



ALLIED TECHNOLOGIES LIMITED

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

ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RESPECT OF 100% OF THE EQUITY INTEREST OF (A) TAICANG SHANFENG HARDWARE CO., LTD.; AND (B) ALLIED MACHINERIES (SHANGHAI) CO., LTD.

1. INTRODUCTION

1.1 The Proposed Transactions

1.1.1 The board of directors (the "**Board**") of Allied Technologies Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 2 June 2016 entered into the following agreements:

- (a) a sale and purchase agreement ("**TCSF SPA**") with Carapace Daybreak Ltd. (the "**Purchaser**") as the purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Taicang Shanfeng Hardware Co., Ltd. ("**TCSF**") comprising a registered capital of USD 1,500,000 (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 USD 9,010,000 (the "**AMSH Equity**") on the terms of the AMSH SPA (the "**AMSH Transaction**").

The TCSF Transaction and the AMSH Transaction are collectively referred to as the "**Proposed Transactions**".

1.1.2 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*).

2. THE PROPOSED TRANSACTIONS

2.1 Information on TCSF and AMSH

2.1.1 TCSF 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 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.

2.1.2 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.

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.

3. KEY TERMS OF THE PROPOSED TRANSACTIONS

3.1 The TCSF Transaction

3.1.1 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 (the "**TCSF Loan Assignment Consideration**"). The "Suzhou Loan" means 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.

3.1.2 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 Completion Date.
- (b) the TCSF Loan Assignment Consideration shall be payable in the following manner:

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

3.1.3 Pledge of Equity

Within 30 days from the date of the TCSF SPA, the Purchaser agrees to enter into an agreement with the Company ("**TCSF Pledge of Equity**") to pledge, by way of a first priority pledge, all the assets and equity of TCSF and AMSH to the Company, as security for the Purchaser's obligation to pay and discharge all TCSF Consideration amounts payable by the Purchaser to the Company under the TCSF SPA ("**TCSF Secured Obligations**"). The TCSF Pledge of Equity shall be in a form and substance satisfactory to the Company in its sole and absolute discretion and is to be governed by and construed in accordance with the laws of the People's Republic of China. The Pledge of Equity created by or pursuant to the TCSF SPA shall remain in full force and effect as a continuing security for the TCSF Secured Obligation, unless and until the TCSF Secured Obligation is fully paid up and discharged, at which time the security created by the TCSF SPA shall be released and discharged (at the cost and expenses of the Purchaser).

3.1.4 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 Sale Shares on the terms of the TCSF SPA ("**Completion**"), any restriction, limitation, prohibition or directive, whether written or verbal, from the Singapore Exchange securities Trading Limited (the "**SGX-ST**") limiting prohibiting the entry into or performance by the Company of its obligations under the 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 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;
- (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 (*can be waived by the Purchaser*). "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 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*);
- (i) the approval of the SGX-ST for the Company's circular in relation to the TCSF Transaction; and
- (j) the completion of the AMSH SPA and the Completion contemplated under the TCSF SPA are to take place concurrently and shall be inter-conditional upon the completion of each other (*cannot be waived*).

If the approval of the SGX-ST for the Company's circular in relation to the TCSF Transaction is not obtained on or before 31 August 2016, the TCSF SPA shall ipso facto cease, lapse and determine,

save that certain clauses shall survive the termination of the TCSF SPA, and thereafter no party shall have any claim against the other party for costs, damages, compensation or otherwise under the TCSF SPA, save for any claim by a party against the other party in respect of any antecedent breach of the TCSF SPA.

3.1.5 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 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.

Upon completion, adjustment will be made to selling price relating to the transfer of risk and reward from 1 April 2016 to the Completion Date.

- (b) The Parties agree that the Purchaser shall be deemed to have the following rights upon the execution of the TCSF SPA:
- (i) to appoint at least two (2) directors to the board of directors of TCSF effective from the Completion Date. Prior to such appointment taking effect, 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;
 - (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; and
 - (iv) to establish and/or approve the annual operating budget of TCSF and be involved in the funding decisions of TCSF.

3.2 The AMSH Transaction

3.2.1 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 (the "**AMSH Loan Assignment Consideration**"). The "Shareholder's Loan" means 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.

3.2.2 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 Completion Date
1,498,582	6 months from Completion Date
1,573,511	12 months from Completion Date
1,612,369	18 months from Completion Date
1,652,186	24 months from Completion Date
3,385,975	30 months from Completion Date

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

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

3.2.3 Pledge of Equity

Within 30 days from the date of the AMSH SPA, the Purchaser agrees to enter into an agreement with the Company ("**AMSH Pledge of Equity**") to pledge, by way of a first priority pledge, all the assets and shares of TCSF and AMSH to the Company, as security for the Purchaser's obligation to pay and discharge all AMSH Consideration amounts payable by the Purchaser to the Company under the AMSH SPA (the "**AMSH Secured Obligations**"). The AMSH Pledge of Equity shall be in a form and substance satisfactory to the Company in its sole and absolute discretion and is to be governed by and construed in accordance with the laws of the People's Republic of China. The Pledge of Equity created by or pursuant to the AMSH SPA shall remain in full force and effect as a continuing security for the AMSH Secured Obligation, unless and until the AMSH Secured Obligation is fully paid up and discharged, at which time the security created by the AMSH SPA shall be released and discharged (at the cost and expenses of the Purchaser).

3.2.4 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 ("**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 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;
- (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 (*can be waived by the Purchaser*). "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 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 approval of the SGX-ST for the Company's circular in relation to the AMSH Transaction; and
- (j) the completion of the TCSF SPA and the 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*).

If the approval of the SGX-ST for the Company's circular in relation to the AMSH Transaction is not obtained on or before 31 August 2016, the AMSH SPA shall ipso facto cease, lapse and determine, save that certain clauses shall survive the termination of the AMSH SPA, and thereafter no party shall have any claim against the other party for costs, damages, compensation or otherwise under the AMSH SPA, save for any claim by a party against the other party in respect of any antecedent breach of the AMSH SPA.

3.2.5 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 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 AMSH Equity, the net assets and the net liabilities of AMSH as at 31 March 2016 shall accrue in favour of the Company.

Upon completion, adjustment will be made to selling price relating to the transfer of risk and reward from 1 April 2016 to the completion date.

- (b) The Parties agree that the Purchaser shall be deemed to have the following rights upon the execution of the AMSH SPA:

- (i) to appoint at least two (2) directors to the board of directors of AMSH effective from the Completion Date. Prior to such appointment taking effect, 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;
- (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; and
- (iv) to establish and/or approve the annual operating budget of AMSH and be involved in the funding decisions of AMSH.

4. 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 to 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.

5. 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:

1. S\$ 10,647,000 as Net Proceeds for the TCSF and AMSH transaction; and
2. S\$ 9,329,000 as Net Proceeds for the TCSF and AMSH Loan Assignment Consideration.

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

The Group is expected to record a gain on disposal attributable to the TCSF Transaction of approximately S\$3,782,000 and loss on disposal attributable to the AMSH Transaction of approximately S\$3,782,000.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

- 6.1** The financial effects have been prepared on a proforma basis based on the Group's audited consolidated financial statements for the financial year ended 31 December 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.

6.2 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 (“Share”) 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 TCSF and AMSH Transaction. 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.

6.3 Effect of Proposed Transactions on Earnings per Share (“EPS”)

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 TCSF and AMSH Transaction. 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.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE MAINBOARD LISTING RULES

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 Mainboard Rules 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	60,500	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)	(1,172)	82%

<p>Rule 1006 (c) Aggregate value of consideration received, compared with the market capitalisation of the Company as at 2 June 2016, being the last full market day with trades done immediately preceding the execution of the TCSF SPA and the AMSH SPA</p>	10,722	10,800	99%
<p>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.</p>	Not applicable	Not applicable	Not applicable
<p>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.</p>	Not applicable	Not applicable	Not applicable

Note:-

- (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 Rules, "net profits/(losses)" means profit or loss before income tax, minority interests and extraordinary items.

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 Rules, and is therefore subject to Shareholders' approval under Chapter 10 of the Listing Rules.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed 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 announcement misleading. Where

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

10. DIRECTORS' SERVICE CONTRACTS

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

11. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

A circular containing further details on, *inter alia*, the Proposed Transactions and enclosing a notice of extraordinary general meeting in connection therewith will be despatched to the Shareholders in due course.

12. DOCUMENTS FOR INSPECTION

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

13. CAUTIONARY STATEMENT

Shareholders of the Company should note that the terms of the Proposed Transactions as set out in the TCSF SPA and the AMSH SPA are indicative. There is no certainty or assurance as at the date of this announcement that the Proposed Transactions will be completed. Accordingly, shareholders of the Company are advised to exercise caution when trading in the Shares of the Company.

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

BY ORDER OF THE BOARD

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

2 June 2016