



ALLIED TECHNOLOGIES LIMITED

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

MEMORANDUM OF UNDERSTANDING - PROPOSED INVESTMENT IN 8TRAVELPAY INTELLIGENCE & TECHNOLOGY (SHANGHAI) CO., LTD

1. INTRODUCTION

- 1.1 The Board of Directors (the **"Board"** or the **"Directors"**) of Allied Technologies Limited (the **"Company"** and together with its subsidiaries, the **"Group"**) is pleased to announce that it had, on 18 December 2017, entered into a binding memorandum of understanding (the **"MOU"**) with 8travelpay Intelligence & Technology (Shanghai) Co., Ltd (**"8TPS"**).
- 1.2 Pursuant to the MOU, the Company shall enter into negotiations with 8TPS to subscribe for ordinary shares in 8TPS and non-redeemable convertible loan notes issued by 8TPS (the **"Loan Notes"**), on the terms set out below (the **"Proposed Investment"**).
- 1.3 The Proposed Investment shall be subject to the Company and 8TPS (collectively, the **"Parties"**) finalising and entering into a definitive investment agreement (**"Investment Agreement"**) and other related documents in respect of the Proposed Investment. The Parties shall negotiate in good faith to agree on the terms and conditions of the Investment Agreement by 31 January 2018.

2. INFORMATION ON 8TPS

- 2.1 8TPS is a company incorporated in the People's Republic of China (**"PRC"**) and is principally in the business of providing payment and technology solutions to the corporate travel market. 8TPS has an exclusive contract with Hotel Reservation Service (Shanghai) Co Ltd, which is part of the HRS group (collectively **"HRS"**). HRS is a hotel solutions provider offering solutions in hotel management for more than 40,000 corporate customers and has tie-ups with both state-owned enterprises as well as global multi-national companies. HRS offers its customers individual consulting and develops custom-fit solutions ranging from strategic procurement to optimized payment processes.
- 2.2 The existing shareholders of 8TPS are Lenuo Business Consulting (Shanghai) Ltd. Co., Wu Qian, Liu Jianqu, Mao Yuanqin and Zhao Xi. The existing shareholders of 8TPS are not related to the Directors or controlling shareholders of the Company or their respective associates.

3. RATIONALE FOR THE PROPOSED INVESTMENT

- 3.1 The Proposed Investment is part of the Company's proposal to diversify its business operations and invest in the technology and services sectors, which the Company believes have huge potential for growth. This investment will also allow the Company to penetrate the PRC's growing corporate travel market through its strategic partnership with 8TPS. The Board believes that 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.

- 3.2 Having considered the terms of the Proposed Investment and based on the benefits of the Proposed Investment to the Group as set out above, the Directors are of the view that the Proposed Investment is in the best interests of the Company.

4. **PRINCIPAL TERMS OF THE PROPOSED INVESTMENT**

A summary of the principal terms of the Proposed Investment as set out in the MOU is provided below.

4.1 **Consideration**

- 4.1.1 Subject to the satisfaction of all condition precedents as set out in paragraph 4.6 and any adjustments to be made following due diligence and valuation set out in paragraph 4.5 below, the consideration for the Proposed Investment shall be as follows:

- (a) US\$2,500,000 (the "**Subscription Price**") for the subscription of such number of ordinary share in 8TPS representing 10% of the total enlarged issued share capital of 8TPS (the "**Subscription Shares**"); and
- (b) US\$7,500,000 (the "**Conversion Price**") for the subscription of the Loan Notes, which shall be convertible to such number of ordinary shares in 8TPS representing 15% of the total enlarged issued share capital of 8TPS (the "**Conversion Shares**"),

(together, the "**Consideration**").

- 4.1.2 The Consideration was determined based on arm's length negotiations and arrived at on a willing buyer willing seller basis and shall be subject to due diligence and valuation as set out in paragraph 4.5 below. Although the Consideration is subject to downward revision (but not upward revision) and is subject to satisfactory fulfilment of the aforementioned conditions, the Consideration was arrived at on a preliminary basis taking into account the future prospects of 8TPS and given the potential growth of the technology and travel services sector in the PRC market.

4.2 **Conversion of Loan Notes**

- 4.2.1 The Loan Notes may be convertible to the Conversion Shares at the election of the Company before the end of 24 months from Completion of the Proposed Investment, which together with the Subscription Shares, shall represent 25% of the total enlarged issued share capital of 8TPS.
- 4.2.2 In the event that the Loan Notes are converted to the Conversion Shares, no interest shall be payable on the Loan Notes. In the event that the Loan Notes are not converted to the Conversion Shares, interest equal to the prevailing SGD prime lending rate fixed by Citibank N.A., Singapore branch shall be payable on the Loan Notes.

4.3 Completion

Completion of the Proposed Investment shall take place upon the satisfaction of the conditions set out under the Investment Agreement and paragraph 4.6 below ("**Completion**").

4.4 Deposit

The Company shall pay a deposit of US\$2,500,000 ("**Deposit**") to 8TPS within seven (7) days of the signing of the MOU, which shall be applied by 8TPS towards payment of the Subscription Price in the event that Completion takes place in accordance with the terms of the MOU. In the event that Completion does not take place in accordance with the terms of the MOU for any reason, 8TPS shall refund to the Company the Deposit in full within seven (7) days of the Company informing 8TPS in writing of such non-Completion.

4.5 Due Diligence and Valuation

4.5.1 As soon as reasonably practicable after the execution of the MOU, the Company will:

- (a) arrange for its advisers including its auditors and legal advisers, to carry out a due diligence investigation of 8TPS and its subsidiaries and associated companies (the "**8TPS Group**"), including its legal, accounting, financial, commercial and taxation affairs; and
- (b) appoint an approved, reputable and independent valuer to conduct an independent valuation of the 8TPS Group (the "**Valuer**").

4.5.2 The Subscription Price is dependent upon the 8TPS Group being independently valued by the Valuer for a sum that is no less than US\$25,000,000 (on a 100% basis). In the event that the independent valuation of 8TPS Group is less than US\$25,000,000 parties shall endeavour to revise the Subscription Price to a sum that is mutually acceptable to the Parties. In the event that the independent valuation of 8TPS Group is more than US\$25,000,000 Parties agree that the Subscription Price for the Subscription Shares shall remain fixed at US\$2,500,000.

4.5.3 The Conversion Price is dependent upon the 8TPS Group being independently valued by the Valuer at the time of conversion for a sum that is no less than US\$50,000,000 (on a 100% basis). In the event that the independent valuation of the 8TPS Group is less than US\$50,000,000 Parties shall endeavour to revise the Conversion Price to a price that is mutually acceptable to the Parties. In the event that the independent valuation of the 8TPS Group is more than US\$50,000,000 parties agree that the Conversion Price for the Conversion Shares shall remain fixed at US\$7,500,000.

4.6 Conditions Precedent

The Proposed Investment is conditional, *inter alia*, upon parties agreeing, signing and exchanging the Investment Agreement, and upon the Company conducting, and being satisfied with the results of, legal, financial, taxation and commercial due diligence concerning

the 8TPS Group and its business, assets and liabilities and any other matters the Company considers necessary, on or before Completion.

- 4.7 The Proposed Investment shall also be subject to the Company obtaining approval from shareholders for the Proposed Investment and the diversification of its business to include investments in the technology and services sectors.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 5.1 None of the Directors or their respective associates has any interest, direct or indirect, in the Proposed Investment other than their respective shareholdings in the Company.
- 5.2 To the best information, belief and knowledge of the Company and its Directors, no controlling Shareholder or their respective associates has any interest, direct or indirect, in the Proposed Investment.

6. RESPONSIBILITY STATEMENT

- 6.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Investment, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.
- 6.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

7. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcements on the Proposed Investment in compliance with the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited, including information required under Chapter 10 of the Catalist Rules, upon finalisation of the terms and conditions of the Investment Agreement or as and when there are material developments on this matter.

8. CAUTION IN TRADING

Please note that the MOU is subject to, inter alia, the execution of the Investment Agreement among the Parties. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

BY ORDER OF THE BOARD

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

19 December 2017

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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