

CIRCULAR DATED 22 JULY 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

This Circular is issued by Allied Technologies Limited (the “**Company**”).

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled “Definitions”.

If you have sold or transferred all your Shares (as defined in this Circular), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for accuracy of the contents of this Circular including the correctness of any of the statements or opinions made or reports contained or referred to in this Circular.



ALLIED TECHNOLOGIES LIMITED

(Company Registration No.: 199004310E)
(Incorporated in the Republic of Singapore on 31 August 1990)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED TRANSACTION IN RESPECT OF ALL OF THE EQUITY INTEREST OF TAICANG SHANFENG HARDWARE CO., LTD.; AND**
- (2) THE PROPOSED TRANSACTION IN RESPECT OF ALL OF THE EQUITY INTEREST OF ALLIED MACHINERIES (SHANGHAI) CO., LTD.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	6 August 2016 at 9.00 a.m.
Date and time of Extraordinary General Meeting	:	8 August 2016 at 9.00 a.m.
Place of Extraordinary General Meeting	:	11 Woodlands Close, #10-11 Woodlands 11 Singapore 737853

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DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:–

<i>“Act”</i>	:	Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>“AMSH”</i>	:	Allied Machineries (Shanghai) Co., Ltd. (Company Registration No. 310115400048421), a company incorporated in the People’s Republic of China and having its registered office at No.47, Fen Ju Road, Waigaoqiao, Free Trade Zone, Pudong, Shanghai 200131, with a registered capital of USD9,010,000 of which 100% is held by the Company
<i>“AMSH Completion Date”</i>	:	A date to be agreed between the Parties falling within five (5) calendar days that all AMSH Conditions have been fulfilled, or such other date as the Parties may mutually agree in writing
<i>“AMSH Conditions”</i>	:	Has the meaning ascribed to it in section 5.3 of this Circular
<i>“AMSH SPA”</i>	:	The sale and purchase agreement with the Purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the AMSH Equity. For the avoidance of doubt, any and all references to the AMSH SPA will also include references to the AMSH Supplemental Deed and the AMSH Supplemental Deed shall be taken to form part of the AMSH SPA
<i>“AMSH Supplemental Deed”</i>	:	The supplemental deed entered into between AMSH and the Company and dated 7 July 2016 to amend the AMSH SPA
<i>“AMSH Transaction”</i>	:	Has the meaning ascribed to it in section 1.1 of this Circular
<i>“Board” or “Board of Directors”</i>	:	The board of directors of the Company as at the date of this Circular
<i>“Business Day”</i>	:	A day (other than a Saturday, Sunday or public holiday) when the banks in Singapore are open for business
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to the Shareholders dated 22 July 2016 in respect of the Proposed Transactions
<i>“CKY”</i>	:	Mr Chang Kuo Yung, the sole shareholder of the Purchaser
<i>“CKY Charged Shares”</i>	:	A charge over all the shares held by CKY in the Purchaser, being 50,000 shares of US\$1.00 each, representing 100% of the issued share capital of the Purchaser

DEFINITIONS

<i>“Company”</i>	:	Allied Technologies Limited
<i>“Directors”</i>	:	The directors of the Company as at the date of this Circular
<i>“EGM”</i>	:	The extraordinary general meeting of the Company to be held on 8 August 2016 at 9.00 a.m., notice of which is set out on page 30 of this Circular
<i>“Encumbrances”</i>	:	Any form of legal, equitable or security interests, including but not limited to any mortgage, assignment of receivables, debenture, lien, charge, pledge, adverse claim, rent-charge, claim, option, pre-emption rights, right to acquire, security arrangement, restriction, security interest, hypothecation, right of first refusal, any preference arrangement (including title transfers and retention arrangements or otherwise) and any other encumbrance or condition whatsoever or any other arrangements having similar effect
<i>“EPS”</i>	:	Earnings per Share
<i>“FY”</i>	:	Financial year ended or, as the case may be, ended 31 December
<i>“Group”</i>	:	The Company and its subsidiaries as at the date of this Circular
<i>“Latest Practicable Date”</i>	:	15 July 2016, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The Listing Manual of SGX-ST, as amended, modified or supplemented from time to time
<i>“Long Stop Date”</i>	:	31 August 2016, or such other date as the Purchaser and the Company may otherwise agree in writing
<i>“NTA”</i>	:	Net tangible assets
<i>“PRC”</i>	:	The People’s Republic of China, excluding the special administrative regions of Hong Kong and Macau and Taiwan for the purposes of this Circular
<i>“Proposed Transactions”</i>	:	Collectively the proposed transactions of (i) the AMSH Transaction; and (ii) the TCSF Transaction
<i>“Purchaser”</i>	:	Carapace Daybreak Ltd. a company incorporated under the laws of Belize with company registration number 141,411 and having its registered address at Suite 2, 3 Floor, No. 10 Eve Street, Belize City, Belize

DEFINITIONS

<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>“Securities and Futures Act”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore as amended, supplemented or modified from time to time
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	Persons who are registered as holders of the Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shareholder’s Loan”</i>	:	The loan in the amount of S\$5,639,665 as at 31 March 2016 owing by AMSH to the Company, with all accrued but unpaid interest (if any) on the principal amount of the loan
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Suzhou Loan”</i>	:	The loan in the amount of RMB14,621,950 (equivalent to S\$3,053,237) as at 31 March 2016 owing by the TCSF to Allied Technologies (Suzhou) Co., Ltd. (a wholly owned subsidiary of the Company), with all accrued but unpaid interest (if any) on the principal amount of the loan
<i>“TCSF”</i>	:	Taicang Shanfeng Hardware Co., Ltd. (Company Registration No. 320585400003386), a company incorporated in the People’s Republic of China and having its registered office at No.21, Shi Hua Road, Liujiagang Town, Taicang City, China PRC, Postal Code 215434, with a registered capital of USD1,500,000, of which 100% is held by the Company
<i>“TCSF Completion Date”</i>	:	A date to be agreed between the Parties falling within five (5) calendar days that all TCSF Conditions have been fulfilled, or such other date as the Parties may mutually agree in writing
<i>“TCSF Conditions”</i>	:	Has the meaning ascribed to it in section 3.3 of this Circular
<i>“TCSF SPA”</i>	:	The sale and purchase agreement with the Purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the TCSF Equity. For the avoidance of doubt, any and all references to the TCSF SPA will also include references to the TCSF Supplemental Deed and the TCSF Supplemental Deed shall be taken to form part of the TCSF SPA
<i>“TCSF Supplemental Deed”</i>	:	The supplemental deed entered into between TCSF and the Company and dated 7 July 2016 to amend the TCSF SPA

DEFINITIONS

<i>“TCSF Transaction”</i>	:	Has the meaning ascribed to it in section 1.1 of this Circular
<i>“RMB”</i>	:	Renminbi, the lawful currency of the PRC
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents respectively, the lawful currency of Singapore
<i>“USD”</i>	:	United States of America dollars, the lawful currency of the United States of America
<i>“%” or “per cent.”</i>	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Act.

The term **“treasury shares”** shall have the meaning ascribed to it in Section 4 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof or the Listing Manual and used in this Circular shall, where applicable, have the meaning assigned to it under the Act or any modification thereof or the Listing Manual, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Certain names with Chinese characters have been translated into English names. Such translations are provided solely for the convenience of investors and may not have been registered with the relevant PRC authorities and as such, should not be construed as representations that the English names actually represent the Chinese characters.

Any discrepancies in the tables included in this Circular between the listed amounts and the totals are due to rounding; accordingly, figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

ALLIED TECHNOLOGIES LIMITED

(Company Registration No.: 199004310E)
(Incorporated in the Republic of Singapore on 31 August 1990)

Board of Directors:

Mr Hsu Ching Yuh @ Sheu Ching Yuh (Chief Executive Officer and Group Managing Director)
Mr Soh Weng Kheong (Executive Director and Group Deputy Managing Director)
Mr Yau Woon Foong (Lead Independent Director)
Mr Woo Say Hock (Independent Director)
Mr Jake Lam (Independent Director)

Registered Office:

11 Woodlands Close
#10-11
Woodlands 11
Singapore 737853

Date: 22 July 2016

To: The Shareholders of Allied Technologies Limited

Dear Sir/Madam,

- (1) THE PROPOSED TRANSACTION IN RESPECT OF ALL OF THE EQUITY INTEREST OF TAICANG SHANFENG HARDWARE CO., LTD.; AND**
- (2) THE PROPOSED TRANSACTION IN RESPECT OF ALL OF THE EQUITY INTEREST OF ALLIED MACHINERIES (SHANGHAI) CO., LTD.**

1. INTRODUCTION

- 1.1 The Group is a manufacturer of precision stamped metal parts, providing vertically integrated precision manufacturing services, including design and product development, prototyping services, tool and die fabrication, mass production, plastic injection moulding and mechanical sub-assembly services to a wide base of customers.

On 2 June 2016, the Board announced that the Company had on 2 June 2016 entered into the following agreements:

- (a) a sale and purchase agreement ("**TCSF SPA**") with Carapace Daybreak Ltd. (the "**Purchaser**") in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Taicang Shanfeng Hardware Co., Ltd. ("**TCSF**") comprising a registered capital of USD1,500,000 (equivalent to S\$2,247,039) (the "**TCSF Equity**") on the terms of the TCSF SPA (the "**TCSF Transaction**"); and
 - (b) a sale and purchase agreement ("**AMSH SPA**") with the Purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Allied Machineries (Shanghai) Co., Ltd. ("**AMSH**") comprising a registered capital of USD9,010,000 (equivalent to S\$13,477,535) (the "**AMSH Equity**") on the terms of the AMSH SPA (the "**AMSH Transaction**").
- 1.2 The completion of the TCSF Transaction and the completion of the AMSH Transaction are to be concurrent and inter-conditional upon the completion of each other (*this condition may not be waived*).

LETTER TO SHAREHOLDERS

- 1.3 The Proposed Transactions constitute a “Major Transaction” under Chapter 10 of the Listing Manual of the SGX-ST. Accordingly, the Proposed Transactions are conditional upon the receipt of approval from the Shareholders and the SGX-ST.
- 1.4 The Board of Directors is convening an EGM to be held on 8 August 2016 at 9.00 a.m. to seek the approval of the Shareholders for the Proposed Transactions.
- 1.5 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with relevant information relating to the Proposed Transactions, including the rationale for the Proposed Transactions and the financial effects thereof on the Group, and to seek Shareholders’ approval for the Proposed Transactions at the forthcoming EGM.
- 1.6 The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

2. INFORMATION ON THE PROPOSED TCSF TRANSACTION

2.1 Information on TCSF

TCSF is a company incorporated in the People’s Republic of China. As at the date of this Circular, the Company owns 100% of the equity interest of TCSF. Pursuant to the TCSF SPA and on completion of the TCSF Transaction, the Purchaser shall hold 100% of the total equity interest of TCSF. TCSF specialises in surface finishing of metal components, including anodising operations and electrochemical process on aluminium related metal components. It also owns an approved license for anodising aluminium materials in the PRC.

The Company had acquired the entire issued and paid-up capital of TCSF in October 2010 for a consideration of US\$330,000. The Company had further increased the paid-up capital from US\$330,000 to US\$1,500,000 in January 2011. Subsequently in July 2014, one of the Company’s wholly owned subsidiary, Taicang Nengfa Jingmao Weiye Fazhan Co., Ltd (“**TCNF**”) merged with TCSF. TCNF was then dissolved with all its assets and liabilities transferred to TCSF. As at 31 March 2016, the total paid-up capital of TCSF is US\$1,500,000 (equivalent to S\$2,247,039). Further particulars of TCSF have been set out at Part III of Appendix A as attached to this Circular and further financial figures pertaining to TCSF have been attached to this Circular as Appendices B and C.

2.2 Information on the Purchaser

The Purchaser is a company incorporated in Belize, and is an investment holding company. The Purchaser is the holding company of Prosper Machineries (Suzhou) Co., Ltd. (“**Prosper**”), and assists Prosper in receiving and managing its offshore client orders, issuing quotations to offshore clients and providing technical support services to clients. Prosper was incorporated in Suzhou, PRC in 2001, and is mainly engaged in the manufacturing and sale of, inter alia, electronic components and related products, fine blanking dies, and mould standard parts. 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 major 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. The Purchaser’s sole director and shareholder is Mr Chang Kuo-Yung.

LETTER TO SHAREHOLDERS

2.3 Consideration

The total purchase consideration (“**TCSF Consideration**”) for the TCSF Transaction is S\$3,276,681 consisting of:

- (a) S\$1 as consideration for the TCSF Transaction (the “**TCSF Equity Consideration**”); and
- (b) RMB15,692,019 (equivalent to S\$3,276,680) as consideration for the irrevocable and unconditional assignment by the Company to the Purchaser of the Suzhou Loan in the amount of RMB14,621,950 (equivalent to S\$3,053,237) as at 31 March 2016 (the “**TCSF Loan Assignment Consideration**”). The TCSF Loan Assignment Consideration of RMB15,692,019 is the total of 6 payments over 3 years, which when discounted individually, would arrive at RMB14,621,950 (the book value of Suzhou Loan as at 31 March 2016).

The Suzhou Loan is a loan in the amount of RMB14,621,950 (equivalent to S\$3,053,237) as at 31 March 2016 owing by TCSF to Allied Technologies (Suzhou) Co., Ltd. (a wholly owned subsidiary of the Company), inclusive of accrued but unpaid interest (if any) on the principal amount of the loan. The purpose of the loan is for the acquisition of machineries and equipment as well as working capital for TCSF.

3. SALIENT TERMS OF THE PROPOSED TCSF TRANSACTION

3.1 Payment of Consideration

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

- (a) the total TCSF Equity Consideration of S\$1 shall be payable on the TCSF Completion Date.
- (b) the TCSF Loan Assignment Consideration shall be payable in the following manner:

Amount (RMB)	Date
1,462,195	On TCSF Completion Date
2,193,292	6 months from TCSF Completion Date
2,302,957	12 months from TCSF Completion Date
2,359,829	18 months from TCSF Completion Date
2,418,105	24 months from TCSF Completion Date
4,955,641	30 months from TCSF Completion Date

3.2 Factors considered when determining TCSF Equity Consideration

TCSF specialises in surface finishing of metal components, including anodising operations and electrochemical processes on aluminium related metal components. It also owns an approved license for anodising aluminium materials in the PRC, which is only valuable to those in a similar industry. Thus, despite TCSF having net liabilities value of S\$3,781,914 as at 31 March 2016, both the Company and the Purchaser have agreed the TCSF Equity Consideration to be S\$1 and also, that the TCSF Transaction has to be concurrent and inter-conditional with the AMSH Transaction.

LETTER TO SHAREHOLDERS

3.3 Conditions Precedent

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

- (a) the approval of the board and the shareholders of the Company in relation to the sale of the TCSF Equity to the Purchaser (*cannot be waived*);
- (b) there not being at any time prior to completion of the sale and purchase of the TCSF Equity on the terms of the TCSF SPA ("**TCSF Completion**"), any restriction, limitation, prohibition or directive, whether written or verbal, from the SGX-ST limiting or prohibiting the entry into or performance by the Company of its obligations under the TCSF SPA (*cannot be waived*);
- (c) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained, and such consents, approvals and waivers not having been revoked before the TCSF Completion Date (*cannot be waived*);
- (d) consents being obtained from the bankers of the Company and TCSF, where such consent is required, in form and on terms acceptable to the Company and the Purchaser (*cannot be waived*);
- (e) all risks and rewards of and associated with the TCSF Equity having, in the view of the Purchaser, been passed to and accrued to the Purchaser as from 1 April 2016 (*cannot be waived*);
- (f) the results of the financial due diligence review conducted in respect of TCSF based on the unaudited management accounts relating to TCSF for the period commencing 1 January 2016 to 31 March 2016 being reasonably satisfactory to the Purchaser (*can be waived by the Purchaser*);
- (g) there being no Material Adverse Change in respect of TCSF. "Material Adverse Change" in the TCSF SPA is defined to mean any circumstance, change in or effect on the TCSF or the business of TCSF that, individually or in the aggregate with all other circumstances, changes in or effects on TCSF or the business of TCSF: (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 TCSF, (b) is reasonably likely to materially and adversely affect the ability of the Purchaser to operate or conduct the business of TCSF in the manner in which it is currently or contemplated to be operated or conducted by TCSF (*can be waived by the Purchaser*);
- (h) there being no applicable laws that have the effect of prohibiting, delaying, making illegal or otherwise restraining TCSF Completion in accordance with the terms of the TCSF SPA and neither the Company, the Purchaser nor TCSF having received notice of any injunction or other order, directive, or notice restraining or prohibiting the consummation of the transactions 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*);

LETTER TO SHAREHOLDERS

- (i) the AMSH Completion and the TCSF Completion are to take place concurrently and shall be inter-conditional upon the completion of each other (*cannot be waived*);
- (j) the share charge over the shares held by CKY in the Purchaser, executed by CKY in favour of the Company ("**Share Charge**") having been validly signed and executed by the Parties (*cannot be waived*); and
- (k) a personal guarantee from CKY, the sole shareholder of the Purchaser, executed by CKY in favour of the Company ("**Deed of Guarantee**") having been validly signed and executed (*cannot be waived*).

The Company and the Purchaser shall use all reasonable endeavours to ensure that the TCSF Conditions are fulfilled as soon as practicable. If the TCSF Conditions are (a) not fulfilled and, (b) where they can be waived, not waived by the Company or the Purchaser, as the case may be, by the Long Stop Date, then the TCSF SPA shall terminate and the Company and the Purchaser shall be discharged from all liabilities and obligations hereunder save for such liabilities and obligations accruing prior to such termination.

3.4 Purchaser's Rights

- (a) The Company and the Purchaser agree that as from the date of the TCSF SPA, all risks and rewards of and associated with the TCSF Equity and operation and net assets of TCSF shall be deemed to have passed to and accrued to the Purchaser as from 1 April 2016, provided that if the TCSF Completion does not take place, the risks and rewards of and associated with the TCSF Equity, the net assets and the net liabilities of TCSF shall not be passed to and accrued to the Purchaser. For the avoidance of doubt, all risks and rewards of and associated with the TCSF Equity, the net assets and the net liabilities of TCSF as at 31 March 2016 shall accrue in favour of the Company. The Company had determined the respective dates, being 31 March 2016 and 1 April 2016, based on the Company's first quarter in FY2016. As the Company's financial year end is 31 December 2016, the Company's first quarter of FY2016 is 31 March 2016, which is the date that the Company's latest financial results are publicly available on the SGX-ST at the time of signing of the SPA on 2 June 2016.

Upon completion, adjustment will be made to the selling price relating to the transfer of risk and reward from 1 April 2016 to the TCSF Completion Date. In accordance with Singapore Financial Reporting Standards, the Group is required to consolidate the financial results of TCSF and AMSH until the Completion Date despite the TCSF Consideration and the AMSH Consideration having been determined based on the net asset value of TCSF and AMSH as at 31 March 2016.

The financial results from 1 April 2016 to the TCSF Completion Date will be consolidated into the accounts of the Group and it will be adjusted to the gain/loss on disposal of the Proposed Transactions, which is deemed to be the indirect adjustments to be made to the selling price.

LETTER TO SHAREHOLDERS

- (b) The Company and the Purchaser agree that the Purchaser shall be deemed to have the following rights:
 - (i) to appoint at least two (2) directors to the board of directors of TCSF, such appointment to be effective only from the TCSF Completion Date. Prior to the TCSF Completion Date, all decisions and resolutions to be approved by the board of directors of TCSF shall not be passed or undertaken without the prior written approval of the Purchaser;
 - (ii) to recommend the employment of persons whom in the opinion of the Purchaser will be beneficial to TCSF's operations as the key management personnel of TCSF upon execution of the TCSF SPA;
 - (iii) to direct the Company to enter into, or veto any variations to, transactions or arrangements for the benefit of the Purchaser and/or TCSF, such right to be effective only from the TCSF Completion Date; and
 - (iv) to establish and/or approve the annual operating budget of TCSF and be involved in the funding decisions of TCSF upon execution of the TCSF SPA.

3.5 Warranties

The Company represents, warrants and undertakes to and with the Purchaser under the TCSF SPA as follows:

- (a) The Company is legally and beneficially entitled to or otherwise able to transfer the TCSF Equity to the Purchaser on the TCSF Completion Date and on the terms of the TCSF SPA;
- (b) The TCSF Equity are or will on the TCSF Completion Date, be free from any and all Encumbrances whatsoever with all rights and benefits attaching thereto;
- (c) The TCSF Equity will on the TCSF Completion Date represent 100% of the equity of TCSF and have been properly and validly allotted, and issued and are each fully paid; and
- (d) No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any share or loan capital or any other security giving rise to a right over the capital of the Target under any option or other agreement (including conversion rights and rights of pre-emption) and there are no Encumbrances on the TCSF Equity or any arrangements or obligations to create any Encumbrances.

4. INFORMATION ON THE PROPOSED AMSH TRANSACTION

4.1 Information on AMSH

AMSH is a company incorporated in the People's Republic of China. As at the date of this announcement, the Company owns 100% of the equity interest of AMSH. Pursuant to the AMSH SPA and on completion of the AMSH Transaction, the Purchaser shall hold 100% of the total equity interest of AMSH. AMSH is principally engaged in the business of toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services.

LETTER TO SHAREHOLDERS

AMSH was incorporated in the year 1997 with a total paid up capital of US\$2,500,000 (of which 65% was owned by the Company). In the subsequent years, the paid-up capital of AMSH had been further increased and the Company had purchased the remaining equity interest of AMSH (AMSH is now a wholly owned subsidiary of the Company). As at 31 March 2016, the total paid-up capital of AMSH is US\$9,010,000 (equivalent to S\$13,477,535). Further particulars of AMSH have been set out at Part III of Appendix A as attached to this Circular and further financial figures pertaining to AMSH have been attached to this Circular as Appendices B and C.

4.2 Information on the Purchaser

Please refer to section 2.2 of this Circular.

4.3 Consideration

The total purchase consideration ("**AMSH Consideration**") for the AMSH Transaction is S\$16,774,067 consisting of:

- (a) S\$10,721,678 as consideration for the AMSH Transaction (the "**AMSH Equity Consideration**"); and
- (b) S\$6,052,389 as consideration for the irrevocable and unconditional assignment by the Company to the Purchaser of the Shareholder's Loan in the amount of S\$5,639,665 as at 31 March 2016 (the "**AMSH Loan Assignment Consideration**").

5. SALIENT TERMS OF THE PROPOSED AMSH TRANSACTION

5.1 Payment of Consideration

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

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

Amount (S\$)	Date
999,055	On AMSH Completion Date
1,498,582	6 months from AMSH Completion Date
1,573,511	12 months from AMSH Completion Date
1,612,369	18 months from AMSH Completion Date
1,652,186	24 months from AMSH Completion Date
3,385,975	30 months from AMSH Completion Date

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- (b) the AMSH Loan Assignment Consideration shall be payable in the following manner:

Amount (S\$)	Date
563,966	On AMSH Completion Date
845,950	6 months from AMSH Completion Date
888,247	12 months from AMSH Completion Date
910,183	18 months from AMSH Completion Date
932,660	24 months from AMSH Completion Date
1,911,383	30 months from AMSH Completion Date

5.2 Factors considered when determining AMSH Equity Consideration

AMSH's net assets value as at 31 March 2016 is S\$13,772,461 and AMSH has been suffering losses in the past years. As both TCSF Transaction and AMSH Transaction are concurrent and inter-conditional, after taking into account the fact that TCSF is in a net liabilities position and AMSH's loss-making position, the AMSH Equity Consideration is thus being adjusted from its net assets value to arrive at the AMSH Equity Consideration of S\$10,721,678.

5.3 Conditions Precedent

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

- (a) the approval of the board and the shareholders of the Company in relation to the sale of the AMSH Equity to the Purchaser (*cannot be waived*);
- (b) there not being at any time prior to completion of the sale and purchase of the AMSH Sale Shares on the terms of the AMSH SPA ("**AMSH 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 AMSH SPA (*cannot be waived*);
- (c) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained, and such consents, approvals and waivers not having been revoked before AMSH Completion Date (*cannot be waived*);
- (d) consents being obtained from the bankers of the Company and AMSH, where such consent is required, in form and on terms acceptable to the Company and the Purchaser (*cannot be waived*);
- (e) all risks and rewards of and associated with the AMSH Equity having, in the view of the Purchaser, been passed to and accrued to the Purchaser as from 1 April 2016 (*cannot be waived*);

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- (f) the results of the financial due diligence review conducted in respect of AMSH based on the unaudited management accounts relating to AMSH for the period commencing 1 January 2016 to 31 March 2016 being reasonably satisfactory to the Purchaser (*can be waived by the Purchaser*);
- (g) there being no Material Adverse Change in respect of AMSH. “Material Adverse Change” in the AMSH SPA is defined to mean any circumstance, change in or effect on the AMSH or the business of AMSH that, individually or in the aggregate with all other circumstances, changes in or effects on AMSH or the business of AMSH: (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 AMSH, (b) is reasonably likely to materially and adversely affect the ability of the Purchaser to operate or conduct the business of AMSH in the manner in which it is currently or contemplated to be operated or conducted by AMSH (*can be waived by the Purchaser*);
- (h) there being no applicable laws that have the effect of prohibiting, delaying, making illegal or otherwise restraining AMSH Completion in accordance with the terms of the AMSH SPA and neither the Company, the Purchaser nor AMSH having received notice of any injunction or other order, directive, or notice restraining or prohibiting the consummation of the transactions 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*);
- (i) the completion of the TCSF SPA and the AMSH Completion contemplated under the AMSH SPA are to take place concurrently and shall be inter-conditional upon the completion of each other (*cannot be waived*);
- (j) the Share Charge having been validly signed and executed by the Parties (*cannot be waived*); and
- (k) the Deed of Guarantee having been validly signed and executed (*cannot be waived*).

The Company and the Purchaser shall use all reasonable endeavours to ensure that the AMSH Conditions are fulfilled as soon as practicable. If the AMSH Conditions are (a) not fulfilled and, (b) where they can be waived, not waived by the Company or the Purchaser, as the case may be, by the Long Stop Date, then the AMSH SPA shall terminate and the Company and the Purchaser shall be discharged from all liabilities and obligations hereinunder save for such liabilities and obligations accruing prior to such termination.

5.4 Purchaser's Rights

- (a) The Company and the Purchaser agree that as from the date of the AMSH SPA, all risks and rewards of and associated with the AMSH Equity and operation and net assets of AMSH shall be deemed to have passed to and accrued to the Purchaser as from 1 April 2016, provided that if the AMSH Completion does not take place, the risks and rewards of and associated with the AMSH Equity, the net assets and the net liabilities of AMSH shall not be passed to and accrued to the Purchaser. For the avoidance of doubt, all risks and rewards of and associated with the AMSH Equity, the net assets and the net liabilities of AMSH as at 31 March 2016 shall accrue in favour of the Company.

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Upon completion, adjustment will be made to the selling price relating to the transfer of risk and reward from 1 April 2016 to the AMSH Completion Date. In accordance with Singapore Financial Reporting Standards, the Group is required to consolidate the financial results of AMSH and TCSF until the Completion Date despite the AMSH Consideration and the TCSF Consideration having been determined based on the net asset value of TCSF and AMSH as at 31 March 2016.

The financial results from 1 April 2016 to the AMSH Completion Date will be consolidated into the accounts of the Group and it will be adjusted to the gain/loss on disposal of the Proposed Transactions, which is deemed to be the indirect adjustments to be made to the selling price.

- (b) The Company and the Purchaser agree that the Purchaser shall be deemed to have the following rights:
 - (i) to appoint at least two (2) directors to the board of directors of AMSH, such appointment to be effective only from the AMSH Completion Date. Prior to the AMSH Completion Date, all decisions and resolutions to be approved by the board of directors of AMSH shall not be passed or undertaken without the prior written approval of the Purchaser;
 - (ii) to recommend the employment of persons whom in the opinion of the Purchaser will be beneficial to AMSH's operations as the key management personnel of AMSH upon execution of the AMSH SPA;
 - (iii) to direct the Company to enter into, or veto any variations to, transactions or arrangements for the benefit of the Purchaser and/or AMSH, such right to be effective only from the AMSH Completion Date; and
 - (iv) to establish and/or approve the annual operating budget of AMSH and be involved in the funding decisions of AMSH upon execution of the AMSH SPA.

5.5 Warranties

The Company represents, warrants and undertakes to and with the Purchaser under the AMSH SPA as follows:

- (a) The Company is legally and beneficially entitled to or otherwise able to transfer the AMSH Equity to the Purchaser on the AMSH Completion Date and on the terms of the AMSH SPA;
- (b) The AMSH Equity are or will on the AMSH Completion Date, be free from any and all Encumbrances whatsoever with all rights and benefits attaching thereto;
- (c) The AMSH Equity will on the AMSH Completion Date represent 100% of the equity of AMSH and have been properly and validly allotted, and issued and are each fully paid; and

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- (d) No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any share or loan capital or any other security giving rise to a right over the capital of AMSH under any option or other agreement (including conversion rights and rights of pre-emption) and there are no Encumbrances on the AMSH Equity or any arrangements or obligations to create any Encumbrances.

6. FACTORS CONSIDERED WHEN DETERMINING PAYMENT SCHEDULE, SHARE CHARGE AND DEED OF GUARANTEE

6.1 Factors considered when determining Payment Schedule

In determining the payment schedule of the TCSF Loan Assignment Consideration at section 3.1(b) of this Circular and the AMSH Loan Assignment Consideration at section 5.1(b) of this Circular, the Company had considered the following factors:

- (a) TCSF and AMSH have been making losses in the past as follows:

Year	Net (loss)/profit	
	TCSF (S\$'000)	AMSH (S\$'000)
FY2011	(1,076)	2,121
FY2012	(654)	(522)
FY2013	(1,498)	(4,181)
FY2014	(688)	(2,851)
FY2015	(995)	(1,881)
1QFY2016	(249)	(707)

- (b) TCSF specialises in surface finishing of metal components and owns an approved license for anodising aluminium materials in PRC. After the acquisition of TCSF, the Group had intended to generate sales income by providing anodising service. However, the sales were not sufficient to cover its operating expenses. As such, in the past two (2) years, the management has leased the premise and equipment of TCSF to external party to earn rental income but the income generated is still unable to cover the operating expenses of TCSF.
- (c) AMSH is principally engaged in the business of toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services. AMSH is located in the Shanghai Wai Gao Qiao Free Trade Zone, where many restrictions on business operations have been imposed. Many customers had thus shifted their presence out of the Free Trade Zone, which also resulted in a negative impact on AMSH's sales. In addition, high production and labour costs in Shanghai have also resulted in the substantial losses of AMSH.
- (d) The Group does not expect TCSF and AMSH to become profitable under the current conditions. TCSF's and AMSH's current operating and financial conditions will worsen the Group's overall performance.

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- (e) Considering the above reasons, the Group had been looking for a buyer to purchase TCSF and AMSH and to date, the Purchaser is the only party that is willing to make an offer to the Company. The Purchaser's term regarding payment is that it is allowed to pay for both the TCSF Consideration and the AMSH Consideration over a period of 30 months. The Group recognizes that the instalment payment schedule may not be the most ideal payment method when compared to a full payment of both the TCSF Consideration and the AMSH Consideration once the Proposed Transactions are completed. However, this is the best option that the Company has, in order to dispose of the two loss-making subsidiaries (being TCSF and AMSH respectively) based on the current market conditions.
- (f) Furthermore, the Group is not dependent on the receipt of the TCSF Consideration and the AMSH Consideration for its working capital, thus, the respective payment schedules would not affect the liquidity and working capital management of the other subsidiaries of the Group.

6.2 Share Charge and Deed of Guarantee

The Share Charge and the Deed of Guarantee shall act as continuing securities for the Purchaser's obligation to pay and discharge all TCSF Consideration and AMSH Consideration amounts payable by the Purchaser to the Company under the TCSF SPA and the AMSH SPA (the "**Secured Obligation**"). The Share Charge and the Deed of Guarantee created by or pursuant to the TCSF SPA and the AMSH SPA shall remain in full force and effect as a continuing securities for the Secured Obligation, unless and until the Secured Obligation is fully paid up and discharged, at which time the securities created by the TCSF SPA and the AMSH SPA shall be released and discharged (at the cost and expenses of the Purchaser).

7. THE PROPOSED TRANSACTIONS AS A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

7.1 Rule 1006 of the Listing Manual

Pursuant to Chapter 10 of the Listing Manual, where an issuer or its subsidiary enters into a transaction to acquire or dispose of assets, and the transaction is not in the ordinary course of its business or of a revenue nature, such transaction may require Shareholders' approval and/or an immediate announcement depending on the size of the relative figures (the "**Relative Figures**") computed on the following bases pursuant to Rule 1006 of the Listing Manual:

- (a) the net asset value of the assets to be disposed of, compared with the net asset value of the group;
- (b) the net profits attributable to the assets acquired or disposed of, compared with the net profits of the group;
- (c) the aggregate value of the consideration given or received, compared with the market capitalisation of the issuer based on the total number of issued shares excluding treasury shares; or
- (d) the number of equity securities issued by the issuer as consideration for the acquisition, compared with the number of equity securities previously in issue.

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7.2 Relative figures for the Proposed Transactions under Chapter 10 of the Listing Manual

Based on the unaudited financial statements of the Company for the financial period ended 31 March 2016 (“1QFY2016 Results”), the relative figures in respect of the Proposed Transactions, as computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

	Proposed Transactions (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 31 March 2016.	9,991 ³	60,500 ⁶	17%
Rule 1006 (b) The net profit/(losses) ² attributable to the assets disposed of, compared with the Group's net profit for 1QFY2016.	(957) ⁴	(1,172) ⁷	82%
Rule 1006 (c) Aggregate value of consideration received, compared with the market capitalisation of the Company as at 1 June 2016, being the last full market day with trades done immediately preceding the execution of the TCSF SPA and the AMSH SPA.	10,722 ⁵	10,800 ¹	99%
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

Notes:—

- (1) The market capitalisation of the Company of approximately S\$10,800,000 is determined by multiplying 675,164,460 Shares in issue by the volume weighted average price of S\$0.02 of such Shares transacted as at 1 June 2016, being the market day with trades done preceding the date of the TCSF SPA and the AMSH SPA.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits/(losses)” means profit or loss before income tax, minority interests and extraordinary items.
- (3) In the Group's unaudited consolidated management accounts as at 31 March 2016, the net asset of AMSH is S\$13,773,000 and the net liability of TCSF is S\$(3,782,000). The amount had been derived by deducting the TCSF net liability amount from the AMSH net asset amount.

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- (4) In the Group's unaudited consolidated management accounts as at 31 March 2016, the net loss of AMSH is S\$(708,000) and the net loss of TCSF is S\$(249,000). The amount had been derived by adding the AMSH net loss amount to the TCSF net loss amount.
- (5) The aggregate amount is derived by adding the AMSH Equity Consideration of S\$10,721,678 to the TCSF Equity Consideration of S\$1.
- (6) As per the 1QFY2016 results announcement made by the Company on 13 May 2016, this amount represents the unaudited net assets of the Group as at 31 March 2016.
- (7) As per the 1QFY2016 results announcement made by the Company on 13 May 2016, this amount represents the unaudited net loss of the Group as at 31 March 2016.

As the relative figure calculated under Rule 1006(b) and (c) of the Listing Manual are more than 20%, the Proposed Transactions, which are inter-conditional, is considered a major transaction under Chapter 10 of the Listing Manual, and is therefore subject to the approval of the Shareholders in the upcoming EGM.

8. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

8.1 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 2015 ("**FY2015 Results**"). The financial effects of the Proposed Transactions 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 Transactions.

8.2 Gain/Loss On Disposal

The Group is expected to record a gain on disposal attributable to the TCSF Transaction of approximately S\$3,782,000 and loss on disposal attributable to the AMSH Transaction of approximately S\$3,782,000. The respective amounts had been derived as follows:

TCSF Transaction	S\$	Explanation
TCSF Equity Consideration	1	As defined at section 2.3(a) of this Circular
Less: Net liabilities of TCSF	3,781,914	Being TCSF's net liabilities based on the unaudited management account as at 31 March 2016
Gain on Disposal	3,781,915	
AMSH Transaction		
AMSH Equity Consideration	10,721,678	As defined at section 4.3(a) of this Circular
Less: Interest accrued on the AMSH Equity Consideration	(731,132)	Interest element
Fair value of AMSH Equity Consideration	9,990,546	Fair value of AMSH Equity Consideration taking into account of 3 years repayment plan
Less: Net assets of AMSH	(13,772,461)	Being AMSH's net assets based on the unaudited management account as at 31 March 2016
Loss on Disposal	(3,781,915)	

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8.3 Effect of Proposed Transactions on NTA per Share

Assuming that the Proposed Transactions had been completed on 31 December 2015 and based on the audited consolidated financial statements of the Group for FY2015 (being the end of the most recently completed financial year), the effect of the Proposed Transactions on the NTA per share of the Company are as follows:

	Before Completion of the Proposed Transactions	After Completion of the Proposed Transactions
NTA (S\$'000)	63,901	62,997
Number of issued Shares ('000)	675,164	675,164
NTA per share (Singapore cents)	9.46	9.33

* The effect above is presented as a consolidated effect for both the TCSF Transaction and the AMSH Transaction. The TCSF Completion and the AMSH Completion are to be concurrent and inter-conditional upon the completion of each other.

** As at 31 December 2015, the net liabilities value of TCSF is S\$(3,855,463) and the net asset value of AMSH is S\$14,726,648.

8.4 Effect of Proposed Transactions on Earnings per Share

Assuming that the Proposed Transactions had taken place on 1 January 2015 and based on the audited consolidated financial statements of the Group for FY2015 (being the end of the most recently completed financial year), the Proposed Transactions would have the following effects on the Group's EPS as presented in the following table:

	Before Completion of the Proposed Transactions	After Completion of the Proposed Transactions
Consolidated net profit/(loss) attributable to shareholders (S\$'000)	327	(653)
Weighted average number of Shares ('000)	675,164	675,164
EPS (Singapore cents)	0.05	(0.10)

* The effect above is presented as a consolidated effect for both the TCSF Transaction and AMSH Transaction. The TCSF Completion and the AMSH Completion are to be concurrent and inter-conditional upon the completion of each other.

8.5 Effect of Proposed Transactions on remaining core business of the Group

The Proposed Transactions have no material impact on the Group's remaining core businesses as there is no substantial business arrangement or material transaction between TCSF and AMSH with the remaining core businesses of the Group. The principal activities of the Group's remaining core businesses remain unchanged.

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The table below shows the transactions between each of TCSF and AMSH and the Group's remaining business in the latest completed financial year:

Description	Amount		Nature	
	Transactions occurred during FY2015	Outstanding balance as at 31 December 2015		
Transactions between TCSF with Allied Technologies (Suzhou) Co., Ltd. ("ATSU")	RMB3,200,000	RMB13,314,710	Non-trade	Loan amount from ATSU to TCSF for working capital purpose
	RMB411,230	RMB1,204,714	Non-trade	Interest expenses on loan from ATSU to TCSF
Transactions between AMSH with the Company	USD39,890	USD1,828,142	Non-trade	Maintenance fee for SAP accounting software billed to AMSH
Transactions between AMSH with ATSU	RMB2,299,984	RMB2,990,962	Trade	Process cost for metal stamping and sub-assembly services billed to AMSH
	RMB56,410	–	Non-trade	Sale of two units spot-welding machines to AMSH

Further particulars of the Group's remaining business have been set out at Part I of Appendix A as attached to this Circular.

9. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Board believes that the Proposed Transactions will be beneficial to and is in the best interests of the Company and its Shareholders as both AMSH and TCSF are incurring losses for the Group. The Proposed Transactions will allow the Group to reallocate its resources and capital to other profitable operations and eventually deliver positive value to the Shareholders.

After the Proposed Transactions, 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.

The assets value of AMSH and TCSF are based on the Group's unaudited management accounts as at 31 March 2016. No separate valuation of assets for both AMSH and TCSF had been conducted in relation to the Proposed Transactions.

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No separate valuation had been carried out as both TCSF and AMSH had been suffering losses in the past few years. As such, the TCSF Consideration and the AMSH Consideration were negotiated at arm's length on a "willing-buyer, willing-seller" basis and had been based on the net asset value of each of TCSF and AMSH as at 31 March 2016. The following factors had also been taken into account when determining the TCSF Consideration and the AMSH Consideration: (i) the information provided and exchanged by both parties prior to the execution of the TCSF Agreement and the AMSH Agreement; and (ii) the financial performance, financial position and business prospects of each of TCSF and AMSH.

10. USE OF PROCEEDS

The estimated net proceeds from the Proposed Transactions is approximately S\$19,976,000 after taking into account the professional fees incurred in relation to the Proposed Transactions ("**Net Proceeds**") and is made up of the following:

- (a) S\$10,647,000 as Net Proceeds for the TCSF Transaction and the AMSH Transaction; and
- (b) S\$9,329,000 as Net Proceeds for the TCSF Loan Assignment Consideration and the AMSH Loan Assignment Consideration.

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

11. SHARE CAPITAL AND CORPORATE STRUCTURE

The Proposed Transactions will not have any effect on the issued share capital of the Company of 675,164,460 Shares as no new Shares are expected to be issued for the Proposed Transactions.

The corporate structure of the Group after the completion of the Proposed Transactions has been set out at Part II of Appendix A as attached to this Circular.

12. INTERESTS OF THE DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS

12.1 Interests of the Directors and Substantial Shareholders in the Shares

The interests of the Directors and Substantial Shareholders' in the Shares as at the Latest Practicable Date, based on the Company's register of directors shareholdings required to be kept under Section 164 of the Act and register of Substantial Shareholders respectively, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Hsu Ching Yuh @ Sheu Ching Yuh	249,697,000	36.98	—	—
Soh Weng Kheong	26,037,630	3.86	—	—

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	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
Substantial Shareholders (other than Directors)				
New Outlook Limited ⁽¹⁾	129,456,408	19.17	–	–
Yu Yi Chang ⁽²⁾	–	–	129,456,408	19.17
Yeh Shun Wei ⁽³⁾	–	–	129,456,408	19.17

Notes:–

- (1) New Outlook Limited is incorporated in Samoa and is owned by Yu Yi Chang (19%), his wife, Yeh Shun Wei (71%), Yu Min-Hui (2.5%), Yu I Yuan (2.5%), Yang Pi Yueh (2.5%) and Chen Yun Ju (2.5%).
- (2) Yu Yi Chang is deemed to have an interest in the 129,456,408 Shares held by New Outlook Limited by virtue of Section 7 of the Act.
- (3) Yeh Shun Wei is deemed to have an interest in the 129,456,408 Shares held by New Outlook Limited by virtue of Section 7 of the Act.

12.2 Interests of the Directors and the Substantial Shareholders in the Proposed Transactions

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

13. DIRECTORS' SERVICE CONTRACTS

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

14. DIRECTORS' RECOMMENDATION

- 14.1** The Directors have considered carefully, *inter alia*, the terms, rationale, financial effects and risk factors of the Proposed Transactions and all other relevant facts set out in this Circular. The Directors have no dissenting views in relation to the Proposed Transactions and are collectively of the view that the Proposed Transactions are in the interest of the Group and recommend that Shareholders vote in favour of the ordinary resolutions relating to the Proposed Transactions as set out in the notice of the EGM in this Circular.

- 14.2 Shareholders are advised to read this Circular in its entirety, in particular the rationale for and the financial effects of the Proposed Transactions. Shareholders and the public are advised to exercise caution before making any decision in respect of their dealings in the Company's shares. Shareholders who are in any doubt about this Circular should consult their stockbroker, bank manager, solicitor or other professional adviser.**

15. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 30 of this Circular will be held at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853 on 8 August 2016 at 9.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions (with or without modifications) set in the notice of EGM in this Circular.

LETTER TO SHAREHOLDERS

16. ACTION TO BE TAKEN BY SHAREHOLDERS

- 16.1** Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.
- 16.2** A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register, as certified by the CDP at least 72 hours before the EGM.

17. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853 during normal business hours for three (3) months from the date of this Circular:–

- (a) the TCSF SPA (including the TCSF Supplemental Deed); and
- (b) the AMSH SPA (including the AMSH Supplemental Deed).

18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

Yours faithfully

For and on behalf of
the Board of Directors of
ALLIED TECHNOLOGIES LIMITED

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

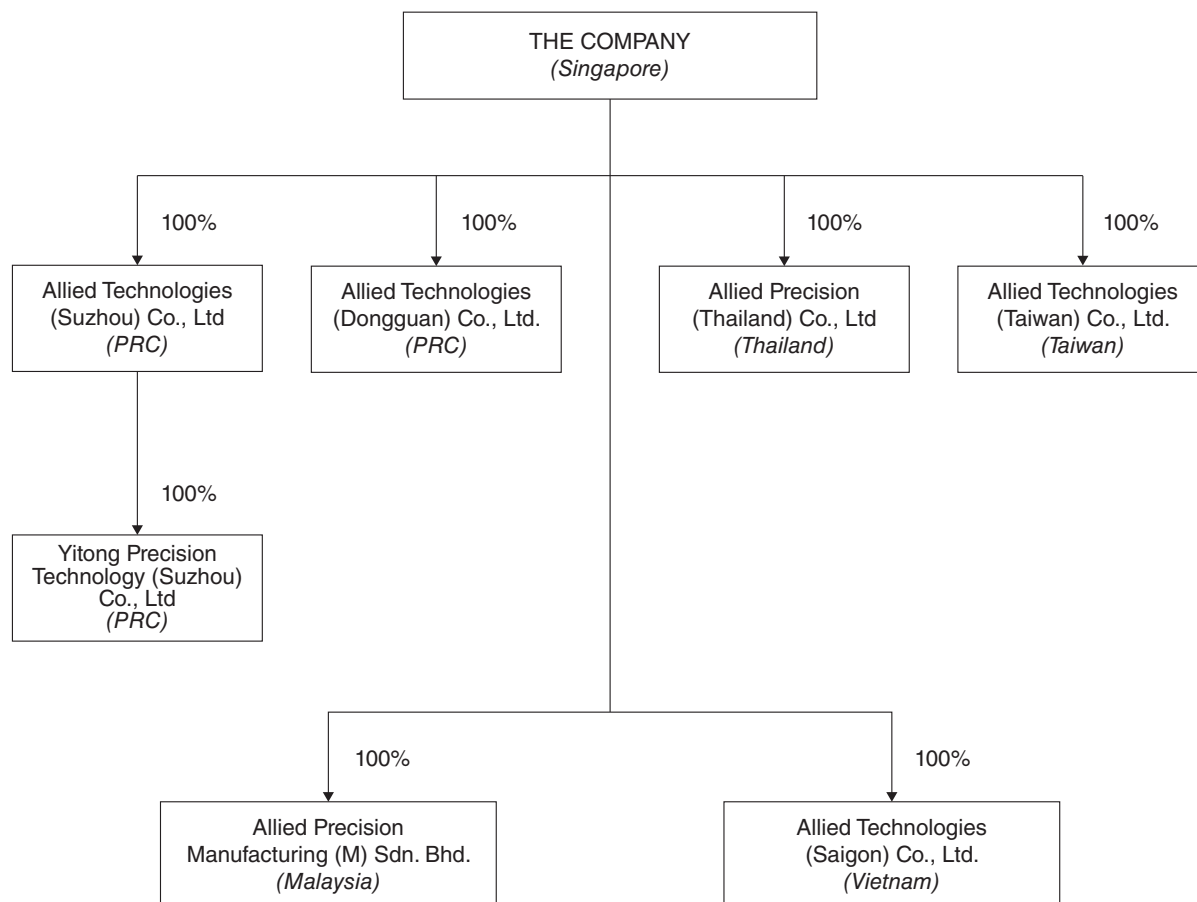
APPENDIX A – CORPORATE STRUCTURE AND PARTICULARS

Part I – Particulars of the Remaining Businesses

Name of company (Country of incorporation)	Particulars of issued capital/registered capital	Percentage of equity held		Principal activities
		Direct %	Indirect %	
Post-Completion Group				
Parent Company				
Allied Technologies Limited (Singapore)	Share capital of S\$57,337,354	—	—	Manage the overall corporate activities of the Group
Held by the Company				
Allied Technologies (Suzhou) Co., Ltd. (People’s Republic of China)	Registered capital of USD11,050,000	100	—	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services
Allied Technologies (Dongguan) Co., Ltd. (People’s Republic of China)	Registered capital of USD3,000,000	100	—	Dormant
Allied Precision Manufacturing (M) Sdn. Bhd. (Malaysia)	Registered capital of RM500,000	100	—	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services
Allied Technologies (Saigon) Co., Ltd. (Vietnam)	Registered capital of VND131,994,338,611	100	—	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services
Allied Technologies (Taiwan) Co., Ltd. (Taiwan)	Registered capital of TWD3,500,000	100	—	Marketing office
Allied Precision (Thailand) Co., Ltd. (Thailand)	4,908,000 shares of BHT10 each	100	—	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services
Held through Allied Technologies (Suzhou) Co., Ltd				
Yitong Precision Technology (Suzhou) Co., Ltd. (People’s Republic of China)	Registered capital of USD12,000,000	—	100	Dormant

APPENDIX A – CORPORATE STRUCTURE AND PARTICULARS

Part II – The structure of the Group after the completion of the Proposed Transactions



Part III – Particulars of the Disposed Entities

Name of company (Country of incorporation)	Particulars of issued capital/registered capital	Percentage of equity held		Principal activities
		Direct %	Indirect %	
Entities proposed to be disposed of				
Allied Machineries (Shanghai) Co., Ltd. (People’s Republic of China)	Registered capital of USD9,010,000	100	–	Toolmaking, manufacture of metal stamped parts, and provision of value- added assembly services
Taichang Shanfeng Hardware Co., Ltd. (People’s Republic of China)	Registered capital of USD1,500,000	100	–	Investment holding – leasing of premise and equipment

APPENDIX B – PROFIT AND LOSS STATEMENT OF TCSF AND AMSH FOR THE YEAR ENDED 31 DECEMBER 2015

Financial Information of TCSF

Based on the profit and loss statement of TCSF for the year ended 31 December 2015, the financial figures of TCSF are as follows:

	Amount in S\$
Sales	–
Less: COGS	–
GROSS PROFIT	–
Add:	
Other Income	55,543
Less:	
Operating Expenses	241,419
Interest Expenses	373,069
Depreciation	436,482
LOSS BEFORE TAXATION	(995,427)
Taxation	–
LOSS AFTER TAXATION	(995,427)

Financial Information of AMSH

Based on the profit and loss statement of AMSH for the year ended 31 December 2015, the financial figures of AMSH are as follows:

	Amount in S\$
Sales	18,036,380
Less: COGS	17,522,198
GROSS PROFIT	514,182
Add:	
Other Income	369,156
Less:	
Operating Expenses	1,890,927
Interest Expenses	5,507
Depreciation	867,859
LOSS BEFORE TAXATION	(1,880,955)
Taxation	–
LOSS AFTER TAXATION	(1,880,955)

**APPENDIX C – BALANCE SHEET OF TCSF AND AMSH
AS AT 31 DECEMBER 2015**

	AMSH S\$	TCSF S\$
Non-current assets		
Property, plant and equipment	9,210,811	507,092
Investment property	–	4,362,797
	9,210,811	4,869,889
Current assets		
Inventories, net	1,708,158	–
Loan receivable from related company	4,429,811	–
Trade debtors	6,466,785	–
Other debtors	907,108	278,563
Prepayments and advances to suppliers	65,249	52,150
Cash at bank and in hand	1,973,421	53,712
	15,550,532	384,425
Current liabilities		
Trade creditors	3,947,526	48,896
Other creditors and accruals	979,471	312,011
Loan due to related companies	–	5,572,114
Amount due to related companies	5,107,698	3,176,756
	10,034,695	9,109,777
Net current assets/(liabilities)	5,515,837	(8,725,352)
TOTAL NET ASSETS/(LIABILITIES)	14,726,648	(3,855,463)
Equity attributable to Equity holders of the Company		
Share capital	15,356,254	1,988,652
Capital reserve	3,332,002	–
Accumulated losses	(4,210,480)	(5,521,162)
Exchange translation reserve	248,872	(322,953)
TOTAL EQUITY	14,726,648	(3,855,463)

NOTICE OF EXTRAORDINARY GENERAL MEETING

ALLIED TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199004310E)
(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853 on 8 August 2016, at 9.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1:

THE PROPOSED TRANSACTION IN RESPECT OF ALL OF THE EQUITY INTEREST OF TAICANG SHANFENG HARDWARE CO., LTD.

IT IS RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 2:–

- (a) approval be and is hereby given for the Company to effect and complete the TCSF Transaction and all transactions in relation thereto, on the terms and subject to the conditions set out in the TCSF SPA, as defined in the circular to the Shareholders of the Company dated 22 July 2016 (“**Circular**”), the principal terms of which are set out in the Circular;
- (b) the Directors of the Company and each of them be and are hereby authorised to implement, execute, perfect or give effect to complete and do all such acts and things (including but not limited to the execution of all such agreements and documents as may be required) as they/he may in their/his absolute discretion consider necessary, desirable, expedient or in the interests of the Company, to complete the transactions contemplated in the TCSF SPA (as defined in the Circular) and to give effect to the approvals given by this ordinary resolution.

ORDINARY RESOLUTION 2:

THE PROPOSED TRANSACTION IN RESPECT OF ALL OF THE EQUITY INTEREST OF ALLIED MACHINERIES (SHANGHAI) CO., LTD.

IT IS RESOLVED THAT, subject to and contingent upon the passing of Ordinary Resolution 1:–

- (a) approval be and is hereby given for the Company to effect and complete the AMSH Transaction and all transactions in relation thereto, on the terms and subject to the conditions set out in the AMSH SPA, as defined in the Circular, the principal terms of which are set out in the Circular;
- (b) the Directors of the Company and each of them be and are hereby authorised to implement, execute, perfect or give effect to complete and do all such acts and things (including but not limited to the execution of all such agreements and documents as may be required) as they/he may in their/his absolute discretion consider necessary, desirable, expedient or in the interests of the Company, to complete the transactions contemplated in the AMSH SPA (as defined in the Circular) and to give effect to the approvals given by this ordinary resolution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

The passing of the resolutions in respect of the Proposed Transaction in respect of all of the equity interest of TCSF and the Proposed Transaction in respect of all of the equity interest of AMSH as set out herein as Ordinary Resolutions 1 and 2 respectively are inter-conditional. **This means that if any of the resolution set out herein as Ordinary Resolutions 1 and 2 respectively is not passed, none of such resolutions would be taken to have been passed and the Proposed Transaction in respect of all of the equity interest of TCSF and the Proposed Transaction in respect of all of the equity interest of AMSH cannot be effected by the Company.**

All capitalised terms used in this notice of EGM which are not defined herein shall have the same meanings ascribed to them in the Circular dated 22 July 2016.

By Order of the Board of Directors

ALLIED TECHNOLOGIES LIMITED

Hsu Ching Yuh @ Sheu Ching Yuh
Chief Executive Officer and Group Managing Director
22 July 2016

Notes:–

- (1) (a) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
 - (b) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting who is and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
- “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- (2) The instrument or form appointing a proxy, duly executed, must be deposited at the registered office of the Company at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting in order for the proxy to be entitled to attend and vote at the Extraordinary General Meeting.
 - (3) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
 - (4) **PERSONAL DATA PRIVACY** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules/manual, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

PROXY FORM

ALLIED TECHNOLOGIES LIMITED

(Company Registration No. 199004310E)
(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

- For investors who have used their CPF monies to buy shares in the capital of Allied Technologies Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____ (Name)

of _____ (Address)

being a member/members of Allied Technologies Limited (the “Company”) hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

*and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Extraordinary General Meeting of the Company (“EGM”) to vote for me/us on my/our behalf, at the EGM of the Company, to be held at 9.00 a.m. on 8 August 2016, at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, and at any adjournment thereof.

* I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the EGM as indicated hereunder. If no specific directions as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. All resolutions put to the vote at the EGM shall be decided by way of poll.

* Please delete accordingly

No.	Ordinary Resolution	For	Against
1	To approve the Proposed TCSF Transaction		
2	To approve the Proposed AMSH Transaction		

Notes:

- Please indicate your vote “For” or “Against” with an “X” within the box provided
- If you wish to exercise all your votes “For” or “Against”, please indicate with an “X” within the box provided. Alternatively, please indicate the number of votes as appropriate

All capitalised terms used in this notice of EGM which are not defined herein shall have the same meanings ascribed to them in the Circular dated 22 July 2016.

Dated this _____ day of _____, 2016.

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

PROXY FORM

Notes:–

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289)) of Singapore, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (“the Act”), a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.
- 4 A proxy need not be a member of the Company.
- 5 The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853 not less than 48 hours before the time appointed for the meeting.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- 7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 8 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.
- 9 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the meeting.
- 10 Terms and expressions not defined herein shall have the same meanings ascribed to them in the Circular.
- 11 **PERSONAL DATA PRIVACY:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, Listing Manual, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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