–**	–
	–	2,181,119	**–**	–
	1,441,726	6,371,424	**42,733**	11,273

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. OTHER DEBTORS (CONTINUED)

Analysis of allowance for impairment loss:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Balance at beginning of the year	**1,175**	–	**–**	–
Charged for the year	**3,850,872**	1,175	**–**	–
Balance at end of the year	**3,852,047**	1,175	**–**	–

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.

Deposits of the Group mainly relate to rental deposits and custom deposits. An allowance is provided for a deposit when the Group determines that the recoverability is in doubt.

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 and the deposit should have been refunded within 7 business days of cancellation. As at 31 December 2018, $1,700,000 had 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 to be repaid on 28 June 2019, and $100,000 to be paid by the last day of each month for 17 months, commencing July 2019. During the financial year ended 31 December 2019, the Group recorded $100,000 of interest income (Note 16). On 28 June, 30 July and 30 August 2019, ABO received a total of $250,000 from the Event Financier. No other payments were received by ABO for the rest of 2019 and henceforth, the remaining $1,500,000 owing to ABO became due immediately. Management has assessed the recoverability of the amount to be remote and recorded full impairment during the financial year ended 31 December 2019.

The 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 financial year end. Between 28 January 2019 and 15 March 2019, the full amount outstanding of S$350,000 has been collected by ABO. The revolving loan facility was terminated on 15 March 2019.

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) in the financial year ended 31 December 2018, 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. The Directors were confident that the amount was recoverable, hence no impairment has been recorded by the Group during the year ended 31 December 2018. The amount remained outstanding as at 31 December 2019 and management has assessed the recoverability of the amount to be remote and recorded full impairment during the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. OTHER DEBTORS (CONTINUED)

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	
	2019	**2018**
	$	**$**
United States dollars	**–**	2,181,119

17. PREPAYMENTS (NON-CURRENT)

This amount relates to prepayment by a subsidiary to a third party in prior year to acquire freehold land in Malaysia for metal stamping operations. During the financial year ended 31 December 2019, vacant possession of the land has been transferred to the subsidiary. Accordingly, the amount was reclassified to property, plant and equipment (Note 12).

18. INVENTORIES

	Group	
	2019	**2018**
	$	**$**
Inventories	**16,332,311**	15,449,592
Less: Allowance for inventory obsolescence	**(449,506)**	(396,674)
	15,882,805	15,052,918

	Group	
	2019	**2018**
	$	**$**
Balance sheet		
Finished goods	**3,571,544**	4,779,388
Work-in-progress	**8,677,229**	6,928,683
Raw materials	**3,634,032**	3,344,847
Total inventories at lower of cost and net realisable value	**15,882,805**	15,052,918

	Group	
	2019	**2018**
	$	**$**
Inventories recognised as an expense in cost of revenue	**112,151,346**	107,285,602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 was unsecured, interest-free, repayable on demand. Management had 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 financial year ended 31 December 2018, the Group recorded full allowance of $560,100 on the amount due from joint venture. The allowance was included in the "General and administrative expenses" line item in income statement.

20. AMOUNTS DUE (TO)/FROM SUBSIDIARIES LOAN PAYABLE TO A SUBSIDIARY

	Company	
	2019	**2018**
	$	**$**
Amounts due from subsidiaries		
Non-trade	**52,133**	–
	52,133	–
Less: Allowance for impairment loss	**(52,133)**	–
	–	–
Amount due to a subsidiary		
Non-trade	**–**	(138,644)
	–	(138,644)
Loan payable to a subsidiary	**750,000**	–

Analysis of allowance for impairment loss:

	Company	
	2019	**2018**
	$	**$**
Balance at beginning of the financial year	**–**	478,634
Charged for the year	**52,133**	–
Novation to ATH	**–**	(478,634)
Balance at end of the financial year	**52,133**	–

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 (to)/from subsidiaries relate to corporate support fee charged by/to the subsidiaries.

The loan payable to a subsidiary is unsecured, interest-free, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. TRADE DEBTORS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Trade debtors	**25,991,881**	21,306,069	**–**	1,775
Less: Allowance for impairment loss	**(43,342)**	(9,203)	**–**	(1,585)
	25,948,539	21,296,866	**–**	190

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Movement in allowance accounts:				
At 1 January	**9,203**	108,891	**1,585**	44,508
Charged/(Write back) for the year	**35,867**	(72,773)	**(1,585)**	(13,584)
Written off	**(1,350)**	(29,339)	**–**	(29,339)
Currency realignment	**(378)**	2,424	**–**	–
At 31 December	**43,342**	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	
	2019	2018	2019	2018
	$	$	$	$
United States dollars	**22,480,927**	18,539,882	**–**	1,775

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 (2018: 12 months) from the financial year end. The weighted average effective interest rates for the financial year ranged from 1.25% to 5.50% (2018: 0.25% to 5.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. CASH AND BANK BALANCES AND FIXED DEPOSITS (CONTINUED) AMOUNT DUE FROM A LAW FIRM (CONTINUED)

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	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
United States dollars	**1,465,073**	3,480,960	**972**	62,341

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	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Cash and cash equivalents:				
Continuing operations	**39,099,194**	43,558,052	**33,266,336**	33,576,129
Escrow account (Note A)	**(33,153,417)**	(34,542,477)	**(33,153,417)**	(33,449,229)
	5,945,777	9,015,575	**112,919**	126,900

Note A: As at 31 December 2018, $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 as at 31 December 2018 arose primarily from proceeds of disposal of subsidiaries in FY2017 and FY2018 (Note 10) and are non-interest bearing.

On 9 January 2019, the Company authorised JLC to make payment of $295,812 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 $33,153,417 ("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 $33,153,417 (2018: $34,542,477) and $33,153,417 (2018: $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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. CASH AND BANK BALANCES AND FIXED DEPOSITS (CONTINUED)

AMOUNT DUE FROM A LAW FIRM (CONTINUED)

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Current				
Fixed deposits (pledged)	**1,803,941**	1,973,127	**–**	–
Fixed deposits	**927,481**	2,983,413	**–**	–
	2,731,422	4,956,540	**–**	–

Fixed deposits (pledged) are amounts pledged as security for loans (Note 28), electricity and utility services.

Pursuant to Catalist Rule 305(1)(k), Singapore Exchange Regulation Pte. Ltd. (the "SGX Regco") requires the Company to expeditiously procure the release of the amount held in escrow by JLC and to place them in an account with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The Company has opened an account with DBS Bank. As at 31 December 2019, the amount placed in the escrow account with DBS Bank is $nil.

23. TRADE CREDITORS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Trade creditors	**30,861,023**	29,046,349	**–**	–

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	
	2019	2018	2019	2018
	$	$	$	$
United States dollars	**25,780,979**	24,608,031	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. LEASES

Group as a lessee

The Group has lease contracts for various items of office space, warehouse and factory, office equipment and ticketing software used in its operations. Leases of office spaces generally have lease terms between 2 and 4 years, warehouse and factory generally have lease terms between 3 and 10 years, office equipment generally have lease terms between 2 and 5 years, while ticketing software has lease term of 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension options, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the "short-term lease" recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Office space $	Factory and warehouse $	Office equipment $	Ticketing software $	Total $
Group					
At 1 January 2019 (restated)	276,050	4,023,457	46,834	–	4,346,341
Additions	–	1,936,603	22,290	281,557	2,240,450
Depreciation	(107,611)	(816,506)	(16,038)	(71,496)	(1,011,651)
Disposal	–	–	(4,037)	–	(4,037)
Impairment	(9,935)	–	(11,081)	(211,168)	(232,184)
Currency realignment	(359)	(2,590)	(30)	1,107	(1,872)
At 31 December 2019	158,145	5,140,964	37,938	–	5,337,047

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group 2019 $
As at 1 January 2019	4,423,721
Additions	2,192,496
Disposal	(4,119)
Accretion of interest	244,619
Payments	(1,060,905)
Currency realignment	(1,891)
As at 31 December 2019	5,793,921
Current	779,741
Non-current	5,014,180

The maturity analysis of lease liabilities is disclosed in Note 41.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. LEASES (CONTINUED)

Group as a lessee (Continued)

The following are the amounts recognised in profit or loss:

	Group 2019 $
Depreciation expense of right-of-use assets (included in cost of revenue)	**673,855**
Depreciation expense of right-of-use assets (included in administrative expenses)	**337,796**
Impairment loss on right-of-use assets	**232,184**
Interest expense on lease liabilities	**244,619**
Expenses relating to leases of short-term assets (included in cost of revenue)	**302,731**
Expenses relating to leases of short-term assets (included in administrative expenses)	**179,180**
Total amount recognised in profit or loss	**1,970,365**

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercised judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

	Within five years $	More than five years $	Total $
Extension options expected not to be exercised	156,000	93,600	249,600
	156,000	93,600	249,600

25. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Non-current				
Accrual and provision	**61,498**	–	**–**	–
	61,498	–	**–**	–
Current				
Sundry creditors	**2,495,777**	3,640,570	**705,210**	55,829
VAT payables	**34,995**	38,071	**–**	–
Payroll accruals	**2,692,346**	1,959,810	**770,253**	140,645
Accrued operating expenses	**1,642,095**	1,489,876	**358,943**	222,246
Amount due to a director-related company	**249,113**	940,578	**–**	–
	7,114,326	8,068,905	**1,834,406**	418,720

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. OTHER CREDITORS AND ACCRUALS (CONTINUED)

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

Amount due to a director-related company is non-trade, interest-free and repayable on demand. During the year, $691,465 was repaid to the director-related company.

26. AMOUNT DUE TO A FORMER DIRECTOR

Amount due to a former director relates to the compensation payable to a former director of the Company arising from the termination of service agreement with this director. The former director ceased to be a director on 29 December 2017.

The scheduled repayment date was:

	$
– On or before 31 January 2018	210,000
– Equal quarterly instalment of $295,812 over a period of two calendar years commencing 1 January 2018 on or before the end of each quarter	2,366,500

During the financial year ended 31 December 2019, $295,812 (2018: $1,257,437) was paid to the former director. Out of the amount paid to the former director, $295,812 (2018: $887,438) was paid from the Escrow Funds (Note 22).

27. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

Amount due to a non-controlling shareholder of a subsidiary relates to $196,183 (2018: $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 $186,600 (2018: $93,000) and salaries of $28,787 (2018: $nil) to the non-controlling shareholders who are also the directors of Activpass. This amount is interest-free and repayable on demand.

28. LOANS AND BORROWINGS

		Group		Company	
		2019	2018	2019	2018
	Maturity	$	$	$	$
Loans and borrowings:					
Current	2020	**4,428,000**	3,822,524	**–**	–
Non-current	2028	**6,200,052**	6,839,648	**–**	–
		10,628,052	10,662,172	**–**	–

The current and non-current borrowings bear effective interest rates ranging from 3.70% to 5.30% (2018: 3.55% to 5.27%) per annum.

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28. LOANS AND BORROWINGS (CONTINUED)

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

(a) $9,064,738 (2018: $10,662,172) of the outstanding loans are secured by corporate guarantees of the Company (Note 38) and fixed deposits pledged (Note 22) by the respective subsidiaries.

(b) $8,600,970 (2018: $7,425,349) of the outstanding loans are secured by pledging freehold land of a subsidiary and leasehold properties of certain subsidiaries.

(c) $1,563,314 (2018: $nil) of the loans and borrowings are secured by pledging leasehold land and properties of a subsidiary.

(d) $8,600,970 (2018: $7,425,349) of the loans and borrowings are secured using a debenture by way of fixed and floating charge over the entire assets of a subsidiary.

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	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
United States dollars	**1,563,314**	2,270,805	**–**	–

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	1.1.2019	**Cash flows**	**Foreign exchange movement**	**Disposed lease**	**New leases**	**Other**	**31.12.2019**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Loans and borrowings:							
Current	**3,822,524**	645,708	(40,232)	–	–	–	**4,428,000**
Non-current	**6,839,648**	(638,490)	(1,106)	–	–	–	**6,200,052**
Lease liabilities:							
Current	**747,184**	(816,286)	1,872	(443)	82,468	764,946	**779,741**
Non-current	**3,676,537**	–	(3,763)	(3,676)	2,110,028	(764,946)	**5,014,180**
Total	**15,085,893**	(809,068)	(43,229)	(4,119)	2,192,496	–	**16,421,973**

			Non-cash changes	
	31.12.2017	**Cash flows**	**Foreign exchange movement**	**31.12.2018**
	$	**$**	**$**	**$**
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

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29. DEFERRED TAX

	Group 2019 $	Group 2018 $
Deferred tax assets		
Balance at beginning of the financial year	**–**	–
Reversal for the financial year	**–**	–
Currency realignment	**–**	–
Balance at end of financial year	**–**	–
Deferred tax liabilities		
Balance at beginning of the financial year	**(28,569)**	–
Reversal for the financial year	**14,569**	90,215
Fair value adjustments on acquisition of subsidiaries	**–**	(118,784)
Currency realignment	**–**	–
Balance at end of the financial year	**(14,000)**	(28,569)
Net deferred tax liabilities	**(14,000)**	(28,569)

Deferred tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(468,296)**	(484,192)	**15,896**	(390,026)	**–**	–
Fair value adjustments on acquisition of subsidiaries	**–**	(118,784)	**118,784**	–	**–**	–
Other items	**(92,475)**	(56,193)	**(36,282)**	227,711	**–**	–
Deferred tax assets:						
Differences in amortisation of intangible assets	**–**	96,215	**(96,215)**	96,215	**–**	–
Leases	**54,208**	–	**54,208**	–	**–**	–
Provisions	**109,736**	68,000	**41,736**	(4,366)	**–**	–
Unutilised tax losses	**–**	10,037	**(10,037)**	(243,284)	**–**	–
Unabsorbed capital allowances	**382,827**	456,348	**(73,521)**	403,965	**–**	–
Net deferred taxation	**(14,000)**	(28,569)	**–**	–	**–**	–
Deferred tax credit			**14,569**	90,215		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. DEFERRED TAX (CONTINUED)

At the end of the reporting period, the Group has tax losses of approximately $6,304,429 (2018: $6,720,098) 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 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:

	2019	2018
Expiring in:		
Year 2025	**956,940**	–
Year 2026	**416,692**	–
	1,373,632	–

30. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January	**1,770,328,920**	**115,898,594**	1,350,328,920	90,737,794
Issuance of shares	**–**	**–**	420,000,000	25,200,000
Share issuance expense	**–**	**–**	–	(39,200)
At 31 December	**1,770,328,920**	**115,898,594**	1,770,328,920	115,898,594

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)).

31. 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.

32. 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.

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33. OTHER RESERVES

	Group and Company	
	2019	**2018**
	$	**$**
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. However, the Group currently does not have a share option scheme. Accordingly, the requirements in rule 851(1) of the Catalist Rules is not applicable.

34. 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.

35. LOSS PER SHARE

(a) Continuing operations

Basic loss per share from continuing operations are calculated by dividing the loss 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 loss per share amounts are calculated by dividing the loss 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 and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2019	**2018**
	$	**$**
Loss for the year attributable to owners of the Company	**(28,075,792)**	(29,698,877)
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	**–**	1,140
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share from continuing operations	**(28,075,792)**	(29,697,737)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic and diluted loss per share computation	1,770,328,920	1,559,753,578

The diluted loss per share is equal to the basic loss per share as there is no dilution.

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35. LOSS PER SHARE (CONTINUED)

(b) Loss per share computation

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share computation. These loss and share data are presented in the tables in Note 35 (a) above.

36. 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 2018 $	Company 2018 $
Within one year	989,426	2,856
After one year but not more than five years	2,011,171	3,808
	3,000,597	6,664

(b) As lessor

The Group has entered into commercial property leases on certain of its properties. As at 31 December 2018, these non-cancellable leases have remaining lease terms of between 1 to 2 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	
	2019 $	2018 $	2019 $	2018 $
Within one year	–	54,012	–	–
After one year but not more than five years	–	9,002	–	–
	–	63,014	–	–

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37. FUTURE CAPITAL EXPENDITURE

Capital expenditure contracted as at the balance sheet date but not provided for in the financial statements:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Commitments in respect of:				
– contracts placed on purchases of equipment	**60,260**	808,201	**–**	–
– contracts placed on purchases of land	**–**	1,670,872	**–**	–

38. COMMITMENTS

(a) Corporate guarantees

The Company and a subsidiary of the Company have provided corporate guarantees for certain banking facilities granted by banks to its subsidiaries. At 31 December 2019, these corporate guarantees amounted to $9,064,738 (2018: $10,662,172). The unutilised banking facilities secured by such guarantees amounted to $2,862,978 (2018: $4,303,309) as at 31 December 2019.

Out of the $9,064,738 (2018: $10,662,172) corporate guarantees as at 31 December 2019, $8,600,970 (2018: $7,425,349) 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, i.e. the Company and/or Allied Technologies Holdings Pte. Ltd. The remaining corporate guarantees of $463,768 (2018: $3,236,823) were guaranteed by the Company.

39. 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.

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39. 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**		**2019**	**2018**	**2019**	**2018**
			$	**$**	**$**	**$**
Mr Peter Seow	Advances for working capital to Activpass	(a)	**57,366**	216,500	**171,951**	118,087
Mr Peter Seow	Repayment of advances by Activpass	(a)	**3,502**	40,294	**–**	–
Mr Peter Seow	Settlement of liability on behalf for Activpass	(b)	**3,005**	15,621	**14,232**	17,237
Mr Peter Seow	Unpaid director's fee and allowance due to non-controlling shareholder	(c)	**93,600**	93,000	**186,600**	93,000
Ms Amy Leow	Advances for working capital to Activpass	(a)	**–**	10,000	**10,000**	10,000
Ms Amy Leow	Outstanding salaries and allowance	(d)	**44,779**	–	**28,787**	–
Mr Kenneth Low	Deposit paid on behalf of ABO for an event	(e)	**–**	233,728	**233,728**	233,728
Mr Kenneth Low	Advances for working capital to ABO	(a)	**100**	16,897	**100**	–
Mr Kenneth Low	Repayment of advances by ABO	(a)	**–**	948,355	**–**	–
Mr Kenneth Low	Settlement of liability on behalf of ABO and the Company	(b)	**16,570**	–	**2,695**	–
Mr Gregory Ang	Repayment of advances by ABO	(a)	**–**	50,000	**–**	–
Galleria Asia Capital Pte Ltd	Provision of investor relations services	(f)	**–**	9,096	**–**	–
JLC Advisors LLP	Escrow Agreement with the Company dated 23 October 2017	(g)	**–**	1,000	**–**	–
JLC Advisors LLP	Legal fees	(h)	**–**	60,000	**–**	–
Platform Capital Asia (Singapore) Pte Ltd	Advances for working capital to ABO	(a)	**–**	7,175,705	**249,113**	940,580
Platform Capital Asia (Singapore) Pte Ltd	Repayment of advances by ABO	(a)	**691,467**	11,548,541	**–**	–
Quantum Interactive Pte Ltd	Rendering of services by Activpass	(i)	**42,564**	17,656	**–**	–
Hawker Food Delivery Pte Ltd	Rendering of services by Activpass	(j)	**500**	–	**500**	–

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39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

(i) Transactions with related parties (Continued)

			Group			
			Transactions during the year		Outstanding balances as at 31 December	
Related parties	Transactions		2019	2018	2019	2018
			$	$	$	$
Asia Box Office Pte Ltd	Advances for working capital by the Company	(k)	**89,000**	4,600,000	**3,819,000***	4,600,000
Asia Box Office Pte Ltd	Repayment for advances to the Company		**870,000**	–	**–**	–
Asia Box Office Pte Ltd	Provision of office space to the Company	(l)	**31,609**	–	**33,821***	–
Asia Box Office Pte Ltd	Corporate support rendered by the Company	(m)	**79,218**	–	**84,763***	–
Asia Box Office (HK) Limited	Advances paid for working capital by the Company	(k)	**15,000**	–	**15,000***	–
Activpass Holdings Pte Ltd	Advances for working capital by the Company	(k)	**217,735**	–	**217,736***	–
Activpass Holdings Pte Ltd	Corporate support rendered by the Company	(m)	**1,113**	–	**1,191***	–

(a) The Group received advances from (i) Mr Peter Seow and Ms Amy Leow who are non-controlling shareholders and directors of Activpass Holdings Pte Ltd ("Activpass"), (ii) 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. ABO and ATL incurred costs on computers, tele-communication and subscription expenses which were paid on behalf by Mr Kenneth Low. 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 on demand.

(d) Activpass incurred salaries and allowance payable to Ms Amy Leow. The liability is due and payable on demand.

(e) ABO recorded an event deposit, which was paid on behalf by Mr Kenneth Low, a director of the Company appointed on 27 June 2018. The liability is due and payable on demand.

(f) 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 financial year ended 31 December 2018.

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39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

(i) Transactions with related parties (Continued)

(g) 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, was a salaried partner of JLC until 11 Jul 2019. 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.

(h) 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 counsel 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 financial year ended 31 December 2018.

(i) 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 financial years ended 31 December 2019 and 31 December 2018 under normal payment terms.

(j) Activpass rendered administrative services to Hawker Food Delivery Pte Ltd, which Mr Peter Seow has controlling interest in. The services are based on normal market rate for such services and had been fully repaid during the financial year ended 31 December 2019 under normal payment terms.

(k) Activpass, ABO and Asia Box Office (HK) Limited ("ABO HK") received advances from the Company. The advances were received for working capital purpose, are non-interest bearing and due and payable on demand. The Company did not advance more than $100,000 in any single transaction to any of Activpass, ABO, and ABO HK.

(l) ABO provided office space to the Company from May to September 2019. The services are based on normal market rate for such services. The liability is due and payable on demand.

(m) The Company rendered corporate support services to ABO and Activpass. The services are based on normal market rate for such services. The liability is due and payable on demand.

* As disclosed in notes 14 and 20 to the financial statements, the Company has provided full impairment on loans receivables from subsidiaries and amount due from subsidiaries.

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39. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

(ii) Compensation of key management personnel

	Group	
	2019	**2018**
	$	**$**
Short term employee benefits	**1,134,620**	1,048,460
CPF and other pension expenses	**64,700**	77,019
Directors' remuneration (Note 8)	**517,839**	227,259
Directors' fee (Note 8)*	**190,110**	138,411
	1,907,269	1,491,149

* Proposed directors' fee of $138,411 for the financial year ended 31 December 2018 was not approved by the Company's shareholders in the FY2018 Annual General Meeting ("AGM") held on 25 July 2019. For the purpose of the upcoming FY2019 AGM, the Company will call for the Company's shareholders to vote for, amongst other things, the Directors' fee payable of $138,411 for FY2018 and $190,110 for FY2019 respectively.

40. 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.

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40. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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 2019 $			
	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)	**–**	**–**	**2,070,000**	**2,070,000**

	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

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40. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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)

	31 December 2019			
Description	**Fair value $**	**Valuation techniques**	**Unobservable inputs**	**Range**
Recurring fair value measurement				
At FVOCI				
Other investments (Note 15)	**2,070,000**	**Market comparable approach**	**Discount for lack of marketability**	**20%-60%**

	31 December 2018			
Description	**Fair value $**	**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%

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. An increase in the discount for lack of marketability by 20% for the financial year ended 31 December 2019 (2018: 5%) would result in lower fair value gain by $662,000 (2018: higher fair value loss by $162,948). The positive and negative effects are approximately the same.

	31 December 2019		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $	**Profit or loss $**	**Other comprehensive income $**
Recurring fair value measurements			
Financial assets at FVOCI:			
Other investments	**2,070,000**	**–**	**662,000**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. 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)

	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 investments	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 20% (2018: 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	
	2019 $	2018 $
Financial assets at FVOCI:		
Unquoted equity securities		
Opening balance	**1,960,000**	2,205,263
Gain/(loss) for the year included in other comprehensive income:		
– Net fair value gain/(loss) on equity instrument at FVOCI	**110,000**	(245,263)
Closing balance	**2,070,000**	1,960,000

(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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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 28), lease liabilities (Note 24), amount due to a former director and non-controlling shareholder of a subsidiary (Note 26 and 27 respectively) 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 or they are carried at amortised cost by discounting expected future cash flows at market interest rate.

41. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

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 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

	Current $	Less than 30 days $	30 to 60 days $	61 to 90 days $	More than 90 days $	Total $
2019						
Gross carrying amount	**23,775,881**	**1,537,933**	**423,330**	**168,426**	**86,311**	**25,991,881**
Loss allowance provision	**–**	**(921)**	**(296)**	**(187)**	**(41,938)**	**(43,342)**
						25,948,539
2018						
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

	Current $	Less than 30 days $	30 to 60 days $	61 to 90 days $	More than 90 days $	Total $
2019						
Gross carrying amount	**–**	**–**	**–**	**–**	**–**	**–**
Loss allowance provision	**–**	**–**	**–**	**–**	**–**	**–**
						–
2018						
Gross carrying amount	–	–	–	–	1,775	1,775
Loss allowance provision	–	–	–	–	(1,585)	(1,585)
						190

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. 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 ended 31 December 2019, the Group has written off $4,920 (2018: $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			
	2019		2018	
	$	% of total	$	% of total
By country:				
China	**13,182,909**	**51**	8,399,583	39
Malaysia	**8,537,173**	**33**	7,940,167	37
Thailand	**2,306,838**	**9**	1,885,125	10
Singapore	**1,343,576**	**5**	2,159,793	10
Vietnam	**376,837**	**1**	407,848	2
Hong Kong	**161,153**	**1**	209,634	1
United States	**12,334**	**–**	89,630	–
Others	**27,719**	**–**	205,086	1
	25,948,539	**100**	21,296,866	100

	Group			
	2019		2018	
	$	% of total	$	% of total
By industry:				
Information Technology	**25,701,285**	**99**	20,683,766	97
E-commerce	**31,000**	**–**	134,743	1
Others	**216,254**	**1**	478,357	2
	25,948,539	**100**	21,296,866	100

At the end of the reporting period, approximately 93% (2018: 88%) of the Group's trade debtors were due from 3 major customers located in China, Thailand and Malaysia (2018: 3 major customers located in the China, Thailand and Malaysia).

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41. 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			
	2019		2018	
	$	% of total	$	% of total
By country:				
Malaysia	**677,353**	**57**	1,161,775	77
Singapore	**186,024**	**15**	77,780	5
United States	**178,767**	**15**	98,660	7
Thailand	**102,218**	**9**	85,525	6
Spain	**20,519**	**2**	–	–
Vietnam	**10,739**	**1**	75,965	5
Taiwan	**9,588**	**1**	–	–
China	**966**	**–**	–	–
	1,186,174	**100**	1,499,705	100

	Group			
	2019		2018	
	$	% of total	$	% of total
By customers' industry:				
Information Technology	**1,186,174**	**100**	1,499,705	100
	1,186,174	**100**	1,499,705	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			
	2019		2018	
	$	% of total	$	% of total
By country:				
Singapore	**33,217,340**	**99**	36,755,220	93
Malaysia	**454,737**	**1**	382,776	1
Vietnam	**41,454**	**–**	30,092	–
China	**20,076**	**–**	14,007	–
Thailand	**344**	**–**	7,192	–
Hong Kong	**–**	**–**	2,181,119	6
	33,733,951	**100**	39,370,406	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Credit risk concentration profile (Continued)

	Group			
	2019		2018	
	$	% of total	$	% of total
By industry:				
Corporate	**33,165,549**	**98**	33,449,229	85
Information Technology	**538,771**	**2**	549,981	1
E-commerce	**29,631**	**–**	5,371,196	14
	33,733,951	**100**	39,370,406	100

(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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) Analysis of financial assets and 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.

2019	1 year or less $	1 to 5 years $	More than 5 years $	Total $
Group				
Financial assets				
Trade debtors	25,948,539	–	–	25,948,539
Other debtors	580,534	–	–	580,534
Cash and bank balances	5,945,777	–	–	5,945,777
Amount due from a law firm	33,153,417	–	–	33,153,417
Fixed deposits (pledged)	1,831,370	–	–	1,831,370
Fixed deposits	945,186	–	–	945,186
Total undiscounted financial assets	68,404,823	–	–	68,404,823
Financial liabilities				
Trade creditors	30,861,023	–	–	30,861,023
Other creditors and accruals	7,079,331	61,498	–	7,140,829
Amount due to a former director	1,183,251	–	–	1,183,251
Amount due to a non-controlling shareholder	411,570	–	–	411,570
Loans and borrowings	4,810,461	4,807,095	2,884,257	12,501,813
Lease liabilities	1,070,932	4,570,485	1,404,609	7,046,026
Total undiscounted financial liabilities	45,416,568	9,439,078	4,288,866	59,144,512
Total net undiscounted financial assets/(liabilities)	22,988,255	(9,439,078)	(4,288,866)	9,260,311

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) *Analysis of financial assets and liabilities by remaining contractual maturities* (Continued)

2018	1 year or less $	1 to 5 years $	More than 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)	2,004,674	–	–	2,004,674
Fixed deposits	3,079,468	–	–	3,079,468
Total undiscounted financial assets	74,766,989	–	–	74,766,989
Financial liabilities				
Trade creditors	29,046,349	–	–	29,046,349
Other creditors and accruals	8,030,834	–	–	8,030,834
Amount due to a former director	1,479,063	–	–	1,479,063
Amount due to a non-controlling shareholder	238,324	–	–	238,324
Loans and borrowings	4,244,870	4,815,025	3,852,020	12,911,915
Total undiscounted financial liabilities	43,039,440	4,815,025	3,852,020	51,706,485
Total net undiscounted financial assets/(liabilities)	31,727,549	(4,815,025)	(3,852,020)	23,060,504

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(i) *Analysis of financial assets and liabilities by remaining contractual maturities* (Continued)

2019	1 year or less $	1 to 5 years $	Total $
Company			
Financial assets			
Other debtors	**12,132**	**–**	**12,132**
Cash and bank balances	**112,919**	**–**	**112,919**
Amount due from a law firm	**33,153,417**	**–**	**33,153,417**
Total undiscounted financial assets	**33,278,468**	**–**	**33,278,468**
Financial liabilities			
Loan payable to a subsidiary	**750,000**	**–**	**750,000**
Other creditors and accruals	**1,834,406**	**–**	**1,834,406**
Amount due to a former director	**1,183,251**	**–**	**1,183,251**
Total undiscounted financial liabilities	**3,767,657**	**–**	**3,767,657**
Total net undiscounted financial assets	**29,510,811**	**–**	**29,510,811**
2018			
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	33,576,319	4,825,600	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 a former director	1,479,063	–	1,479,063
Total undiscounted financial liabilities	2,036,427	–	2,036,427
Total net undiscounted financial assets	31,539,892	4,825,600	36,365,492

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

(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 $
2019			
Financial guarantee	**9,064,738**	**–**	**9,064,738**
2018			
Financial guarantee	10,662,172	–	10,662,172

Company	1 year or less $	1 to 5 years $	Total $
2019			
Financial guarantee	**9,064,738**	**–**	**9,064,738**
2018			
Financial guarantee	10,662,172	–	10,662,172

(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 (2018: 75) basis points with all other variables held constant, the Group's loss before tax for the financial year ended 31 December 2019 would have been higher (2018: higher) by $79,710 (2018: $79,966) as a result of higher interest expenses on floating rate loans and borrowings. If the interest rate had been lower by 75 (2018: 75) basis points, the Group's loss would have had the equal but opposite effect, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 88% (2018: 90%) of the Group's sales are denominated in foreign currencies whilst approximately 26% (2018: 31%) 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.

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 loss net of tax.

		Loss net of tax	
		2019	**2018**
		Decrease loss/ (Increase loss)	**Decrease loss/ (Increase loss)**
		$	**$**
USD/SGD	– strengthened 3% (2018: 3%)	**492,270**	583,059
	– weakened 3% (2018: 3%)	**(492,270)**	(583,059)
USD/RMB	– strengthened 1% (2018: 1%)	**2,866**	5,266
	– weakened 1% (2018: 1%)	**(2,866)**	(5,266)
USD/VND	– strengthened 1% (2018: 1%)	**(131,415)**	(168,078)
	– weakened 1% (2018: 1%)	**131,415**	168,078
USD/MYR	– strengthened 3% (2018: 3%)	**(132,984)**	(248,057)
	– weakened 3% (2018: 3%)	**132,984**	248,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. 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		Company	
	2019	2018	2019	2018
	$	$	$	$
Financial assets at amortised cost				
Trade debtors	**25,948,539**	21,296,866	**–**	190
Other debtors	**580,534**	4,827,929	**12,132**	–
Fixed deposits	**2,731,422**	4,956,540	**–**	–
Cash and bank balances	**5,945,777**	9,015,575	**112,919**	126,900
Amount due from a law firm	**33,153,417**	34,542,477	**33,153,417**	33,449,229
Loan receivables from subsidiaries	**–**	–	**–**	7,325,600
Total	**68,359,689**	74,639,387	**33,278,468**	40,901,919
Financial assets at fair value through OCI				
Other investments	**2,070,000**	1,960,000	**–**	–
Financial liabilities at amortised cost				
Trade creditors	**30,861,023**	29,046,349	**–**	–
Other creditors and accruals	**7,140,829**	8,030,834	**1,834,406**	418,720
Amount due to a former director	**1,183,251**	1,479,063	**1,183,251**	1,479,063
Amount due to a non-controlling shareholder	**411,570**	238,324	**–**	–
Loans and borrowings	**10,628,052**	10,662,172	**–**	–
Lease liabilities	**5,793,921**	5,014,180	**–**	–
Amount due to a subsidiary	**–**	–	**750,000**	138,644
Total	**56,018,646**	49,456,742	**3,767,657**	2,036,427

42. 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 years ended 31 December 2019 and 31 December 2018, 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 2019

42. 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, lease liabilities, accruals, amount due to a former director, amount due to a non-controlling shareholder and deposit received. Net worth is calculated as equity less foreign currency translation reserve.

	Group	
	2019	**2018**
	$	**$**
Total liabilities	**56,543,714**	50,321,621
Net worth	**63,398,759**	93,989,579
Gearing ratio	**89%**	54%

As disclosed in Note 32, the China and Thailand 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 2019 and 2018.

In addition, the Group is required to comply with certain debt covenants imposed by banks on the loans drawn down. The Directors have assessed that the Group is in compliance with the debt covenants as at year-end.

43. DIVIDENDS

	Group and Company	
	2019	**2018**
	$	**$**
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final one-tier tax exempt dividend (0.01 cents per share)	**–**	135,033

44. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The business environment within the next 12 months is expected to remain challenging for the Group in light of the weak global economic outlook and the JLC issue as disclosed in Note 2.1(b) to the financial statements. The worsening business environment is further exacerbated by the recent COVID-19 issue that has particularly affected economies in Asia.

Further, as a result of the developing COVID-19 situation, the Malaysian Federal Government had, on 16 March 2020, announced that mass movements and gatherings across Malaysia, including religious, sports, social and cultural activities are prohibited (the "Malaysian Directive"). In enforcing this prohibition, all houses of worship and business premises are required to be closed from 18 March 2020 to 31 March 2020, except for supermarkets, public markets, grocery stores and convenience stores selling everyday necessities. Subsequently, on 25 March 2020, the Malaysian Federal Government further announced that the Malaysian Directive would be extended by a further 14 days (till 14 April 2020) (the "Extended Directive"). In complying with the Malaysian Directive and the Extended Directive, the Group had closed all operations in Malacca and Johor Bahru from 18 March 2020 until 14 April 2020. During this period, the offices in both Malacca and Johor Bahru remained contactable, and all business support functions were supported by the Group's offices in Singapore. Operations in both Malacca and Johor Bahru will resume on 15 April 2020.

44. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTINUED)

At present, we are unable to assess the impact the Malaysian Directive, the Extended Directive and the COVID-19 situation may have on the Group's earnings per share and net asset value per share of the Group for the financial year ending 31 December 2020. However, the Company wishes to add that the Covid-19 pandemic and its effects on the global and domestic economy may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

The Company will continue to monitor the evolving situation and will update the shareholders as and when there are material developments on this matter.

The Group will review and assess its existing business strategies and overall financial performance of the Group concurrently and carry out reorganisation and restructuring of the Group as and when appropriate.

45. 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 $33,153,417 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.

On 22 January 2020, the Company's Chief Executive Officer and Executive Director, and Chief Financial Officer provided assistance to the CAD.

On 31 January 2020, the Company's non-executive directors provided assistance to the CAD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. OTHER MATTERS (CONTINUED)

Investigation by the Commercial Affairs Department ("CAD") (Continued)

CAD has not disclosed to the Company any further details of its investigation. The Company has been and intends to continue to cooperate fully with CAD with the ongoing investigation.

On 24 February 2020, the Company noted from the media reports that the managing director for JLC has since been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds. However, the whereabouts of the Balance Escrow Funds remain unclear to the Company as at the date of this report.

The Company and the Group will continue to monitor the progress of the investigation.

Proposed Ratification of the Acquisition of Activpass

An extraordinary general meeting ("EGM"), originally 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, has been adjourned to a later date to be announced in due course after the completion of the Special Audit disclosed in Note 45 above.

46. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 9 April 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2020

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	2.46	673	0.00
100 – 1,000	148	6.19	127,600	0.01
1,001 – 10,000	502	20.99	3,097,710	0.17
10,001 – 1,000,000	1,557	65.09	212,232,638	11.99
1,000,001 AND ABOVE	126	5.27	1,554,870,299	87.83
TOTAL	**2,392**	**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 name under UOB Kay Hian Private Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2020

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	301,994,600	17.06
2	QUANTUM GLOBAL LIMITED	140,000,000	7.91
3	OCBC SECURITIES PRIVATE LIMITED	139,966,400	7.91
4	DBS NOMINEES (PRIVATE) LIMITED	128,498,184	7.26
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	96,544,767	5.45
6	UOB KAY HIAN PRIVATE LIMITED	93,955,500	5.31
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(i)	LOW SI REN KENNETH (LIU SIREN)	10,000,000	0.56
20(ii)	WONG KIONG HONG	10,000,000	0.56
	TOTAL	**1,269,429,706**	**71.71**

SHAREHOLDING IN THE HANDS OF PUBLIC

Based on the information provided to the Company as at 23 March 2020, 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.

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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

3 Temasek Avenue,
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Phone: 6549 7000

AUDITORS

Ernst & Young LLP
One Raffles Quay
Level 18, North Tower
Singapore 048583
Partner-in-charge: Mr Philip Ng
(Since Financial Year 2019)

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
Maybank
Standard Chartered Bank

LEGAL COUNSEL

Eversheds Harry Elias LLP
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Singapore 068807

SPONSOR

Stamford Corporate Services Pte. Ltd.
10 Collyer Quay,
#27-00 Ocean Financial Centre,
Singapore 049315

This annual report 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 annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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

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