



ALLIED TECHNOLOGIES LIMITED

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

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON FY2017 ANNUAL REPORT

The Board of Directors (the “**Board**”) of Allied Technologies Limited (the “**Company**”) wishes to respond to the questions raised from the Securities Investors Association (Singapore) (the “**SIAS**”) in relation to the Annual Report issued by the Company in respect of the financial year ended 31 December 2017 (the “**Annual Report**”).

SIAS’s Question 1:

The group’s business diversification mandate was approved by shareholders in March 2018. The move into e-Commerce and related technologies such as e-payment systems and platform was to build up a new division for the group to diversify its earnings base.

In April 2018, the acquisition of a 51% equity stake in Asia Box Office Pte. Ltd. for a consideration of \$30 million was completed.

- (i) ***As the group moves into the new e-commerce business that is inherently risky, what guidance has the board given to management to remain prudent in its expansion?***

Board response:

Prior to the acquisition, the Board had worked closely with management to review the potential risk and returns profile of the latest acquisition of Asia Box Office (“**ABO**”), including reviewing legal and financial due diligence as well as independent valuation exercise undertaken by third party professionals hired by the Company for this transaction.

The Board is of the view that, as ABO grows, its financial, operational and technological requirements will grow both in scale and complexity. Therefore, even though the Company has only recently completed the acquisition of a majority stake in ABO, the Board continues to guide management to begin implementing financial, operational and technological integration to the Group so as to further enhance control and visibility into ABO’s ongoing operations and performance.

- (ii) ***What are the safeguards put in place to prevent acquisitions that are overly aggressive?***

Board response:

In addition to legal and financial due diligence as well as independent valuation exercises conducted on the acquisition targets, the Board evaluates the target’s management expertise and track record as well as the inherent industry prospects to ascertain the value of an acquisition.

- (iii) ***What experience and/or track record do the management team and the board have in deal sourcing and deal structuring?***

Board response:

The members of the Board and management have been separately involved in reviewing and approving mergers and acquisitions in their current and previous roles on the Boards of public companies. (A description of their experience and a table of their past and present directorships can be found on pages 7 and 35 of the Annual Report, respectively).

- (iv) ***How robust is the group's commercial due diligence process, especially on the valuation of the proposed targets?***

Board response:

The valuation exercises of the proposed targets were carried out on an independent basis by established valuation firms. These valuations typically involved a combination of income approach (discounted cashflow method) and market approach.

The independent valuation process would typically involve inputs from a variety of sources. These include a review of past and current track record of the targets, projections provided by the targets, industry and geographical market trends and data culled from a variety of sources, comparable peer valuations of publicly traded companies operating in the targets' industry.

SIAS's Question 2:

Would the board/management provide shareholders with better clarity on the group's precision stamped metal parts segment? Specifically:

- (i) ***What are the growth factors and key priorities for the segment in 2018?***

Board response:

The key priority for the precision metal stamping segment is to continue to seek out growth opportunities in our current markets (Vietnam, Malaysia and Thailand in 2018). The key growth factors would be our ability to respond nimbly to changes in customer demand patterns and maintaining a productive work force and a competitive cost base in all our manufacturing plants.

- (ii) ***Is the group looking to diversify its product range so as to reduce the dependence on copier/printer which makes up nearly 90% of total revenue?***

Board response:

It has been always our main growth strategy to diversify our product range as we aim towards a balanced product and customer portfolio.

- (iii) **Does the group has concentrated counterparty/market risk to the major customer who contributed \$69 million out of the group's total revenue of \$95 million in FY2017? Is the group looking to secure new customers?**

Board response:

The major customer referred to here is a world-renowned customer, which has been the Group's customer for over a decade. We have a close and collaborative relationship which we believe are based on fairness and mutual trust. We have not been given any indication of their counter party risks.

Nonetheless, it is our long-term intention to diversify our revenue base with a wider customer and product range.

- (iv) **With the attention on the new business of e-commerce, is there sufficient time and resources devoted to grow this business?**

Board response:

Management has and will continue to work together with the Board to regularly review the Group's business plan and performances of the precision metal stamping business and the new e-commerce business and will assign the appropriate time and resources to grow the businesses.

SIAS's Question 3:

At the company's annual general meeting to be held on 30 April 2018, Mr Poh Wee Chiow, Roger, retiring pursuant to Regulation 117 of the Company's Constitution, will be seeking re-election.

On 5 March 2018, in the company's announcement related to the appointment of Mr Poh Wee Chiow, Roger, Mr Poh was listed as the Managing Director, RHT Communications and Investor Relations Pte Ltd.

In the director's profile on page 7, the company has disclosed the following:



MR POH WEE CHIEW, ROGER Executive Director

Roger Poh was appointed Executive Director of the Company on 5 March 2018. Prior to his appointment, Mr Poh was a Managing Director of RHT Communications and Investor Relations, an investor relations firm in Singapore. Before his latest role, Mr Poh has been a founder and director of a number of investor relations and public relations firms for over 15 years, and he had been involved in supporting a wide range of capital market transactions including situations, in addition to the day-to-day investor relations management for a wide range of private and public listed companies over the years.

He was an Independent Director of Imperium Crown Limited and is Chairman of its Nominating and Remuneration Committees and a member of the Audit Committee from June 2016 to 30 Oct 2017. Mr Poh started his career in the Economic Development Board as a senior officer and has also served a stint as a public relations manager at the Singapore Institute of Management. Mr Poh holds a Bachelor of Arts (Honours Degree) in English from the National University of Singapore.

(Source: Company annual report)

- (i) **Can the company and Mr Poh confirm if he is still holding on to his appointment as a managing director in the above-mentioned external firm?**

Board's response:

Mr Poh is a full-time Executive Director of the Company and has fully relinquished his position as the managing director of the above-mentioned external firm.

- (ii) **Can the company and Mr Poh confirm that, if re-elected, Mr Poh will be a full-time executive director of the company?**

Board's response:

Yes, we confirm that Mr Poh will continue to be a full time Executive Director of the Company, if re-elected at the Annual General Meeting.

- (iii) **As Mr Poh, if re-elected, will be the only executive director on the board, and will be driving the group's growth, can Mr Poh help shareholders understand his expertise and experience in growing e-commerce businesses or in establishing digital payment gateways/applications?**

Board's response:

Mr Poh does not have any direct experience in e-commerce business or in establishing digital payment gateways / applications. Mr Poh was proposed as the Executive Director of the Company to assist in guiding the management through the proposed diversification of the Group into the new business.

The Board intends to seek out new additional senior executives to bolster the Company's senior management in the areas of digital technology, ecommerce and online marketing.

BY ORDER OF THE BOARD

Poh Wee Chiow, Roger
Executive Director

30 April 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume 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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