



ALLIED TECHNOLOGIES LIMITED

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

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**”) refers to the Company’s previous announcements dated 19 December 2017 and 20 December 2017 (the “**Previous Announcements**”) in connection with the Company’s entry into a binding memorandum of understanding (the “**MOU**”) with 8travelpay Intelligence & Technology (Shanghai) Co., Ltd (“**8TPS**”).
- 1.2 Further to the Previous Announcements and the MOU, the Board is pleased to announce that it has, on 18 May 2018, entered into a conditional investment and convertible loan agreement (the “**Investment Agreement**”) with 8travelpay Intelligence & Technology (Shanghai) Co., Ltd (“**8TPS**”) pursuant to which:
- (a) the Company shall subscribe for 10% of the enlarged total share capital of 8TPS (“**Subscription Shares**”) for US\$2,500,000 (approximately S\$3,378,000) (the “**Subscription Price**”) (the “**Proposed Subscription**”);
 - (b) the Company shall extend a convertible loan of US\$3,500,000 (approximately S\$4,730,000) to 8TPS (the “**Convertible Loan**”), which is convertible to a further 7% of the enlarged total share capital of 8TPS, subject to any price adjustment as set out below; and
 - (c) 8TPS shall grant an option to the Company to subscribe for a further 8% of the enlarged total share capital of 8TPS for US\$4,000,000 (approximately S\$5,405,000), subject to any price adjustment as set out below (the “**Option**”),

on the terms set out below (the Proposed Subscription, the Convertible Loan and the Option shall be referred to collectively as the “**Proposed Investment**”).

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 serves corporate clients’ business travel needs by consolidating corporate travel bookings via a single convenient platform (“**8TPS platform**”). 8TPS in turn has a two-year exclusive contract with Hotel Reservation Service (Shanghai) Co Ltd, which is part of the HRS group (collectively “**HRS**”). Via the 8TPS platform, this exclusive contract with HRS provides 8TPS’s corporate clientele with access to their inventory of 94,000 hotels across 830 cities in the PRC. 8TPS aims to partner with other providers of travel solutions to further expand its inventory of travel options to better serve its corporate clientele. 8TPS’s corporate clientele includes state-owned enterprises and large multinational corporations based in the PRC.

- 2.2 The existing shareholders of 8TPS are Le Nuo Commercial Consultation (Shanghai) Co., Ltd. (乐诺商务咨询(上海)有限公司) (“**Le Nuo**”), Wu Qian (吴茜), Liu Jianqu (刘建衢), Mao Yuanqin (茅元沁) and Zhao Xi (赵曦). 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 potential for growth. The Proposed 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 improve its growth 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. INFORMATION ON THE PROPOSED SUBSCRIPTION

4.1 Subscription Price

Subject to the terms of the Investment Agreement, the Company shall subscribe for the Subscription Shares at the Subscription Price.

4.2 Basis of the Subscription Price

In connection with the Proposed Subscription, the Company had commissioned an independent valuer, Baker Tilly Consultancy (Singapore) Pte. Ltd., to undertake a pricing analysis to estimate the investment value of 100% of 8TPS as at the pricing analysis date, being 31 December 2017, and produce their findings in a valuation report dated 27 March 2018 (the “**Valuation Report**”). Based on the Valuation Report, the investment value for 100% of 8TPS’s equity is between US\$26,700,000 (approximately S\$36,081,000) and US\$28,500,000 (approximately S\$38,514,000).

Based on the unaudited management accounts of 8TPS as at 28 February 2018, the unaudited book value and the net tangible asset value of 8TPS is approximately RMB 87,000 (approximately S\$18,000) and as such, the financial impact of the Proposed Investment to the Group’s earnings and net tangible assets per share will not be material.

The Subscription Price was arrived at, on a willing-buyer willing-seller basis, after negotiations which were conducted at arms’ length between the Parties, taking into account, *inter alia*, the business prospect of 8TPS and 8TPS being valued at not less than US\$25,000,000 based on the Valuation Report.

The Subscription Price will be wholly satisfied in cash and will be funded from the Company’s internal cash reserves.

4.3 Share Capital Structure

The share capital structure of 8TPS before and after (i) Completion had occurred; (ii) the Convertible Loan had been fully disbursed and converted at the Conversion Price into the Conversion Shares; and (iii) the Option had been fully exercised at the Exercise Price (“**Completion of the Proposed Investment**”):

	<u>Percentage of Share Capital (%)</u>			
	<u>Before the Proposed Investment</u>	<u>After Completion of the Proposed Subscription⁽¹⁾</u>	<u>After full conversion of the Convertible Loan⁽¹⁾</u>	<u>After exercise of the Option in full⁽¹⁾</u>
Le Nuo	85.00	76.50	70.55	63.75
Zhao Qian	8.00	7.20	6.64	6.00
Liu Jianqu	5.00	4.50	4.15	3.75
Zhao Xi	1.00	0.90	0.83	0.75
Mao Yuanqin	1.00	0.90	0.83	0.75
The Company	Nil	10.00	17.00	25.00
Total	100.00	100.00	100.00	100.00

Note:

- (1) On the assumption that there are no changes in the share capital of 8TPS following the date of this announcement.

4.4 Conditions Precedent

The obligation of the Company to complete the Proposed Subscription is conditional upon, *inter alia*, the satisfaction of the following conditions (the “**Conditions**”):

- (a) the Company being satisfied with the results of, legal, financial, taxation and commercial due diligence concerning 8TPS and its subsidiary (the “**8TPS Group Companies**”) and its business, assets and liabilities and any other matters the Company considers necessary;
- (b) the passing of shareholders resolutions of 8TPS and Le Nuo in the agreed form, at a duly convened shareholders meeting to carry out the transactions contemplated under the Investment Agreement;
- (c) all third party, regulatory or tax consents or approvals necessary for the implementation of the transactions contemplated under the Investment Agreement being received on terms reasonably satisfactory to the Parties, including but not limited to any approval from the Sponsor and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), such consents and approvals remaining in full force and effect;
- (d) the warranties of 8TPS and Le Nuo (the “**Warranties**”) being true and accurate at Completion and Final Completion;
- (e) there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the 8TPS Group Companies; and

- (f) no government or other person having enacted or proposed any legislation (including any subordinate legislation) or order, or imposed any condition which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated under the Investment Agreement.

4.5 Completion

Upon the satisfaction or waiver by the Company of the Conditions above, the Parties shall, *inter alia*, undertake the following upon which completion ("**Completion**") is deemed to have occurred:

- (a) 8TPS shall issue and allot the Subscription Shares to the Company; and
- (b) the Parties shall execute all documents necessary for 8TPS to: (i) make an application to the competent commerce administration authority of 8TPS ("**Commerce Authority**"); and (ii) file with the relevant branch of the State Administration for Industry and Commerce ("**SAIC Branch**") for the conversion of 8TPS from a domestic corporation to a Sino-Foreign Equity Joint Venture corporation (中外合资经营企业) (the "**Conversion**").

8TPS, or such other person so appointed by the Parties shall be instructed to, as soon as practicable following Completion, submit and file all appropriate resolutions and forms to:

- (a) make the necessary application with the Commerce Authority and file with the SAIC Branch within the time limits prescribed for the Conversion; and
- (b) to set up the foreign exchange bank account of 8TPS (the "**Designated Bank Account**").

4.6 Final Completion

Upon Conversion and the successful opening of the Designated Bank Account, and subject to the satisfaction or waiver by the Company of the Conditions, the Company shall pay the Subscription Price to 8TPS by electronic transfer to the Designated Bank Account within five (5) Business Days from the account open date (the "**Final Completion**").

5. **INFORMATION ON THE CONVERTIBLE LOAN**

- 5.1 Subject to the terms of the Investment Agreement, the Company shall grant the Convertible Loan to 8TPS on the terms and conditions as set out below:

Principal Amount: US\$3,500,000 (approximately S\$4,730,000).

Interest: The rate of interest payable on the Loan shall be four percent (4%) per annum which shall accrue on a daily basis on the entire Principal Amount for the period commencing on the Drawdown Date (as defined below) to the date the Principal Amount is repaid in full.

Availability Period: Period commencing from the date of Final Completion to the date falling sixty (60) days thereafter.

Maturity Date: The date falling twenty-four (24) months from the date of disbursement of the Convertible Loan (the "**Drawdown Date**").

Conditions Precedent:

Disbursement of the Convertible Loan is conditional upon, *inter alia*, the satisfaction or waiver by the Company of the following conditions:

- (a) Final Completion of the Proposed Subscription having occurred;
- (b) no Event of Default (as defined under the Investment Agreement) has occurred or will occur as a result of the making of a drawdown of the Convertible Loan;
- (c) all third party, regulatory or tax consents or approvals necessary for the drawdown of the Convertible Loan being received on terms reasonably satisfactory to the Parties, including but not limited to any approval from the Sponsor and the SGX-ST, such consents and approvals remaining in full force and effect;
- (d) the Warranties being true and accurate at Drawdown Date;
- (e) there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the 8TPS Group Companies; and
- (f) no government or other person having enacted or proposed any legislation (including any subordinate legislation) or order, or imposed any condition which would prohibit, materially restrict or materially delay the drawdown of the Convertible Loan.

Conversion Right:

The Company shall have the right to convert the Convertible Loan (including any interest accrued and unpaid thereof) into share capital of 8TPS on or at any time prior to the Maturity Date.

Conversion Price:

Prior to the conversion of the Convertible Loan, the Company shall be entitled to appoint a Valuer to conduct an independent valuation of the Company in order to ascertain the conversion price on the mechanism set out under below.

The Company agrees that it shall undertake such valuation within a period of 12 months from Final Completion (the “**First Valuation Period**”, and the date such valuation is conducted, the “**First Valuation Date**”).

In the event that 8TPS is valued for a sum that is equal to or more than US\$50,000,000 on the First Valuation Date, Company shall have the right (but not the obligation) to convert the Convertible Loan into 7% of the total enlarged share capital

of 8TPS (excluding the Subscription Shares) (the “**Conversion Shares**”), such that following such conversion, the Company shall hold 17% of the total enlarged share capital of 8TPS (the “**Conversion Price**”).

“**Valuer**” for the purposes of the Investment Agreement means an independent firm of accountants appointed by the Company and approved by the Sponsor and the SGX-ST.

Conversion Price Adjustment:

In the event that 8TPS is valued for a sum that is less than US\$50,000,000, the Parties shall negotiate in good faith to determine a mutually acceptable Conversion Price. At no time shall the Company be required to exercise its conversion rights whether or not a mutually acceptable Conversion Price has been reached.

Upon conversion, the obligation to repay the Convertible Loan and the Interest shall be deemed to be discharged by 8TPS.

Status of the Conversion Shares:

The Conversion Shares shall rank *pari passu* to the then existing share capital of 8TPS.

6. INFORMATION ON THE OPTION

- 6.1 Subject to the terms of the Investment Agreement, 8TPS shall grant the Option to the Company on the terms and conditions as set out below:

Option Shares:

8% of the total enlarged share capital of 8TPS (excluding the Conversion Shares and the Subscription Shares), such that following the exercise of the Option, the Company shall, together with the Conversion Shares and the Subscription Shares, hold 25% of the total enlarged share capital of 8TPS.

Option Exercise Period:

At any time from Final Completion date to the date falling 24 months from the Final Completion date.

Exercise Price:

US\$4,000,000 (approximately S\$5,405,000).

Option Price:

Prior to the exercise of the Option, the Company shall be entitled to appoint a Valuer to conduct an independent valuation of 8TPS. The Company agrees that it shall undertake such valuation within the First Valuation Period.

Option Price Adjustment:

In the event that 8TPS is valued for a sum that is equal to or more than US\$50,000,000 on the First Valuation Date, the Company shall have the right (but not the obligation) to exercise the Option at the Exercise Price. In the event that 8TPS is valued for a sum that is less than US\$50,000,000, the Parties shall negotiate in good faith to determine a mutually acceptable Exercise Price. At no time shall the Company be required to exercise the Option whether or not a mutually acceptable Exercise Price has been reached.

Conditions Precedent:

Exercise of the Option is conditional upon, *inter alia*, the satisfaction or waiver by the Company of the following conditions:

- (a) no Event of Default (as defined in the Investment Agreement) has occurred or will occur as a result of the exercise of the Option or the issuance of the Option Shares;
- (b) all third party, regulatory or tax consents or approvals necessary for the exercise of the Option or the issuance of the Option Shares being received on terms reasonably satisfactory to the Parties, including but not limited to any approval from the Sponsor and the SGX-ST, such consents and approvals remaining in full force and effect;
- (c) there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the 8TPS Group Companies; and
- (d) no government or other person having enacted or proposed any legislation (including any subordinate legislation) or order, or imposed any condition which would prohibit, materially restrict or materially delay the exercise of the Option or the issuance of the Option Shares.

Status of the Option Shares:

The Option Shares shall rank *pari passu* to the then existing share capital of 8TPS.

7. RELATIVE FIGURES UNDER RULE 1006 IN RELATION TO THE PROPOSED INVESTMENT

- 7.1 The relative figures of the Proposed Investment computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are as follows:

<u>Rule 1006(a):</u> The net asset value of the assets to be disposed of compared with the Group's net asset value	Not applicable
<u>Rule 1006(b):</u> The net profits attributable to the Subscription Shares, the Conversion Shares and the Option Shares with the Group's net profits	NM ⁽¹⁾
<u>Rule 1006(c):</u> The aggregate value of the consideration given or received, being the total amount of US\$10,000,000, compared with the Company's market capitalisation on 17 May 2018, being the	21% ⁽²⁾

last market day on which the Company's shares were traded preceding the date of the Investment Agreement	
<u>Rule 1006(d):</u> The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
<u>Rule 1006(e):</u> The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets.	Not applicable

Notes:

- (1) Not meaningful. As 8TPS only commenced operations in January 2018, there is no comparative statement for the corresponding period covering the latest announced consolidated accounts of the Group.
- (2) The aggregate value of the Proposed Investment is approximately S\$13.51 million (based on an exchange rate of S\$1:US\$0.74 as at 18 May 2018), compared to the Company's market capitalisation of S\$63.33 million (based on 1,350,328,920 shares in issue and the weighted average price of S\$0.0469 per share of the Company on the last market day on which the Company's shares were traded preceding the date of the Investment Agreement, namely 17 May 2018).

7.2 The Proposed Investment constitutes a discloseable transaction pursuant to Rule 1006 and Rule 1010 of the Catalist Rules.

8. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

8.1 For illustrative purposes only, based on the audited consolidated financial statements of the Group as at 31 December 2017, the pro forma financial effects of the Convertible Loan on the net tangible asset ("**NTA**") per ordinary share in the capital of the Company ("**Share**") and earnings per Share ("**EPS**") are computed based on, *inter alia*, the following assumptions:

NTA

Assuming Completion of the Proposed Investment on 31 December 2017, the financial effect on the NTA per Share is as follows:

	Before Completion of Proposed Investment	After Completion of Proposed Subscription	After full conversion of Convertible Loan	After exercise of the Option in full
NTA (S\$'000)	99,781	99,606	99,576	99,576
Number of issued Shares ('000)	1,350,329	1,350,329	1,350,329	1,350,329
NTA per Share (S'pore cents)	7.39	7.38	7.37	7.37

EPS

Assuming Completion of the Proposed Investment on 1 January 2017, the financial effect on the EPS is as follows:

	Before Completion of Proposed Investment	After Completion of Proposed Subscription	After full conversion of Convertible Loan	After exercise of the Option in full
Net profits (S\$'000)	3,275	3,100	3,070	3,070
Weighted average number of Shares (‘000)	796,332	796,332	796,332	796,332
EPS (S’pore cents)	0.41	0.39	0.39	0.39

The pro forma financial effects of the Proposed Investment above are for illustrative purposes only and do not necessarily reflect the actual future results and financial position of the Group following the Completion of the Proposed Investment.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN RESPECT OF THE PROPOSED INVESTMENT

- 9.1 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.
- 9.2 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.
- 9.3 No person is proposed to be appointed as a Director in connection with the Proposed Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Investment Agreement and the Valuation Report is available for inspection during normal business hours at the Company’s registered office at 11 Woodlands Close, #10-11 Woodlands 11, Singapore 737853, for a period of three (3) months from the date of this announcement.

11. RESPONSIBILITY STATEMENT

- 11.1 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.
- 11.2 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.

12. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcements on the Proposed Investment in compliance with the Catalist Rules, including information required under Chapter 10 of the Catalist Rules, as and when there are material developments on this matter.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Proposed Investment will be completed as it is subjected to the fulfilment of terms and conditions set out in the Investment Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD

Poh Wee Chiow, Roger
Executive Director
18 May 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. (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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