



ALLIED TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)

(Registration Number 199004310E)

ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RESPECT OF 100% OF THE EQUITY INTEREST OF ALLIED TECHNOLOGIES (SUZHOU) CO., LTD

1. INTRODUCTION

1.1 The Proposed Disposal

The board of directors (the “**Board**”) of Allied Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 20 December 2017 entered into a sale and purchase agreement (“**SPA**”) with Madam Hong Siou-Jhu (the “**Purchaser**”) as the purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Allied Technologies (Suzhou) Co., Ltd. (“**ATSU**”) comprising a registered capital of USD 11,050,000 (the “**Equity**”) on the terms of the SPA (the “**Proposed Disposal**”); and

2. THE PROPOSED DISPOSAL

2.1 Information on ATSU and the Purchaser

ATSU is a company incorporated in the People's Republic of China (“**PRC**”). As at the date of this announcement, the Company owns 100% of the equity interest of ATSU. Pursuant to the SPA and upon completion of the Proposed Disposal, the Purchaser shall hold 100% of the total equity interest of ATSU. ATSU is principally engaged in the business of toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services.

Based on the Group's unaudited management accounts as at 30 September 2017, ATSU's net asset value and net profit attributable to ATSU for 9 months ended 30 September 2017 are S\$19,371,000 and S\$204,000, respectively. For the third quarter ended 30 September 2017, ATSU has incurred net loss of S\$956,000.

2.2 Information on the Purchaser

The Purchaser is a businesswoman residing in Taiwan. She is involving in business mainly engaging in the manufacturing and sale of electronic components and related products. She is intending to expand her business into the PRC via acquisition of ATSU.

The Purchaser had been introduced to the Company by Mr Hsu Ching Yuh, a Taiwanese who knows the Purchaser. Mr Hsu Ching Yuh is also the Company's Managing Director and substantial shareholder. There is no introductory fee payable to Mr Hsu Ching Yuh and he did not receive any financial benefit (directly or indirectly) from the introduction.

3. KEY TERMS OF THE PROPOSED DISPOSAL

3.1 The Proposed Disposal

3.1.1 Consideration

The total purchase consideration ("**Consideration**") for the Proposed Disposal is S\$25,000,000 consisting of:

- (a) S\$20,997,024 as consideration for the Proposed Disposal (the "**Equity Consideration**"); and
- (b) S\$4,002,976 as consideration for the irrevocable and unconditional assignment by the Company to the Purchaser of the Shareholders' Loan (the "**Loan Assignment Consideration**"). The "**Shareholders' Loan**" means the loan in the amount of S\$4,002,976 owing by the ATSU to the Company, with all accrued but unpaid interest (if any) on the principal amount of the Shareholders' Loan.

No separate valuation of assets for ATSU had been conducted in relation to the Proposed Disposal. The Consideration was negotiated at arm's length on a "willing-buyer, willing-seller" basis after taking into account the financial performance, financial position and business prospects of ATSU.

3.1.2 Payment of Consideration

Subject to the terms of the SPA, the Purchaser shall satisfy the Consideration in the following manner and proportion:

- (a) the ATSU Equity Consideration shall be payable in the following manner:

Amount (S\$)	Date
2,000,000	By 29 December 2017
18,997,024	30 days from the date of completion

- (b) the ATSU Loan Assignment Consideration shall be payable within 30 days from the date of completion.

3.1.3 Conditions Precedent

Completion of the ATSU Transaction under the ATSU SPA shall, unless waived, be conditional upon, amongst others:

- (a) there not being at any time prior to completion of the sale and purchase of the ATSU Sale Shares on the terms of the ATSU SPA ("**Completion**"), any restriction, limitation, prohibition or directive, whether written or verbal, from the Singapore Exchange securities Trading Limited (the "**SGX-ST**") limiting prohibiting the entry into or performance by the Company of its obligations under the ATSU SPA (*cannot be waived*);
- (b) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transaction contemplated hereunder having been obtained, and such consents, approvals and waivers not having been revoked before Completion Date (*cannot be waived*);
- (c) all risks and rewards of and associated with the ATSU Equity having, in the view of the Purchaser, been passed to and accrued to the Purchaser as from 1 November 2017;
- (d) there being no Material Adverse Change in respect of ATSU (*can be waived by the Purchaser*). "Material Adverse Change" in the ATSU SPA is defined to mean any circumstance, change in or

effect on the ATSU or the business of ATSU that, individually or in the aggregate with all other circumstances, changes in or effects on ATSU or the business of ATSU: (a) is or is reasonably likely to be materially adverse to the business, operations, assets or liabilities (including contingent liabilities), employee relationships, customer or supplier relationships, prospects, results of operations or the condition (financial or otherwise) of ATSU, (b) is reasonably likely to materially and adversely affect the ability of the Purchaser to operate or conduct the business of ATSU in the manner in which it is currently or contemplated to be operated or conducted by ATSU (*can be waived by the Purchaser*);

- (e) there being no applicable laws that have the effect of prohibiting, delaying, making illegal or otherwise restraining Completion in accordance with the terms of the ATSU SPA and neither the Company, the Purchaser nor ATSU having received notice of any injunction or other order, directive, or notice restraining or prohibiting the consummation of the disposal hereby contemplated, there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened (*cannot be waived*);

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Board believes that the Proposed Disposal will be beneficial to and is in the best interests of the Company and its Shareholders as ATSU is incurring losses to the Group since the financial period ended 30 September 2017 as a result of allowance made on the trade receivables from a particular customer, which is overdue and the recoverability is doubtful. ATSU is also involved in new solar power projects, which have not been progressing according to the planned timeline due to delays caused by weather and in obtaining approval from relevant stakeholders, which are not within the control of the Group. These have increased the uncertainties on the outcome of the project.

Significant efforts are required to manage those projects. Considering the risk-adjusted cost and benefit analysis, the Group is of the view that the Proposed Disposal will allow the Group to redeploy its resources and capital to other profitable operations and eventually deliver positive value to the shareholders.

After the Proposed Disposal, the principal business activities of the Group shall remain unchanged. These business activities consist mainly of manufacturing of the metal stamped parts, tools and dies and provision of related design services, sub-assembly of mechanical components, plastic injection moulding, manufacturing of plastic parts and assembly of consumer electronics.

5. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal is approximately S\$23,798,000 after taking into account the professional fees incurred in relation to the Proposed Disposal ("**Net Proceeds**") and is made up of the following:

- (a) S\$19,795,024 as Net Proceeds for the Equity Consideration; and
- (b) S\$4,002,976 as Net Proceeds for the Loan Assignment Consideration.

The Company intends to utilise the Net Proceeds for general working capital purposes.

The Group is expected to record a gain on disposal attributable to the Proposed Disposal of approximately S\$178,000.

The Net Proceeds and gain on disposal amount are after accounting for the estimated potential tax payable, which will be determined at a subsequent date depending on the assessment by the PRC's tax authority.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 The financial effects have been prepared on a proforma basis based on the Group's audited consolidated financial statements for the financial year ended 31 December 2016 ("**FY2016 Results**"). The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Disposal.

6.2 Effect of Proposed Disposal on Net Tangible Assets ("NTA") per Share

Assuming that the Proposed Disposal had been completed on 31 December 2016 and based on the audited consolidated financial statements of the Group for FY2016 (being the end of the most recently completed financial year), the effect of the Proposed Disposal on the NTA per share of the Company ("**Share**") are as follows:

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA (S\$'000)	63,574	63,977
Number of issued Shares ('000)	675,164	675,164
NTA per share (Singapore cents)	9.42	9.48

6.3 Effect of Proposed Disposal on Earnings per Share ("EPS")

Assuming that the Proposed Disposal had taken place on 1 January 2016 and based on the audited consolidated financial statements of the Group for FY2016 (being the end of the most recently completed financial year), the Proposed Disposal would have the following effects on the Group's EPS as presented in the following table:

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Consolidated net profit attributable to shareholders (S\$'000)	1,359	1,708
Weighted average number of Shares ('000)	675,164	675,164
EPS (Singapore cents)	0.20	0.25

7. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the unaudited financial statements of the Group for the period ended 30 September 2017 ("**3QFY2017 Results**"), the relative figures for the Proposed Disposal computed on the bases set out in Rules 1006 (a) to (e) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") are as follows:

	Proposed Disposal (S\$'000)	Group (S\$'000)	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 September 2017.	19,371	66,231	29%
Rule 1006 (b) The net profit attributable to the			

assets disposed of, compared with the Group's net profit for 3QFY2017 Results.	204	3,757	5%
Rule 1006 (c) Aggregate value of consideration received, compared with the market capitalization ⁽¹⁾ of the Company as at 18 December 2017, being the last full market day with trades done preceding the date of the SPA	20,997	92,362	23%
Rule 1006 (d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable	Not applicable	Not applicable
Rule 1006 (e) 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 asset by a mineral, oil and gas company, but to an acquisition of such assets.	Not applicable	Not applicable	Not applicable

Note:-

- (1) The market capitalisation of the Company of approximately S\$92,362,000 is determined by multiplying 1,350,328,920 Shares in issue by the volume weighted average price of S\$0.0684 of such Shares transacted as at 18 December 2017, being the market day with trades done preceding the date of the SPA.

As the relative figure calculated under Rule 1006(a) and (c) of the Listing Manual are more than 5% and does not exceed 50%, the Proposed Disposal, is considered a Discloseable Transaction under Chapter 10 of the Catalyst Rules, and therefore Shareholders' approval is not required.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed herein, none of the Directors or controlling shareholders of the Company have any direct or indirect interest in the SPA or the Proposed Disposal, other than through their respective shareholdings in the Company.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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 Disposal, 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. Where information in the 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.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DOCUMENTS FOR INSPECTION

A copy each of the SPA will be available for inspection during normal business hours at the Company's registered office at 11 Woodlands Close, #10-11 Woodlands 11, Singapore 737853 for three (3) months from the date hereof.

12. CAUTIONARY STATEMENT

Shareholders of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. Accordingly, shareholders of the Company are advised to exercise caution when trading in the Shares of the Company.

The Company will make the necessary announcements when there are further developments on the Proposed Disposal and other matters contemplated by this announcement. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

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

20 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 Catalyst. 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.

The contact person for the Sponsor is Mr Lee Chee Cheong, Associate Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.