



ALLIED TECHNOLOGIES LIMITED

Company Registration No: 199004310E

THIRD QUARTER AND NINE MONTHS UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

*Pursuant to the Notice of Compliance in relation to the requirement to perform quarterly reporting issued by Singapore Exchange Regulation Pte Ltd (“**SGX Regco**”) on 6 February 2020, the Company is required to continue with the quarterly reporting of its unaudited financial statements under Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) with effect from 7 February 2020.*

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

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1 (a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Note	GROUP					
		3 months ended			9 months ended		
		3Q2020	3Q2019	+ / (-)	9M2020	9M2019	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue		25,403	34,156	(26%)	75,114	90,667	(17%)
Cost of revenue		<u>(23,604)</u>	<u>(31,255)</u>	(24%)	<u>(71,964)</u>	<u>(85,959)</u>	(16%)
Gross profit		1,799	2,901	(38%)	3,150	4,708	(33%)
Other income		170	139	22%	873	641	36%
General and administrative expenses		(1,691)	(2,214)	(24%)	(5,226)	(7,765)	(33%)
Finance costs		<u>(143)</u>	<u>(260)</u>	(45%)	<u>(670)</u>	<u>(739)</u>	(9%)
Profit/(loss) before tax	A	135	566	(76%)	(1,873)	(3,155)	(41%)
Income tax expense	B	<u>(7)</u>	<u>(121)</u>	(94%)	<u>(53)</u>	<u>(258)</u>	(79%)
Profit/(loss) for the period		<u>128</u>	<u>445</u>	(71%)	<u>(1,926)</u>	<u>(3,413)</u>	(44%)
Attributable to:							
Owners of the Company		127	537	(76%)	(1,875)	(3,007)	(38%)
Non-controlling interests		<u>1</u>	<u>(92)</u>	n.m	<u>(51)</u>	<u>(406)</u>	(87%)
Profit/(loss) for the financial period attributable to non-controlling interests		<u>128</u>	<u>445</u>	(71%)	<u>(1,926)</u>	<u>(3,413)</u>	(44%)
Profit/(loss) per share (cents per share)							
- Basic		<u>0.01</u>	<u>0.03</u>		<u>(0.11)</u>	<u>(0.17)</u>	
- Diluted		<u>0.01</u>	<u>0.03</u>		<u>(0.11)</u>	<u>(0.17)</u>	
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation of foreign subsidiaries		<u>(109)</u>	<u>163</u>	n.m	<u>(102)</u>	<u>227</u>	n.m
Total comprehensive income for the period		<u>19</u>	<u>608</u>	(97%)	<u>(2,028)</u>	<u>(3,186)</u>	(36%)
Attributable to:							
Owners of the Company		16	689	(98%)	(1,976)	(2,787)	(29%)
Non-controlling interests		<u>3</u>	<u>(81)</u>	n.m	<u>(52)</u>	<u>(399)</u>	(87%)
Total comprehensive income for the period		<u>19</u>	<u>608</u>	(97%)	<u>(2,028)</u>	<u>(3,186)</u>	(36%)

Note:

n.m - Not meaningful

**1 (a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.
(continued)**

Notes:

A: Loss before income tax is arrived at after (crediting)/charging the following:

	GROUP					
	<u>3Q2020</u> S\$'000	<u>3Q2019</u> S\$'000	+ / (-)	<u>9M2020</u> S\$'000	<u>9M2019</u> S\$'000	+ / (-)
(a) Cost of revenue:						
Allowance for/(write-back of) inventory obsolescence	292	(94)	n.m	510	444	15%
Depreciation of property, plant and equipment	662	727	(9%)	1,982	2,221	(11%)
Depreciation of right-of-use assets	147	159	(8%)	444	475	(7%)
Salaries, bonus and other costs	3,458	3,803	(9%)	10,337	10,751	(4%)
(b) Other income:						
Interest income	(6)	(17)	(65%)	(52)	(89)	(42%)
Dividend income from other investment	-	-	n.m	(232)	(217)	7%
Loss/(gain) on disposal of property, plant and equipment	82	(33)	n.m	83	(95)	n.m
Amortisation of deferred interest income	-	(47)	(100%)	-	(47)	(100%)
Job Support Scheme grant	(67)	-	n.m	(256)	-	n.m
Rental income	-	(14)	(100%)	-	(41)	(100%)
(c) General and administrative expenses:						
Legal and other professional fees	144	126	14%	362	687	(47%)
Salaries, bonus and other costs	794	1,059	(25%)	2,489	3,178	(22%)
Allowance for impairment on :						
- trade debtors	-	2	(100%)	-	14	(100%)
Foreign exchange loss/(gain)	55	(271)	n.m	(98)	(4)	2350%
Depreciation of property, plant and equipment	96	126	(24%)	294	380	(23%)
Depreciation of right-of-use assets	57	68	(16%)	173	199	(13%)
Amortisation of intangible assets	-	11	(100%)	-	32	(100%)
(d) Finance costs						
Interest of loans and borrowings	72	232	(69%)	447	649	(31%)
Interest of lease liability	71	28	154%	223	90	148%

B: Major components of income tax expense

Current income tax						
- Current income taxation	(7)	(106)	(93%)	(38)	(246)	(85%)
- Underprovision in respect of previous years	-	(18)	(100%)	(15)	(19)	(21%)
	<u>(7)</u>	<u>(124)</u>	<u>(94%)</u>	<u>(53)</u>	<u>(265)</u>	<u>(80%)</u>
Deferred income tax						
Reversal of temporary difference	-	3	(100%)	-	7	(100%)
Income tax recognised in profit or loss	<u>(7)</u>	<u>(121)</u>	<u>(94%)</u>	<u>(53)</u>	<u>(258)</u>	<u>(79%)</u>

Note:

n.m. - not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30.09.2020 S\$'000	31.12.2019 S\$'000	30.09.2020 S\$'000	31.12.2019 S\$'000
Non-current assets				
Intangible assets	-	-	-	-
Property, plant and equipment	26,411	27,257	3	6
Right-of-use assets	4,773	5,337	-	-
Investment in joint venture	-	-	-	-
Investment in subsidiary companies	-	-	30,925	30,925
Loan receivables from subsidiary companies	-	-	46	-
Other investments	2,070	2,070	-	-
	<u>33,254</u>	<u>34,664</u>	<u>30,974</u>	<u>30,931</u>
Current assets				
Inventories	12,104	15,883	-	-
Amounts due from subsidiary companies	-	-	113	-
Trade debtors	17,680	25,949	-	-
Other debtors	925	1,442	14	43
Contract assets	506	1,186	-	-
Income tax recoverable	51	-	-	-
Prepayments and advances to suppliers	311	283	8	15
Fixed deposits	1,969	2,731	-	-
Cash and bank balances	8,103	5,946	16	113
Amount due from a law firm	33,153	33,153	33,153	33,153
	<u>74,802</u>	<u>86,573</u>	<u>33,304</u>	<u>33,324</u>
Current liabilities				
Amount due to a subsidiary	-	-	1,377	750
Trade creditors	18,765	30,861	-	-
Contract liabilities	176	490	-	-
Lease liabilities	739	780	-	-
Other creditors and accruals	6,897	7,114	1,962	1,834
Deferred grant income	120	-	18	-
Amount due to a former director	1,183	1,183	1,183	1,183
Amount due to a non-controlling shareholder of a subsidiary	415	412	-	-
Loans and borrowings	6,518	4,428	-	-
Income tax payable	-	165	-	-
	<u>34,813</u>	<u>45,433</u>	<u>4,540</u>	<u>3,767</u>
Net current assets	39,989	41,140	28,764	29,557
Non-current liabilities				
Accruals	74	61	-	-
Lease liabilities	4,522	5,014	-	-
Loans and borrowings	6,146	6,200	-	-
Deferred tax liabilities	14	14	-	-
	<u>10,756</u>	<u>11,289</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>62,487</u>	<u>64,515</u>	<u>59,738</u>	<u>60,488</u>
Equity attributable to owners of the Company				
Share capital	115,898	115,898	115,898	115,898
Statutory reserve fund	231	231	-	-
Other reserves	189	189	189	189
Fair value adjustment reserve	(135)	(135)	-	-
Accumulated losses	(51,865)	(49,990)	(56,349)	(55,599)
Foreign currency translation reserve	1,015	1,116	-	-
	<u>65,333</u>	<u>67,309</u>	<u>59,738</u>	<u>60,488</u>
Non-controlling interests	(2,846)	(2,794)	-	-
	<u>62,487</u>	<u>64,515</u>	<u>59,738</u>	<u>60,488</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 September 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,518	906	4,428	897

Amount repayable after one year

As at 30 September 2020		As at 31 December 2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,146	-	6,200	-

Details of any collateral

The Group's borrowings comprise the following:

- (i) amounts due to bankers;
- (ii) amount due to a non-controlling shareholder of a subsidiary;
- (iii) amount due to a director-related company (included in other creditors and accruals); and
- (iv) amount due to a director (included in other creditors and accruals).

The amounts due to bankers are secured facilities granted to the Group. The secured facilities granted are secured by:

- (1) fixed deposits placement by the Company's respective subsidiaries;
- (2) land and properties of the respective subsidiaries;
- (3) a debenture by way of fixed and floating charge over the entire assets of a subsidiary; and
- (4) agreed amounts of corporate guarantee provided by the Company and/or its subsidiary.

The amounts due to a non-controlling shareholder of a subsidiary, a director-related company and a director are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 months ended		9 months ended	
	3Q2020 S\$'000	3Q2019 S\$'000	9M2020 S\$'000	9M2019 S\$'000
Cash flows from operating activities				
Profit/(loss) before tax	135	566	(1,873)	(3,155)
Adjustments for:				
Loss/(gain) on disposal of property, plant and equipment	82	(33)	83	(95)
Depreciation of property, plant and equipment	758	853	2,276	2,601
Depreciation of right of use assets	204	227	617	674
Amortisation of intangible assets	-	11	-	32
Interest income	(6)	(17)	(52)	(89)
Interest expense	72	232	447	649
Interest expense - lease liability	71	28	223	90
Dividend income from other investments	-	-	(232)	(217)
Exchange differences	(25)	(267)	(324)	(297)
Operating profit before working capital changes	1,291	1,553	1,165	146
Decrease in inventories	2,643	1,472	4,021	3,995
(Increase)/decrease in trade debtors and other debtors	(4,183)	(2,020)	9,678	(2,635)
Increase/(decrease) in trade creditors and other creditors	231	(261)	(12,854)	(2,843)
Payment to a former director in relation to termination of service agreement	-	-	-	(296)
Cashflows (used in)/generated from operations	(18)	744	2,010	(1,633)
Interest paid	(72)	(232)	(447)	(649)
Interest paid for lease liability	(71)	-	(223)	-
Interest received	6	17	52	89
Tax paid	(35)	(111)	(273)	(245)
Net cashflows (used in)/generated from operating activities	(190)	418	1,119	(2,438)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	12	34	15	704
Purchase of property, plant and equipment	(278)	(863)	(1,432)	(3,625)
Prepayment for purchase of land	-	(14)	-	(1,672)
Dividend receipt from other investments	-	-	232	217
Net cashflows used in investing activities	(266)	(843)	(1,185)	(4,376)
Cash flows from financing activities				
Repayment of lease liabilities	(195)	(250)	(586)	(733)
(Decrease)/increase in amount due to non-controlling shareholder	(1)	18	3	153
Drawdown of bank borrowings	7,765	7,205	18,752	12,995
Repayment of bank borrowings	(7,276)	(5,878)	(16,723)	(11,862)
Net increase/(decrease) in fixed deposit	(3)	(254)	791	2,234
Net cashflows generated from financing activities	290	841	2,237	2,787
Net (decrease)/increase in cash and cash equivalents	(166)	416	2,171	(4,027)
Cash and cash equivalents at beginning of period (Note A)	8,340	4,570	5,946	9,016
Effects of exchange rates on opening cash and cash equivalents	(71)	73	(14)	70
Cash and cash equivalents at end of period	8,103	5,059	8,103	5,059

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Note A:

As at 31 December 2018, cash of S\$33.45 million and S\$1.09 million were held in trust and/or in escrow by a Singapore law firm, JLC Advisors LLP ("**JLC**") for the Company and its subsidiary, Asia Box Office Pte. Ltd. ("**ABO**"), respectively. On 9 January 2019, the Company authorised JLC to make payment of \$0.30 million to a former director of the Company in relation to the termination of his service agreement. On 2 April 2019, JLC paid the sum of S\$1.09 million to the Group, being the balance funds that ABO had placed in trust with JLC as at 2 April 2019. This was pursuant to ABO's request to withdraw the funds held in trust with JLC on 23 March 2019. Consequently, the remaining balance held by the Group in escrow by JLC is \$33.15 million ("**Escrow Funds**"). The Company had made repeated demands for repayment of the 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 Escrow Funds to the Company. As there have been alleged unauthorised payments of such Escrow Funds and on-going investigation by various authorities, the Group and the Company have classified the cash of S\$33.15 million (31 December 2019: S\$34.54 million) and S\$33.15 million (31 December 2019: S\$33.45 million) as amount due from a law firm respectively as at 30 September 2020 instead of cash and cash equivalents as the Company is currently taking all steps necessary to recover the Escrow Funds from JLC ("**JLC Issue**").

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

(In S\$'000)

Group

	Ordinary shares \$'000 \$	Foreign currency translation reserve \$'000 \$	Statutory reserve fund \$'000 \$	Other reserves \$'000 \$	Fair value adjustment reserve \$'000 \$	Accumulated losses \$'000 \$	Total equity attributable to owners of the Company \$'000 \$	Non- controlling interests \$'000 \$	Total equity \$'000 \$
9M2020									
Balance as at 1 January 2020	115,898	1,116	231	189	(135)	(49,990)	67,309	(2,794)	64,515
Loss for the period	-	-	-	-	-	(267)	(267)	(33)	(300)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	31	-	-	-	-	31	(5)	26
Balance as at 31 March 2020	115,898	1,147	231	189	(135)	(50,257)	67,073	(2,832)	64,241
Loss for the period	-	-	-	-	-	(1,735)	(1,735)	(19)	(1,754)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(21)	-	-	-	-	(21)	2	(19)
Balance as at 30 June 2020	115,898	1,126	231	189	(135)	(51,992)	65,317	(2,849)	62,468
Profit for the period	-	-	-	-	-	127	127	1	128
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(111)	-	-	-	-	(111)	2	(109)
Balance as at 30 September 2020	115,898	1,015	231	189	(135)	(51,865)	65,333	(2,846)	62,487
9M2019									
Balance as at 1 January 2019	115,898	986	131	189	(245)	(21,692)	95,267	(292)	94,975
Cumulative effects of adopting SFRS(I)16	-	-	-	-	-	(66)	(66)	-	(66)
Loss for the period	-	-	-	-	-	(1,714)	(1,714)	(149)	(1,863)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	80	-	-	-	-	80	(6)	74
Balance as at 31 March 2019	115,898	1,066	131	189	(245)	(23,472)	93,567	(447)	93,120
Loss for the period	-	-	-	-	-	(1,830)	(1,830)	(165)	(1,995)
<i>Other comprehensive income:</i>									
Foreign currency translation	-	(12)	-	-	-	-	(12)	2	(10)
Balance as at 30 June 2019	115,898	1,054	131	189	(245)	(25,302)	91,725	(610)	91,115
Profit/(loss) for the period	-	-	-	-	-	537	537	(92)	445
<i>Other comprehensive income:</i>									
Transfer to capital reserve	-	-	78	-	-	(78)	-	-	-
Foreign Currency translation	-	152	-	-	-	-	152	11	163
Balance as at 30 September 2019	115,898	1,206	209	189	(245)	(24,843)	92,414	(691)	91,723

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period (cont'd).

(In S\$'000)

Company

	Ordinary shares \$	Other reserves \$	Accumulated losses \$	Total equity attributable to owners of the Company \$
9M2020				
Balance as at 1 January 2020	115,898	189	(55,599)	60,488
Total comprehensive income for the period	-	-	(303)	(303)
Balance as at 31 March 2020	115,898	189	(55,902)	60,185
Total comprehensive income for the period	-	-	(302)	(302)
Balance as at 30 June 2020	115,898	189	(56,204)	59,883
Total comprehensive income for the period	-	-	(145)	(145)
Balance as at 30 September 2020	115,898	189	(56,349)	59,738
9M2019				
Balance as at 1 January 2019	115,898	189	(24,119)	91,968
Total comprehensive income for the period	-	-	(366)	(366)
Balance as at 31 March 2019	115,898	189	(24,485)	91,602
Total comprehensive income for the period	-	-	(945)	(945)
Balance as at 30 June 2019	115,898	189	(25,430)	90,657
Total comprehensive income for the period	-	-	(605)	(605)
Balance as at 30 September 2019	115,898	189	(26,035)	90,052

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of ordinary shares '000	Amount S\$'000
As at 30.09.2020, 30.06.2020 and 30.09.2019	1,770,329	115,898

Since 30 June 2020, there has been no change in share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose.

As at 30 September 2020, 30 June 2020 and 30 September 2019, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.09.2020	31.12.2019
Total number of issued shares ('000) (excluding treasury shares)	1,770,329	1,770,329

There were no treasury shares as at 30 September 2020 and 31 December 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company did not have any treasury shares as at 30 September 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 30 September 2020.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable as the figures have not been audited or reviewed by the Group's auditors.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue. (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Reference is made to pages 64 to 66 of the FY2019 Annual Report. The disclaimer of opinion by the Company's 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) Asia Box Office Pte. Ltd. and its subsidiary;
- 4) On-going special audit and investigation; and
- 5) Going concern assumption.

(a) Updates on the efforts taken to resolve each outstanding audit issue highlighted above:

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 (4) 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.

The Company noted from the media reports on the following dates that the managing director for JLC has since been charged in relation to the Company's Escrow Funds:

- (i) On 24 February 2020, he has been charged with 12 different charges, 11 of which involving alleged criminal breach of trust as an attorney in relation to the Escrow Funds;
- (ii) On 30 June 2020, he has been charged with additional 15 different charges, 14 of which involving cheating the Company by deceiving the Company into believing its escrow account maintained by JLC contained certain balance amounts on certain dates; and
- (iii) On 11 August 2020, he has been charged with additional 4 charges of criminal breach of trust as an attorney in relation to misappropriation of S\$11.7 million from the escrow facility held by JLC for the Company.

However, the whereabouts of the escrow funds remain unclear to the Company as at the date of this announcement.

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.

In relation to issue (5) above, 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. The assumptions and measures for this assessment can be found in our announcement of 13 April 2020. In relation to the assumption set out in item (g) of the announcement dated 13 April 2020 and the Group's efforts in this regard, please refer to the Company's updates on the movement control orders implemented by the Malaysian Government and the COVID-19 situation in our announcement of 30 April 2020. The Group's factories have continued full operations since the announcement dated 30 April 2020.

(b) Nonetheless, the Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed in these financial statements.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP		GROUP	
	3 months ended		9 months ended	
	<u>3Q2020</u>	<u>3Q2019</u>	<u>9M2020</u>	<u>9M2019</u>
Earnings/(loss) (S\$'000)				
Attributable to the owners of the Company				
Profit/(loss) for the period	127	537	(1,875)	(3,007)
Earnings/(loss) per share (cents)				
- Basic	0.01	0.03	(0.11)	(0.17)
- Diluted	0.01	0.03	(0.11)	(0.17)
Weighted average number of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	3.53	3.64	3.37	3.42
Net asset value as at end of period/year (S\$'000)	62,487	64,515	59,738	60,488
No. of ordinary shares ('000)	1,770,329	1,770,329	1,770,329	1,770,329

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a. Revenue

The Group's revenue decreased by 26% from S\$34.16 million in 3Q2019 to S\$25.40 million in 3Q2020 and decreased by 17% from S\$90.67 million in 9M2019 to S\$75.11 million in 9M2020 mainly due to decrease in revenue generated by the precision metal stamping segment as a result of the COVID-19 pandemic which caused significant drop in global demand for our customers' products.

Precision metal stamping

A breakdown of revenue by countries is set out as follows:

	3 months ended		9 months ended		3Q +/(-)	9M +/(-)
	3Q2020 \$'000	3Q2019 \$'000	9M2020 \$'000	9M2019 \$'000		
Singapore	88	197	521	840	(55%)	(38%)
Malaysia	11,908	12,134	31,955	31,227	(2%)	2%
Vietnam	10,633	19,364	36,000	51,913	(45%)	(31%)
Thailand	2,684	2,400	6,536	6,513	12%	0%
China	54	-	54	-	n.m.	n.m.
	<u>25,367</u>	<u>34,095</u>	<u>75,066</u>	<u>90,493</u>	(26%)	(17%)

Note:

n.m. - not meaningful

As mentioned in the above, the precision metal stamping recorded a decrease in revenue due to a significant drop in global demand for our customers' products, mainly consisting of office equipment such as copiers.

E-commerce

E-commerce segment reported a decrease in revenue from S\$61,000 in 3Q2019 to S\$36,000 in 3Q2020 and decrease in revenue from S\$174,000 in 9M2019 to S\$48,000 in 9M2020.

ABO Group did not record revenue in 3Q2020 (3Q2019: S\$6,000) and 9M2020 (9M2019: S\$6,000) as it is facing challenges in securing contracts in light of the audit matters as announced on 8 May 2019. The situation is further worsened by COVID-19 pandemic as all physical concerts and events are cancelled and/or postponed.

Activpass recorded a decrease in revenue from S\$55,000 in 3Q2019 to S\$36,000 in 3Q2020 and decrease in revenue from S\$168,000 in 9M2019 to S\$48,000 in 9M2020. This is due to the audit matters as announced on 8 May 2019 which caused delay in funding and inability to secure funding internally and externally. As such, Activpass is unable to execute marketing plans locally and overseas to motivate merchants and users to join its platform.

b. Operating results

A breakdown of the Group's profit/(loss) before tax by segment is set out as follows:

	3 months ended		9 months ended		3Q +/(-) \$'000	9M +/(-) \$'000
	3Q2020 \$'000	3Q2019 \$'000	9M2020 \$'000	9M2019 \$'000		
Corporate	(145)	(606)	(750)	(1,916)	(76%)	(61%)
Precision Metal Stamping	278	1,348	(1,020)	(411)	(79%)	148%
E-commerce	2	(176)	(103)	(828)	n.m	(88%)
	<u>135</u>	<u>566</u>	<u>(1,873)</u>	<u>(3,155)</u>	(76%)	(41%)

The Group recorded lower profit before tax ("**PBT**") of S\$0.14 million in 3Q2020 as compared to PBT of S\$0.57 million in 3Q2019 and the Group reported a decrease in loss before tax ("**LBT**") from LBT of S\$3.16 million in 9M2019 to LBT of S\$1.87 million in 9M2020. For 3Q2020, the lower profit is mainly due to decline in revenue as mentioned in the revenue analysis section. For 9M2020, the lower loss is largely due to decrease in (i) legal and other professional fees arising from the audit matters as announced on 8 May 2019 and the JLC Issue in 2019; (ii) payroll related costs and other general and administrative ("**G&A**") expenses as part of the cost control measures undertaken by the Group in light of the COVID-19 pandemic; and (iii) scaling down of e-commerce business as a result of the reasons highlighted in the revenue analysis section.

Corporate

The decrease in LBT by 76% from 3Q2019 to 3Q2020 and by 61% from 9M2019 to 9M2020 is mainly due to a decrease in (i) legal and other professional fees arising from the audit matters as announced on 8 May 2019 and the JLC Issue in 2019; and (ii) payroll related costs and other G&A expenses as part of the cost control measures undertaken by the Company in light of the COVID-19 pandemic.

Precision metal stamping

The decrease in PBT from 3Q2019 to 3Q2020 by 79% and the increase in LBT from 9M2019 to 9M2020 by 148% is largely due to the significant decline of revenue by 26% for 3Q2020 from 3Q2019 and 17% for 9M2020 from 9M2019 respectively as highlighted in the revenue analysis section.

E-commerce

ABO Group reported LBT of S\$19,000 in 3Q2020 as compared to LBT of S\$104,000 in 3Q2019. It recorded LBT of S\$136,000 in 9M2020 as compared to LBT of S\$296,000 in 9M2019. The LBT in 3Q2020, 3Q2019, 9M2020 and 9M2019 is due to minimal or no revenue recorded during the period as highlighted in the earlier section on revenue analysis section.

Activpass reported PBT of S\$21,000 in 3Q2020 as compared to LBT of S\$72,000 in 3Q2019. It recorded PBT of S\$33,000 in 9M2020 as compared to LBT of S\$532,000 in 9M2019. The results are due to cost control measures implemented to sustain its operations.

Cost of revenue

Cost of revenue (“**COR**”) consists of material cost, labour cost, sub-contractor cost and overhead costs and procurement cost of e-commerce services. The COR decreased from S\$31.26 million in 3Q2019 to S\$23.60 million in 3Q2020 and decrease from S\$85.96 million in 9M2019 to S\$71.96 million in 9M2020. The decrease is in tandem with the decrease in revenue during the period.

Depreciation

Depreciation of property, plant and equipment (“**PPE**”) recorded in COR and G&A expenses amounted to an aggregate of S\$0.76 million in 3Q2020 and S\$2.28 million in 9M2020 as compared to S\$0.85 million in 3Q2019 and S\$2.60 million in 9M2019 respectively. The decrease is largely due to certain PPE that had fully depreciated.

Other income

Other income comprises mainly interest income, gain/(loss) on disposal of PPE and sundry income. The other income has increased from S\$0.14 million in 3Q2019 and S\$0.64 million in 9M2019 to S\$0.17 million in 3Q2020 and S\$0.87 million in 9M2020 respectively. The increase is mainly due to (i) income of S\$0.41 million arising from the Job Support Scheme (“**JSS**”) announced by the Singapore Government at the Budget 2020 on 18 February 2020 and two supplementary budgets on 26 March 2020 and 6 April 2020 respectively to co-fund the wages of local employees for a period of ten months, wage credit scheme and wage subsidy given by the Malaysian government; and (ii) consultancy income received for provision of parts and tooling designs services. The increase is offset by the loss on disposal of PPE recorded during the period instead of gain on disposal of PPE as compared to the prior period, decrease in interest income and absence of deferred interest income.

General and administrative expenses

G&A expenses mainly include professional fees, salaries and other payroll related costs, directors’ fee, office expenses and foreign exchange (gain)/loss. G&A expenses decreased from S\$2.21 million in 3Q2019 and S\$7.77 million in 9M2019 to S\$1.69 million in 3Q2020 and S\$5.23 million in 9M2020 respectively. The decrease is mainly due to decrease in payroll related costs as part of cost control measures for the Group in light of COVID-19 pandemic and scale-down of e-commerce business given the reasons mentioned in the revenue analysis section.

Finance costs

Finance costs decreased from S\$0.26 million in 3Q2019 and S\$0.74 million in 9M2019 to S\$0.14 million in 3Q2020 and S\$0.67 million in 9M2020 respectively. The decrease is mainly due to lower interest on loans and borrowings as a result of decrease in interest rates between 45 basis points to 140 basis points.

Income tax expense

The Group recorded decreased in income tax expense of S\$121,000 in 3Q2019 and S\$258,000 in 9M2019 to S\$7,000 in 3Q2020 and S\$53,000 in 9M2020 respectively. The decrease is mainly due to certain subsidiaries are in loss making position as of 30 September 2020 and hence there is no taxable income.

c. Balance Sheet

Group

Intangible assets relate to (i) goodwill arising from the acquisitions of ABO Group and Activpass in April 2018 and July 2018 respectively; (ii) contractual customer relationships arising from existing contracts in force with Activpass; and (iii) corporate contract arising from a material corporate contract with a fixed fee in force with Activpass that were acquired in a business combination in July 2018. Intangible assets are recorded at S\$Nil as at 30 September 2020 and 31 December 2019 as they had been fully impaired as at 31 December 2019.

PPE decreased from S\$27.26 million as at 31 December 2019 to S\$26.41 million as at 30 September 2020 mainly due to depreciation charged of S\$2.28 million, which is offset by additions in PPE of S\$1.43 million.

Right-of-use assets (“**ROU**”) decreased from S\$5.33 million as at 31 December 2019 to S\$4.77 million as at 30 September 2020 largely due to depreciation charged of S\$0.62 million which is offset by additions in ROU of S\$0.06 million.

Investment in joint venture relates to the Group's 50% interest in the ownership and voting rights in a joint venture (“**JV**”), ABO Labs Pte. Ltd. that is held by ABO, amounting to S\$50. This JV is incorporated in Singapore and its principal business activities are 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 partner under the contractual agreement. The JV did not generate any revenue during the period. The Group has stopped recognising its share of loss and recorded its investment at S\$Nil as at 30 September 2020 and 31 December 2019.

Other investments relate to the unquoted shares of 3.85% interest in a Taiwanese company which is in the electronics components industry.

Inventories decreased from S\$15.88 million as at 31 December 2019 to S\$12.10 million as at 30 September 2020 mainly due to decrease in work-in-progress and finished goods amounting to S\$4.52 million as a result of delivery of goods during the period, which is offset by the increase in raw materials of \$0.74 million.

Trade debtors decreased from S\$25.95 million as at 31 December 2019 to S\$17.68 million as at 30 September 2020 largely due to collection from customers and decline in revenue during the period as highlighted in the “Revenue” section.

Other debtors decreased from S\$1.44 million as at 31 December 2019 to S\$0.93 million as at 30 September 2020 mainly due to refund of VAT receivable, which is offset by the increase in grant receivables of S\$0.08 million arising from the accounting treatment of JSS.

Contract assets decreased from S\$1.19 million as at 31 December 2019 to S\$0.51 million as at 30 September 2020 due to the recognition of tooling purchases upon the completion of tooling projects.

Prepayments and advances to suppliers increased from S\$0.28 million as at 31 December 2019 to S\$0.31 million as at 30 September 2020 largely due to the downpayment and prepayments made to suppliers to purchase services, materials and machineries.

Fixed deposits decreased from S\$2.73 million as at 31 December 2019 to S\$1.97 million as at 30 September 2020 mainly due to withdrawals for operation use.

Amount due from a law firm relates to cash of S\$33.15 million as at 30 September 2020 and 31 December 2019 which were held in trust and/or in escrow by JLC as disclosed in Note 1(c) of the announcement.

Trade creditors decreased from S\$30.86 million as at 31 December 2019 to S\$18.77 million as at 30 September 2020 mainly due to repayments made to suppliers and lesser purchases made during the period as a result of the significant drop in global demand for our customers' products as highlighted in the "Revenue" section.

Contract liabilities decreased from S\$0.49 million as at 31 December 2019 to S\$0.18 million as at 30 September 2020 largely due to recognition of tooling sales upon the completion of tooling projects.

Lease liabilities (current and non-current) decreased from S\$5.79 million as at 31 December 2019 to S\$5.26 million as at 30 September 2020 mainly due to payment of lease liabilities of S\$0.59 million during the period which is offset by additions of S\$0.06.

Other creditors and accruals decreased from S\$7.11 million as at 31 December 2019 to S\$6.90 million as at 30 September 2020 mainly due to payments made to sundry creditors i.e. non-trade suppliers and payments for accrued operating expenses such as payroll related costs and other miscellaneous expenses during the period.

Deferred grant income arises from the accounting treatment of the JSS.

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 the director.

Amount due to a non-controlling shareholder of a subsidiary relates to advances from the 49% non-controlling shareholder of Activpass to fund the operations of Activpass and director's fee and allowance payable to the same non-controlling shareholder, who is also one of the directors of Activpass.

Loans and borrowings (current and non-current) increased from S\$10.63 million as at 31 December 2019 to S\$12.66 million as at 30 September 2020 mainly due to drawdown of bank borrowings of S\$18.75 million for operational needs which is offset by repayment of bank borrowings of S\$16.72 million made during the period.

Income tax payable decreased from S\$0.17 million as at 31 December 2019 to income tax recoverable S\$0.05 million as at 30 September 2020 largely due to income tax of S\$0.27 million paid, which is offset by provision of current year income tax and previous years tax of S\$0.05 million during the period.

Deferred tax liabilities mainly relate to temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, which include, amongst others, differences in depreciation and amortisation, fair value adjustments on acquisition of subsidiaries and unabsorbed capital allowances.

Equity attributable to owners of the Company decreased from S\$67.30 million as at 31 December 2019 to S\$65.33 million as at 30 September 2020 largely due to loss for the financial period of S\$2.00 million.

Company

Loan receivables from subsidiaries increased from S\$Nil as at 31 December 2019 to S\$46,000 as at 30 September 2020 due to advances to subsidiaries for working capital.

Amount due from subsidiaries increased from S\$Nil as at 31 December 2019 to S\$113,000 as at 30 September 2020 due to fees charged for corporate support rendered by the Company.

Amount due to a subsidiary increased from S\$0.75 million as at 31 December 2019 to S\$1.38 million as at 30 September 2020 due to advances from a subsidiary to the Company for working capital.

d. Consolidated Cash Flow Statement

The Group recorded net cashflows used in operating activities of S\$0.19 million in 3Q2020 as compared to net cash generated from operating activities of S\$0.42 million in 3Q2019 largely due to lower profit recorded during the period.

The Group reported net cash generated from operating activities of S\$1.12 million in 9M2020 as compared to net cash used in operating activities of S\$2.44 million in 9M2019 largely due to lower loss from operations and decline in both trade debtors and trade creditors balances.

The Group recorded decrease in net cash used in investing activities from S\$0.84 million in 3Q2019 to S\$0.27 million in 3Q2020 and decrease from S\$4.38 million in 9M2019 to S\$1.19 million in 9M2020 mainly due to decrease in capital expenditure to conserve cashflows for working capital.

The Group recorded decrease in net cash generated from financing activities from S\$0.84 million in 3Q2019 to S\$0.29 million in 3Q2020 largely due to increase in repayment of loans and borrowings made during the period, which is offset by the decrease in drawdown of loans and borrowings and fixed deposits placed as the Group has maintained sufficient cashflows for working capital.

There is no significant movement in the net cash flows generated from financing activities for 9M2020.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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 1(c) of the announcement. The worsening business environment is further exacerbated by the recent COVID-19 issue that has particularly affected economies globally.

The COVID-19 pandemic and its effects on the global and domestic economy has caused significant drop in global demand for our customers' products, mainly consisting of office equipment such as copiers, which in turn may potentially impair the Group's earnings capacity and ability to secure new sales for ongoing and new projects in the next 12 months.

With the continuing spread of COVID-19 pandemic around the world, there is also no clear indication when COVID-19 can be eradicated globally and when business conditions and market sentiment can return to pre-COVID-19 levels. Besides streamlining its operations, the Group is also exploring possible avenues for business opportunities in both its precision metal stamping and e-commerce business segments. The Group has explored ways, and will continue to look at ways to reduce expenditure. 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.

The Group is also working towards completing the special audit, and resolving the audit issues highlighted by our auditor as announced on 8 May 2019. The Group is also taking all steps necessary to recover the Escrow Funds placed with JLC. Notwithstanding the foregoing, the Group will continue to engage and

maintain good relationships with the stakeholders of the Group and provide assurance to these stakeholders that business is as usual for the Group.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared or recommended

None.

(b) (i) Amount per share

Not applicable.

(i) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend for the period ended 30 September 2020 has been declared or recommended as the Company is in a loss-making position.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for interested person transactions.

14 Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Group and the Company for the third quarter and nine months ended 30 September 2020 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

16 Use of 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 (“**Net Proceeds**”).

On 4 April 2018, the Company announced the completion of acquisition of 51% of the entire issued and fully paid-up capital of ABO Group (“**ABO Acquisition**”). Consideration sum of S\$30.00 million and the ABO Acquisition related transaction costs of S\$0.15 million had been paid to professional parties.

The table below reflected the status on the use of Net Proceeds as at the date of announcement:

Use of Net Proceeds	<u>Allocation of Net Proceeds</u> S\$ 'million	<u>Net Proceeds utilised as at the date of announcement</u> S\$ 'million	<u>Balance of Net Proceeds as at the date of announcement</u> S\$ 'million
(i) Business expansion through acquisitions, joint ventures and collaborations and funding needs of such business expansion	30.06	(30.06)	-
(ii) General working capital purposes	3.34	(0.09)	3.25
	<u>33.40</u>	<u>(30.15)</u>	<u>3.25</u>

The balance of net proceeds is held with JLC as part of the Escrow Funds pending recovery from JLC as disclosed in Note 1(c) of the announcement.

ON BEHALF OF THE BOARD

Leow Wee Kia Clement
Chief Executive Officer and Executive Director

13 November 2020