

ALLIED TECHNOLOGIES LIMITED

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

PROPOSED ACQUISITION OF 51% OF THE ENTIRE ISSUED AND FULLY PAID-UP ORDINARY SHARES IN THE CAPITAL OF ACTIVPASS HOLDINGS PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Allied Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 2 July 2018 entered into a sale and purchase agreement (the “**SPA**” or “**Agreement**”) with Seow See Keong and Leow Ai Li Amy (the “**Vendors**”) to acquire 59,415 shares in Activpass Holdings Pte. Ltd. (the “**Target**”), which comprises 51% of the entire issued and paid-up share capital of the Target (“**Sale Shares**”) on the terms and conditions of the SPA (the “**Proposed Acquisition**”) for the total purchase consideration of S\$25,200,000 (“**Consideration**”).

2. INFORMATION ON TARGET

- 2.1 The Target is a company incorporated under the laws of Singapore and is in the business of operating a suite of Software as a Service (SaaS) solutions that combines a cloud-based intelligent customer engagement system, a business management platform and consumer mobile marketplace application within the fitness, wellness and beauty services industries. It empowers businesses and independent professionals to completely manage, schedule, engage and monetise their businesses through the optimal use of data analytics, mobile and geo-fencing location technology. The basic SaaS module comprises a complete suite of tools including scheduling, in-app real-time messaging, access to customers’ history and past preferences, and mobile commerce. To date, the Target has a fast-growing network of over 500 businesses and independent professionals offering a wide range of services from personal training to aesthetics treatment.
- 2.2 The existing director of the Target is Seow See Keong (“**Mr Seow**”) and the existing shareholders of the Target are Mr Seow and Leow Ai Li Amy (“**Ms Leow**”) who hold 87,375 ordinary shares in the capital of the Target (“**Shares**”) and 29,125 Shares respectively, and both the Vendors are not related to the Directors or controlling shareholders of the Company or their respective associates. Both the Vendors will remain in the management of the Target post-completion.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 The Proposed Acquisition is part of the Company’s efforts to diversify its business operations and invest in technology solutions which the Company believes would have strong potential for growth. The Target’s technology-driven business model deploys the use of new intelligent cloud-based technology to improve scalability and enhance operational efficiencies throughout the fitness, wellness and beauty service industries’ value chain. There is no change in the risk profile of the Company as the Proposed Acquisition is in line with the current business of the Company.
- 3.2 The Board is of the view that the Proposed Acquisition will provide shareholders with diversified returns and offer the Company a suite of intelligent software solutions that can add new capabilities and consumer outreach to its recent acquisition in the online ticketing sector (via the acquisition of a 51% stake in Asia Box Office Pte Ltd (“**ABO**”). New capabilities that the Target

possesses such as end user analytics will enable ABO to enhance its user experience and provide more targeted sales of both event tickets. This outcome will in turn reduce customer acquisition cost, increase customer loyalty and drive higher revenue per user. The Company envisages that the Proposed Acquisition will provide additional revenue streams and improve its prospects in the ecommerce sector.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 Sale and Purchase

Pursuant to the SPA, the Vendors have agreed to sell to the Company and the Company has agreed to purchase from the Vendors the Sale Shares on the terms and subject to the conditions contained in the SPA, free from all and any encumbrances together with all rights, dividends, entitlements and benefits attaching thereto and no other person has any rights of pre-emption over such Sale Shares as at completion of the SPA ("**Completion**"). Following Completion, the Target will become a subsidiary of the Company.

4.2 Salient Terms of the SPA

4.2.1 Conditions Precedent

The obligations of the parties relating to the Proposed Acquisition will be subject to the fulfilment of, *inter alia*, the following conditions precedent as set out in the SPA:

- (a) The Company conducting an independent valuation of the Target and the parties agreeing on the price of the Sale Shares;
- (b) The satisfactory outcome of the Company's due diligence exercise concerning the Target and its business, assets and liabilities and any other matters the Company deems necessary;
- (c) All necessary approvals, consents and waivers of any government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Vendors or the Company;
- (d) The parties shall use their respective best endeavours to ensure that the conditions precedent shall be fulfilled on or before 30 July 2018 ("**the Long-Stop Date**"); and
- (e) Each of the warranties being complied with, true, complete, accurate and correct in all material respects to the best knowledge and belief of the Vendors and the Company as at the date hereof and until the completion date.

4.2.2 Waiver and undertaking by Mr Seow

Mr Seow has agreed to waive the sum of S\$38,377 which he has loaned to the Target absolutely as at completion date and that he will, within 14 business days post-completion, settle directly by himself without any recourse to the Target all sums owed to E2logy Software Solutions Pvt. Ltd. by the Target being software development cost which as at the date of the SPA stands at S\$177,460. The Consideration does not take into account the waiver and undertaking as these constitute post-completion matters.

4.2.3 Consideration

The Consideration for the sale and purchase of the Sale Shares shall be the sum of S\$25,200,000, which was determined on a willing-buyer willing-seller basis after arm's length negotiations between the Company and the Vendors and which shall be paid by the Company to the Vendors in cash on the completion date as follows:

Vendor	Number of Shares Sold	Consideration	Shareholding (post-acquisition)
Seow See Keong	44,562	S\$18,900,318	36.75%
Leow Ai Li Amy	14,853	S\$6,299,682	12.25%
Total	59,415	S\$25,200,000	49.00%

The basis of the Consideration is provided for under Paragraph 4.3 of this announcement. The source of funds for the Consideration will come from internal sources and the placement proceeds received from the proposed placement exercise as announced on 18 June 2018 and 26 June 2018.

4.2.4 Completion Date of the SPA

Completion shall take place not later than two (2) business days after all the conditions precedent are fulfilled (or if not fulfilled, are waived by the relevant parties), whichever is later, at a venue as may be agreed between the parties.

4.3 **Valuation of the Target**

4.3.1 Baker Tilly Consultancy (Singapore) Pte Ltd ("**Baker Tilly**") was appointed to provide an independent valuation of the Target. Baker Tilly provided an investment value for 100% of the Target's equity to be approximately between S\$57,000,000 and S\$60,700,000 as at 30 June 2018. In arriving at the open market value, Baker Tilly relied on the income approach using the discounted cash flow method.

4.3.2 The Consideration is at a discounted range of approximately between 13.31% to 19.80% to Baker Tilly's valuation.

5. **RELATIVE FIGURES FOR THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE CATALIST RULES**

5.1 The relative figures of the Proposed Acquisition computed (*based on the Target's 10-month financial period from July 2017 to April 2018 which has been extrapolated to a full financial year ended 30 June 2018*) on the bases set out in Rule 1006 (a) to (e) of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired, compared with the Group's net profits.	3.00% ⁽³⁾

(c)	The aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	37.00% ⁽⁴⁾
(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 ⁽⁵⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽⁶⁾

Notes:

- (1) This basis is not applicable as the Company is not disposing of any assets pursuant to the Proposed Acquisition.
(2) "Net profits" means profit before income tax, minority interests and extraordinary items.
(3) The audited net profits of the Group for the financial year ended 31 December 2017 were S\$3,438,090. 51% of the extrapolated unaudited net profits attributable to the Target for the financial year ended 30 June 2018 was S\$112,024. Based on 100% of the extrapolated unaudited net profits, the net profits attributable to the assets acquired, compared with the Group's net profits shall be 6.00%.
(4) Based on the Consideration of S\$25,200,000, and the Company's market capitalisation of approximately S\$68,866,775. The Company's market capitalisation is determined by multiplying the number of Shares in issue 1,350,328,920 (excluding treasury shares) by the volume weighted average price of S\$0.051 per Share on 29 June 2018, being the full market day immediately preceding the signing of the SPA.
(5) There will be no issuance of consideration shares in relation to the Proposed Acquisition.
(6) The Company is not a mineral, oil or gas company.

- 5.2 Based on the above figures, the Proposed Acquisition is a discloseable transaction under Rule 1010 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 6.1 For illustrative purposes only, the financial effects of the Proposed Acquisition on the net tangible assets per share and earnings per share of the Group based on the latest announced audited financial statements of the Group for the financial year ended 31 December 2017 are as follows:

Effects on net tangible assets

Had the Proposed Acquisition been effected on 31 December 2017, the financial effect on the net tangible assets ("NTA") of the Group is as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	99,781	99,650
Number of issued shares (excluding treasury shares) ('000)	1,350,329	1,350,329
Net tangible assets per share (Singapore cents)	7.39	7.38

Effects on earnings

Had the Proposed Acquisition been effected on 1 January 2017, the financial impact on the effect on Company's earnings per share for the financial year ended 31 December 2017 is as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Net profit attributable to shareholders after tax (\$'000)	3,275	3,256
Weighted average number of issued shares (excluding treasury shares) ('000)	796,332	796,332
Earnings per share (Singapore cents)	0.41	0.41

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition (other than their direct or indirect shareholdings in the Company).

8. SERVICE CONTRACTS

No person will be appointed to the board of directors of the Company in connection with the Proposed Acquisition and accordingly, no service contracts in relation thereto will be entered into by the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and the valuation report of Baker Tilly is available for inspection at the Company's office at 390 Orchard Road, #15-01 Palais Renaissance, Singapore 238871 during normal business hours for three (3) months from the date of this announcement.

10. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their shares in the Company. The Proposed Acquisition is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Shareholders are advised to read this

announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

11. 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 Acquisition, 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 this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Poh Wee Chiow, Roger
Executive Director

2 July 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of 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.

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