

Issuer: Allied Technologies Limited

Security: Allied Technologies Limited

Meeting details:

Date: 27 April 2017

Time: 09:00H

Venue: 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853

Company Description

Allied Technologies Limited, together with its subsidiaries, manufactures and sells precision stamped metal parts. It offers vertically integrated precision manufacturing services, including design and product development, prototyping, tool and die fabrication, mass production, plastic injection molding, and mechanical sub-assembly services. The company is also involved in the manufacture of plastic parts; and assembly of consumer electronics. It offers its products for use as components in various industries, including computer and computer peripherals, consumer electronics and home appliances, office equipment, automotive, plastic, and other industries. The company has operations in Singapore, People's Republic of China, Malaysia, Vietnam, Thailand, and internationally. Allied Technologies Limited was founded in 1990 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A13)

Q1. As seen in the Financial highlights (page 7 of the annual report), the group's turnover has been stable and the turnover in 2016 of \$123.9 million is the highest in the past 5 years. In Note 4 (page 74 – Segment information), the breakdown of the total revenue is disclosed, as follows:

	Group	
	2016	2015
	%	%
Copier	51	43
Printer	22	23
Automotive	8	9
LCD related stamping	6	3
Data storage devices	4	5
Solar energy related products	4	4
Computer enclosure	2	6
Others	3	7
	100	100

(Source: Allied Technologies Limited Annual Report 2016)

- a) **Can management elaborate further on the growth prospects and sustainability of the copier and printer business?**
These two segments account for nearly three quarters of the group's total turnover in 2016, up from half of the group's turnover in 2013.
- b) **Would the new subsidiary, Allied Precision Technologies (M) Sdn. Bhd., be in the copier/printer segment as well?**
- c) **Does management have plans to further balance its exposure to certain products/customers and have a more diversified product mix?**

Q2. With the disposal of the subsidiaries in Shanghai and Taicang, together with the cessation of operation of the Dongguan subsidiary in the second half of FY2015, the group will be operating solely out of Suzhou for the China operations.

- a) **Is the restructuring of the group's business to one plant in Suzhou expected to stop the losses in the PRC?**
- b) **What are the specific challenges in the PRC market that have caused losses for the group in previous years?**
- c) **What is the utilisation rate of the Suzhou plant?**
- d) **What are management's plans for the Dongguan subsidiary that has ceased operations since the second half of FY2015?**

Q3. In Note 21 (page 94 – Trade debtors), the receivables that are past due but not impaired has increased, especially those that are past due by more than 60 days. The details are shown in the table below. The allowance for impairment loss on trade debtors is also a key audit matter in the Independent Auditor's Report (page 40).

	2016	2015
	\$	\$
Receivables that are past due but not impaired		
Less than 30 days	2,168,106	3,308,476
30 days to 60 days	549,938	292,680
60 days to 90 days	619,277	25,339
More than 90 days	1,476,712	155,936

Based on the group's track record over the years, the receivables past due by more than 60 days is unusually large.

- a) **Can management help shareholders understand the reasons for such big increases?** For instance, the amount past due by more than 90 days is \$1.5 million as at 31 December 2016, compared to just \$0.16 million as at 31 December 2015.
- b) **What is the profile of the customers with receivables that are past due by more than 60 days? Please disclose the number of such debtors, the debtors' balances, the countries and the industries.**

Separately, the group has provided an allowance for impairment loss on sundry debtors of \$853,123. **Can management provide more clarity on this impairment?**

The disposal of the two Chinese wholly owned subsidiaries to Carapace Daybreak Ltd resulted in the group recognising non-trade debtor balances of \$12.4 million (non-current) and \$5.7 million (current) as at 31 December 2016. **Can shareholders also understand how management assessed the credit-worthiness of Carapace, the purchaser?**