Alliance HealthCare Services, Inc
Form DEFM14A
July 14, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a-12

Alliance HealthCare Services, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: common stock of the Company, par value $0.01 per share (Common Stock)

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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ALLIANCE HEALTHCARE SERVICES, INC.

18201 Von Karman Avenue, Suite 600

Irvine, CA 92612

July 14, 2017

Dear Stockholders:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Alliance HealthCare Services, Inc., which we refer to as Alliance or the Company . The annual meeting will be held at 9:00 a.m. (Pacific time) on August 15, 2017, at the Company s corporate headquarters located at 18201 Von Karman Avenue, Suite 600, Irvine, California 92612.

At the annual meeting, you will be asked to consider and vote upon a proposal to adopt an Agreement and Plan of Merger (as it may be amended from time to time, the Merger Agreement), dated as of April 10, 2017, by and among the Company, Tahoe Investment Group Co., Ltd., an entity organized under the laws of the People s Republic of China (Tahoe), THAIHOT Investment Company Limited, an exempted company incorporated under the laws of the Cayman Islands and indirect wholly owned subsidiary of Tahoe (THAIHOT), THAIHOT Investment Company US Limited, a Delaware corporation and indirect wholly owned subsidiary of Tahoe (Parent), and Alliance Healthcare Services Merger Sub Limited, a Delaware corporation and wholly owned subsidiary of Parent (Sub and, together with Tahoe, THAIHOT and Parent, the Purchaser Parties), pursuant to which Sub will be merged with and into the Company and each share of common stock of the Company, par value $0.01 per share (referred to as the Common Stock), outstanding immediately prior to the effective time of the merger (other than shares beneficially owned by the Purchaser Parties or any of their affiliates (referred to collectively as the Purchaser Group), shares owned by Alliance, and shares for which appraisal rights have been properly and validly perfected and not withdrawn or lost) will be converted into the right to receive $13.25 in cash, without interest and less any applicable withholding taxes, as more fully described in the accompanying proxy statement. The $13.25 per share being paid in the merger represents a premium of approximately 67% over Alliance s closing trading price of $7.95 per share of our Common Stock on December 9, 2016, the last trading day prior to Tahoe s initial proposal was publicly disclosed, and a premium of 38% over the $9.60 purchase price per share initially offered by Tahoe.

The proposed merger is a going private transaction under Securities and Exchange Commission rules. Following the merger, 95% of the outstanding common stock of Parent will be indirectly owned by Mr. Qisen Huang, the Executive Chairman of Alliance s board of directors, which we refer to as our Board.

To assist in evaluating the fairness of the merger to the Company and our stockholders other than the Purchaser Group and the Section 16 officers of Alliance (determined pursuant to Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, and referred to as the Section 16 Officers), our Board formed a special committee of independent and disinterested directors to consider and negotiate the terms and conditions of the merger and to make a recommendation to our Board.

Our Board (with Mr. Qisen Huang, Mr. Heping Feng and Dr. Tao Zhang recusing themselves), acting on the unanimous recommendation of the special committee, has approved the Merger Agreement and determined that the Merger Agreement and the transactions contemplated by it are advisable and in the best interests of and fair to the Company and its stockholders (other than the Purchaser Group and affiliates of Alliance, including its officers and directors). **Our Board unanimously (other than Mr. Huang, Mr. Feng and Dr. Zhang) recommends that the**

stockholders of the Company vote FOR the proposal to adopt the Merger Agreement. Mr. Huang, Mr. Feng and Dr. Zhang recused themselves from the vote of the Board because of their affiliation with Tahoe.

At the annual meeting, you will also be asked to consider and vote on a number of other proposals, which are listed in the attached Notice of Annual Meeting of Stockholders. The enclosed proxy statement describes the Merger Agreement, the merger and related agreements, and the other proposals for the annual meeting. It also

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provides specific information concerning the annual meeting. In addition, you may obtain information about us from documents filed with the Securities and Exchange Commission. We urge you to, and you should, read the entire proxy statement carefully, including the annexes, as it sets forth the details of the Merger Agreement and other important information related to the merger and the other proposals.

Your vote is very important. The merger cannot be completed unless holders of (i) a majority of the aggregate voting power of the outstanding shares of Common Stock vote in favor of adoption of the Merger Agreement and (ii) a majority of the outstanding shares of Common Stock (not beneficially owned by the Purchaser Group or any Section 16 Officer) vote in favor of adoption of the Merger Agreement. If you fail to vote on the Merger Agreement, the effect will be the same as a vote against adoption of the Merger Agreement.

While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to attend the annual meeting. Accordingly, we have enclosed a proxy that will enable you to vote your shares on the matters to be considered at the annual meeting even if you are unable to attend. If you desire to vote in accordance with the Board s recommendation, you need only sign, date and return the proxy in the enclosed postage-paid envelope to record your vote. Otherwise, please mark the proxy to indicate your vote; date and sign the proxy; and return it in the enclosed postage-paid envelope. You also may vote your shares by proxy using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

Submitting a proxy will not prevent you from voting your shares in person if you subsequently choose to attend the annual meeting. You may also access the proxy materials on the Internet at www.alliancehealthcareservices-us.com/proxy.

Sincerely,

Percy C. Tomlinson

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated July 14, 2017 and, together with the enclosed form of proxy, is first being mailed to stockholders on or about July 17, 2017.

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ALLIANCE HEALTHCARE SERVICES, INC.

18201 Von Karman Avenue, Suite 600

Irvine, CA 92612

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held August 15, 2017

Dear Stockholders:

On August 15, 2017, Alliance HealthCare Services, Inc. (the Company) will hold its Annual Meeting of Stockholders at its corporate headquarters located at 18201 Von Karman Avenue, Suite 600, Irvine, California 92612. The meeting will begin at 9:00 a.m. Pacific time.

The purpose of the meeting is:

1. to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 10, 2017 (as it may be amended from time to time, the Merger Agreement), by and among the Company, Tahoe Investment Group Co., Ltd., an entity organized under the laws of the People s Republic of China (Tahoe), THAIHOT Investment Company Limited, an exempted company incorporated under the laws of the Cayman Islands, THAIHOT Investment Company US Limited, a Delaware corporation, and Alliance Healthcare Services Merger Sub Limited, a Delaware corporation;

2. to consider and vote on a non-binding advisory resolution to approve the merger-related compensation of our named executive officers;

3. to elect Neil F. Dimick, Heping Feng and Paul S. Viviano to serve as Class I directors to hold office for a three-year term expiring at the 2020 annual meeting of stockholders or until their respective successors are elected and qualified;

4. to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;

5. to consider and vote on a non-binding advisory resolution to approve the compensation of our named executive officers;

6. to consider and vote on a non-binding advisory resolution relating to the frequency of an advisory vote to approve the compensation of our named executive officers;

7. to approve the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve adoption of the Merger Agreement, including the majority of the minority stockholder approval (as defined below);

and to act upon any other matter properly brought before the annual meeting or any adjournments or postponements of the annual meeting.

Our board of directors (referred to as the Board) (with Mr. Qisen Huang, Mr. Heping Feng and Dr. Tao Zhang recusing themselves), acting on the unanimous recommendation of the special committee, has approved the Merger Agreement and determined that the Merger Agreement and the transactions contemplated by it are advisable and in the best interests of and fair to the Company and its stockholders (other than the Purchaser Group (as defined below) and affiliates of Alliance, including its officers and directors). **Our Board unanimously (other than Mr. Huang, Mr. Feng and Dr. Zhang), recommends that the stockholders of the Company vote FOR the proposal to approve the adoption of the Merger Agreement**. In addition, our Board urges you to vote FOR proposals 2, 4, 5 and 7 above, FOR each of the director nominees in Proposal 3 above, and for every 3 YEARS with respect to Proposal 6 above.

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Your vote is very important, regardless of the number of shares of common stock of the Company, par value $0.01 per share (Common Stock) you own. The merger cannot be completed unless holders of (i) a majority of the aggregate voting power of the outstanding shares of Common Stock vote in favor of adoption of the Merger Agreement and (ii) a majority of the outstanding shares of Common Stock not beneficially owned by the Purchaser Parties or any affiliate (within the meaning of Rule 12b-2 under the Exchange Act) of any of the Purchaser Parties (the Purchaser Group) or any Section 16 officer of Alliance (determined pursuant to Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) vote in favor of adoption of the Merger Agreement (the majority of the minority stockholder approval). If you fail to vote on the Merger Agreement, the effect will be the same as a vote against adoption of the Merger Agreement.

The holders of record of our Common Stock at the close of business on June 30, 2017, are entitled to notice of and to vote at the annual meeting or at any adjournment of the meeting. All stockholders of record are cordially invited to attend the annual meeting in person. Even if you plan to attend the annual meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the annual meeting if you are unable to attend. You also may vote your shares by proxy using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services.

If you sign, date and return your proxy and voting instruction card(s) without indicating how you wish to vote, your proxy will be voted in favor of Proposals 1, 2, 4, 5 and 7, in favor of each of the director nominees in Proposal 3, and in favor of 3 YEARS with respect to Proposal 6. If you fail to attend the annual meeting or submit your proxy, it will have the same effect as a vote against the adoption of the Merger Agreement. You may revoke your proxy at any time before the vote at the annual meeting by following the procedures outlined in the enclosed proxy statement. If you are a stockholder of record, attend the annual meeting and wish to vote in person, you may revoke your proxy and vote in person.

The merger is described in the accompanying proxy statement, which we urge you to read carefully. A copy of the Merger Agreement is included as Annex A to the accompanying proxy statement.

By order of the Board of Directors

ALLIANCE HEALTHCARE SERVICES, INC.

This proxy statement, our 2016 annual report to stockholders and a form of proxy card are

available at www.alliancehealthcareservices-us.com/proxy

Irvine, California

July 14, 2017

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Summary Term Sheet Relating to the Merger

This Summary Term Sheet discusses the material information regarding the merger contained in this proxy statement, but does not contain all of the information in this proxy statement that is important to your voting decision with respect to the adoption of the Merger Agreement or the other matters being considered at the annual meeting. We encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement, as this Summary Term Sheet may not contain all of the information that may be important to you. The items in this Summary Term Sheet include page references directing you to a more complete description of that topic in this proxy statement.

Throughout this proxy statement we refer to:

Tahoe, THAIHOT, Parent and Sub as the Purchaser Parties ;

the Purchaser Parties and any affiliate (within the meaning of Rule 12b-2 under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act) of any of the Purchaser Parties as the Purchaser Group or Purchaser Group Members ;

Percy C. Tomlinson, Rhonda A. Longmore-Grund, Richard W. Johns, Richard A. Jones, Gregory E. Spurlock, Christianna S. Rosow, Laurie R. Miller and Steven M. Siwek, each of whom are the officers of Alliance determined in accordance with Section 16(a)-1(f) of the Exchange Act, as the Section 16 Officers ;

Mr. Qisen Huang, Mr. Heping Feng and Dr. Tao Zhang or any other person nominated to our Board by Tahoe or THAIHOT (each as defined below) pursuant to the Governance Agreement (as defined in this proxy statement) as the Designated Representatives ;

The shares of Common Stock, collectively, which are not beneficially owned by the Purchaser Group Members and the Section 16 Officers as the unaffiliated shares ;

The holders of Common Stock other than Purchaser Group Members and the affiliates of Alliance, including its officers and directors, as unaffiliated stockholders ; and

The Board s determination that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the merger, are advisable and in the best interests of and fair to Alliance and Alliance s stockholders (other than any Purchaser Group Members and the affiliates of Alliance, including its officers and directors), the Board s approval of the Merger Agreement and the transactions contemplated thereby, including the merger; and the recommendation that the stockholders of Alliance approve the adoption of the Merger Agreement and the merger as the Company Recommendation.

The Parties to the Merger Agreement (Page 66)

Alliance HealthCare Services, Inc.

18201 Von Karman Avenue, Suite 600,

Irvine, California 92612

Alliance HealthCare Services, Inc., referred to herein as Alliance , the Company , we , our or us , is a Delaware corporation. Alliance is a leading national provider of outsourced medical services, including radiology, oncology and interventional. We provide a full continuum of services from mobile to comprehensive service line management and joint venture partnerships, which can include one or more of the following depending on the customer s needs: systems, technologists to operate the systems, sales and marketing, patient scheduling and pre-authorization, billing and payer management, equipment maintenance and upgrades, overall management of services and fixed-site operations including outpatient clinics and Ambulatory Surgical Centers.

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Additional information about Alliance is contained in its public filings, which are incorporated by reference hereto. See *Where You Can Find Additional Information* beginning on page 145.

Tahoe Investment Group Co., Ltd.

No. 43 Hudong Road

Olympic Building

Fuzhou City, Fujian Province, China 350003

Tahoe Investment Group Co., Ltd., formerly Fujian Thai Hot Investment Co. Ltd. and referred to herein as Tahoe , is an entity organized under the laws of the People s Republic of China. Tahoe was established by Mr. Qisen Huang and invests in various fields, such as finance, healthcare and real estate. As of the date of this proxy statement, Mr. Qisen Huang owns 95% of the outstanding shares of Tahoe.

THAIHOT Investment (Hong Kong) Company Limited

c/o Tahoe Investment Group Co., Ltd.

No. 43 Hudong Road

Olympic Building

Fuzhou City, Fujian Province, China 350003

THAIHOT Investment (Hong Kong) Company Limited is an entity organized under the laws of Hong Kong. THAIHOT Investment (Hong Kong) Company Limited is engaging in the business of investment holding and is a wholly owned subsidiary of Tahoe and the sole shareholder of THAIHOT. Its sole director is Mr. Qisen Huang.

THAIHOT Investment Company Limited

c/o Tahoe Investment Group Co., Ltd.

No. 43 Hudong Road

Olympic Building

Fuzhou City, Fujian Province, China 350003

THAIHOT Investment Company Limited, referred to herein as THAIHOT , is an exempted company incorporated under the laws of the Cayman Islands, an indirect wholly owned subsidiary of Tahoe and controlling stockholder of Alliance. As of the date of this proxy statement, Mr. Qisen Huang is the sole director of THAIHOT.

THAIHOT Investment Company US Limited

c/o Tahoe Investment Group Co., Ltd.

No. 43 Hudong Road

Olympic Building

Fuzhou City, Fujian Province, China 350003

THAIHOT Investment Company US Limited, referred to herein as Parent , is a newly formed Delaware corporation and indirect wholly owned subsidiary of Tahoe. As of the date of this proxy statement, Messrs. Qisen Huang and Yong Ge are the directors of Parent. Parent has not engaged in any business other than in connection with the merger and other related transactions.

Alliance Healthcare Services Merger Sub Limited

c/o Tahoe Investment Group Co., Ltd.

No. 43 Hudong Road

Olympic Building

Fuzhou City, Fujian Province, China 350003

Alliance Healthcare Services Merger Sub Limited, referred to herein as Sub , is a newly formed Delaware corporation and a wholly owned subsidiary of Parent. As of the date of this proxy statement, Messrs. Qisen Huang and Yong Ge are the directors of Sub. Sub has not engaged in any business other than in connection with the merger and other related transactions.

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The Merger Proposal

You are being asked to consider and vote upon the proposal to adopt the Merger Agreement. The Merger Agreement provides that Sub will be merged with and into the Company, and each outstanding share of Common Stock, other than shares beneficially owned by the Purchaser Group Members, Alliance, and the holders of Common Stock who have properly and validly perfected, and not effectively withdrawn or lost, their statutory appraisal rights under Delaware law (referred to as dissenting shares), will be converted into the right to receive $13.25 in cash per share, without interest and less any required withholding taxes.

If the merger is consummated, Alliance will become a privately held company, wholly owned by Parent. Parent will be indirectly owned and controlled by Mr. Qisen Huang.

Conditions to the Merger (Page 86)

The obligations of Alliance, on the one hand, and the Purchaser Parties, on the other hand, to consummate the merger are subject to the satisfaction (or mutual waiver by Alliance and the Purchaser Parties, if permissible under applicable law, other than the first condition below, which cannot be waived, at or before the effective time, of the following conditions:

- that holders of a majority of the outstanding shares of Common Stock (not beneficially owned by the Purchaser Group Members or Section 16 Officers) have voted in favor of adoption of the Merger Agreement (we refer to this condition as the majority of the minority stockholder approval requirement);

- that holders of a majority of the outstanding shares of Common Stock have voted in favor of adoption of the Merger Agreement (we refer to this condition as the statutory stockholder approval requirement, and, together with the majority of the minority stockholder approval requirement, as the requisite stockholder approval requirement);

- that no governmental entity of any competent jurisdiction shall have enacted, issued or entered any order or law or taken any other action which is then in effect and has the effect of enjoining, restraining or otherwise prohibiting the consummation of the merger; and

- that following the filing by the applicable Purchaser Parties of an overseas investment registration with the National Development and Reform Commission of the People s Republic of China or its competent local counterparts (collectively referred to as the NDRC) with respect to the merger, the applicable Purchaser Parties shall have received a written acknowledgement by the NDRC that the registration has been completed.

The obligation of Alliance to effect the merger is subject to the satisfaction or waiver by Alliance, at or before the effective time, of the following conditions:

the continued accuracy of the representations and warranties of the Purchaser Parties in the Merger Agreement as of the closing date (except for certain representations and warranties which must remain accurate as of a specified date);

that each of the Purchaser Parties shall have in all material respects performed all obligations and complied with all covenants required by the Merger Agreement to be performed or complied with by it at or prior to the closing of the merger; and

that prior to the mailing of this proxy statement, Parent shall have deposited into a special purpose account in Hong Kong sufficient funds in U.S. dollars for timely payment of the aggregate merger consideration.

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The obligation of the Purchaser Parties to effect the merger is subject to the satisfaction or waiver by the Purchaser Parties, at or before the effective time, of the following conditions:

- the continued accuracy of the representations and warranties of Alliance in the Merger Agreement as of the closing date (except for certain representations and warranties which must remain accurate as of a specified date); and

- that Alliance shall have in all material respects performed all obligations and complied with all covenants required by the Merger Agreement to be performed or complied with by it at or prior to the effective time.

When the Merger Will be Completed (Page 86)

We anticipate completing the merger in the third quarter of 2017, subject to adoption of the Merger Agreement by Alliance s stockholders as specified in this proxy statement, and the satisfaction of the other closing conditions.

Purposes and Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger (Page 27)

Based in part on the unanimous recommendation of the members of a committee of independent and disinterested directors that was established by the Board (referred to as the Special Committee), among other things, to evaluate and negotiate a potential transaction with Tahoe, the Board unanimously (with Messrs. Qisen Huang, Heping Feng and Tao Zhang recusing themselves) determined that the Merger Agreement and the transactions contemplated by it, including the merger, are advisable and in the best interests of, and fair to, Alliance and the unaffiliated stockholders. The Board unanimously (with Messrs. Qisen Huang, Heping Feng and Tao Zhang recusing themselves) recommends that the stockholders of Alliance vote FOR the proposal to adopt the Merger Agreement. For a description of the reasons considered by the Special Committee and the Board for their recommendations, see *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger* beginning on page 27. For descriptions of the fairness determinations made by the Special Committee, the Board and the Purchaser Group, see *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger* beginning on page 27 and *Special Factors Position of the Purchaser Group as to Fairness of the Merger* beginning on page 39.

The purpose of the merger for Alliance is to enable its stockholders to realize the value of their investment in Alliance through their receipt of the $13.25 in cash per share (referred to as the Merger Consideration), representing a premium of 67% over the trading price of $7.95 per share of our Common Stock on December 9, 2016, the last trading day prior to the date Tahoe s initial proposal was publicly disclosed, and a premium of 38% over the $9.60 purchase price per share initially offered by Tahoe.

Opinion of Financial Advisor to the Special Committee (See Page 33 and Annex B)

In connection with the merger, the Special Committee s financial advisor, Lazard, rendered its oral opinion to the Special Committee, subsequently confirmed in writing, to the effect that, as of such date and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in the opinion, the $13.25 per share cash Merger Consideration to be paid to the holders of Common Stock (other than shares of Common Stock held by any stockholder who properly demands appraisal rights, shares of Common Stock held by Alliance as treasury stock, or shares of Common Stock held by Purchaser Group Members (collectively, the excluded holders)) pursuant to the

Merger Agreement was fair, from a financial point of view, to such holders.

Purchaser Group Members Purposes and Reasons for the Merger (Page 38)

The Purchaser Group Members believe that as a private company Alliance will have greater operating flexibility, and management will be able to more effectively concentrate on long-term growth and reduce its

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focus on the quarter-to-quarter performance often emphasized by the public markets. Moreover, Alliance will not be subject to certain obligations and constraints, and related costs, associated with having publicly traded equity securities.

Position of the Purchaser Group as to Fairness of the Merger (Page 39)

Each of the Purchaser Group Members believes that the merger is substantively and procedurally fair to Alliance s unaffiliated stockholders. Their belief is based on the factors described in *Special Factors Position of the Purchaser Group as to Fairness of the Merger* beginning on page 39.

Certain Effects of the Merger (Page 42)

If the conditions to the closing of the merger are either satisfied or, to the extent permitted, waived, Sub will be merged with and into Alliance, the separate corporate existence of Sub will cease and Alliance will continue its corporate existence under Delaware law as the surviving corporation in the merger, with all of its rights, privileges, immunities, powers and franchises continuing unaffected by the merger. Upon completion of the merger, the Common Stock, other than shares beneficially owned by the Purchaser Group Members, shares owned by Alliance, or shares owned by holders of dissenting shares, will be converted into the right to receive $13.25 per share, without interest and less any required withholding taxes. Following the completion of the merger, the Common Stock will no longer be publicly traded, and stockholders (other than the stockholders of Parent through their interest in Parent) will cease to have any ownership interest in Alliance.

Treatment of Alliance Equity Awards in the Merger (Page 76)

Options

At or immediately prior to the effective time of the merger, each option to purchase shares of Common Stock outstanding under the 1999 Equity Plan for Employees and Directors of Alliance, as amended and restated on April 27, 2016, or any other stock option, stock incentive or equity compensation plan or agreement sponsored or maintained by Alliance, referred to as Alliance Equity Plans , that has an exercise price per share of Common Stock underlying such option that is less than the Merger Consideration, also referred to as an in-the-money company stock option , whether or not exercisable or vested, shall be cancelled and converted into the right to receive an amount in cash determined by multiplying (i) the excess of the Merger Consideration over the option exercise price of such in-the-money company stock option by (ii) the number of shares of Common Stock subject to such in-the-money company stock option. At or immediately prior to the effective time, each company stock option that has an option exercise price that is equal to or greater than the Merger Consideration, whether or not exercisable or vested, shall be cancelled without payment.

Restricted Stock Units

At or immediately prior to the effective time of the merger, each award of restricted stock units with respect to shares of Common Stock granted under the Alliance Equity Plans, referred to as a company RSU award , that is outstanding immediately prior to the effective time, after giving effect to any accelerated vesting as a result of the transactions contemplated by the Merger Agreement, shall be cancelled and converted into the right to receive a restricted cash award in an amount in cash equal to (i) the number of shares of Common Stock subject to such company RSU award immediately prior to the effective time multiplied by (ii) the Merger Consideration.

Interests of Alliance s Directors and Executive Officers in the Merger (Page 54)

In considering the recommendations of the Special Committee and of the Board with respect to the Merger Agreement, you should be aware that, aside from their interests as stockholders of Alliance, Alliance s directors

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and executive officers have interests in the merger that may be different from, or in addition to, those of other stockholders of Alliance generally. In particular, Mr. Qisen Huang, as the controlling owner of Tahoe, will indirectly control Alliance following the merger. Interests of executive officers and directors that may be different from or in addition to the interests of Alliance s stockholders include:

- The vesting of their in-the-money company stock options will be accelerated pursuant to the terms of the Merger Agreement, and will be converted into the right to receive cash payments.

- Company RSU awards held by executive officers will be cancelled and converted into the right to receive restricted cash awards subject to the same vesting and payment conditions and schedules applicable to the company RSU awards immediately prior to the effective time.

- Company RSU awards held by non-employee directors will be accelerated pursuant to the terms of the awards and will be converted into the right to receive cash payments.

- Certain executive officers may receive benefits under severance agreements in the event of a termination of employment without cause or for good reason that could occur following the merger.

- Alliance s executive officers as of the effective time of the merger will become the initial executive officers of the surviving corporation.

- Alliance s directors and executive officers are entitled to continued indemnification and insurance coverage under the Merger Agreement, and Alliance s directors and certain executive officers are entitled to continued indemnification and insurance coverage under indemnification agreements.

Members of the Special Committee are receiving compensation for their service on the Special Committee. The Special Committee and the Board were aware of the different or additional interests described in this proxy statement and considered those interests along with other matters in recommending and/or approving, as applicable, the Merger Agreement and the transactions contemplated by it.

Regulatory Matters (Page 59)

No material federal or state regulatory approvals, filings or notices are required in connection with the merger other than the filing of an overseas investment registration with the NDRC by the applicable Purchaser Parties and the filing of a certificate of merger with the Secretary of State of the State of Delaware by the Company and Sub.

Termination (Page 87)

Alliance and Parent may terminate the Merger Agreement by mutual written consent at any time before the effective time, whether prior to or after receipt of the requisite stockholder approval. In addition, either Alliance or Parent (as applicable) may terminate the Merger Agreement, subject to various exceptions described under *The Merger Agreement Termination,* if:

any governmental entity having competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law or order which is then in effect or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the merger, and such order or other action is final and nonappealable, subject to certain exceptions;

the requisite stockholder approval shall not have been obtained at the annual meeting;

the merger has not been completed by December 15, 2017 (referred to as the Termination Date), subject to the right of Alliance to extend the Termination Date for a single additional 60-day period in certain circumstances enumerated in the Merger Agreement related to restraints under the law of the People s Republic of China or failure to complete registration with the NDRC; or

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prior to obtaining the requisite stockholder approval, the Board or the Independent Committee shall have made a Change in Recommendation.

Parent may terminate the Merger Agreement if there is a breach or failure of any representation, warranty, covenant or agreement of the Company, which breach or failure has given rise to or would reasonably be likely to give rise to the failure of a condition to the Purchaser Parties obligations to complete the merger, and such condition would not be capable of being satisfied prior to the Termination Date, or if capable of being satisfied, the failure of the condition is not cured within 30 business days following receipt of written notice from Parent.

Alliance may terminate the Merger Agreement if:

there is a breach or failure of any representation, warranty, covenant or agreement of the Purchaser Parties, which breach or failure has given rise to or would reasonably be likely to give rise to the failure of a condition to the Company s obligations to complete the merger, and such condition would not be capable of being satisfied prior to the Termination Date, or if capable of being satisfied, the failure of the condition is not cured within 30 business days following receipt of written notice from the Company;

all conditions to the Purchaser Parties obligations to complete the merger have been satisfied or waived (except those to be satisfied at closing), Alliance has irrevocably confirmed in writing to Parent that the closing conditions specific to Alliance have been satisfied or Alliance is willing to waive them and is prepared to close, and the Purchaser Parties fail to consummate the closing within five business days after the date that the closing should have occurred under the Merger Agreement; or

prior to the date that Alliance has notified Parent that it is prepared to mail the proxy statement (but at least 60 days after the date of the Merger Agreement), Parent shall have failed to deposit or caused to be deposited into a special purpose account sufficient funds for timely payment of the aggregate Merger Consideration.

Expense Reimbursement Provisions (Page 88)

Alliance is required to pay Parent an amount equal to $1,500,000 (referred to as the Alliance Expense Reimbursement) in the event that Alliance or Parent terminates the Merger Agreement following the Board or Independent Committee s Change in Recommendation.

Parent is required to pay Alliance an amount equal to $4,500,000 (referred to as the Parent Expense Reimbursement) under the following circumstances:

in the event that the Merger Agreement is terminated by Alliance: (i) as a result of a breach or failure of any representation, warranty or covenant of any Purchaser Party set forth in the Merger Agreement; (ii) because the Purchaser Parties fail to complete the merger within five (5) business days following the date on which the closing should have occurred; or (iii) because Parent failed to deposit into a special purpose account in Hong Kong sufficient funds in U.S. dollars for timely payment of the aggregate Merger Consideration; or

in the event that the Merger Agreement is terminated by either Alliance or Parent: (i) because the merger has not occurred by the Termination Date, at a time when the obligations of the Purchaser Parties to close have been satisfied or waived (other than those to be satisfied at closing, one or more conditions relating to a law or order of the People s Republic of China, or the condition relating to registration with the NDRC); or (ii) due to an order from a governmental entity in the People s Republic of China or any law of the People s Republic of China.

Specific Performance (Page 89)

Under certain circumstances, Alliance and the Purchaser Parties are entitled to specific performance of the terms of the Merger Agreement, in addition to any other remedy at law or equity.

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Financing (Page 53)

Alliance and the Purchaser Parties estimate that the total amount of funds required to complete the merger and related transactions and pay related fees and expenses will be approximately $75 million. The Purchaser Parties intend to fund this amount from cash on hand (as further described in *Special Factors Financing*).

Material U.S. Federal Income Tax Consequences of the Merger (Page 56)

If you are a U.S. holder, the receipt of cash in exchange for Common Stock pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes. You should consult your own tax advisors regarding the particular tax consequences to you of the exchange of Common Stock for cash pursuant to the merger in light of your particular circumstances (including the application and effect of any state, local or foreign income and other tax laws).

The Annual Meeting (Page 70)

The annual meeting will be held at the Company s corporate headquarters located at 18201 Von Karman Avenue, Suite 600, Irvine, California 92612, on August 15, 2017, beginning at 9:00 a.m. Pacific time.

Record Date and Quorum (Page 70)

The holders of record of the Common Stock as of the close of business on June 30, 2017 (the record date for determination of stockholders entitled to notice of and to vote at the annual meeting) are entitled to receive notice of and to vote at the annual meeting.

The presence at the annual meeting, in person or by proxy, of the holders of a majority of shares of Common Stock outstanding on the record date and entitled to vote will constitute a quorum, permitting the Company to conduct its business at the annual meeting.

Required Votes (Page 71)

For the Company to complete the merger, under Delaware law, stockholders holding at least a majority in aggregate voting power of the Common Stock outstanding at the close of business on the record date must vote FOR the adoption of the Merger Agreement. In addition, it is a condition to the consummation of the merger that stockholders holding at least a majority of shares of outstanding Common Stock at the close of business on the record date and not owned by the Purchaser Group Members or Section 16 Officers must vote FOR the adoption of the Merger Agreement.

Litigation (Page 64)

On May 5, 2017 and May 15, 2017, the Company received letter from two purported stockholders demanding inspection of the Company s books, records, and other documents under Section 220 of the DGCL (together, the Demands). The Demands allege mismanagement and other wrongdoing on the part of the Board in approving the Merger, and contend that such mismanagement constitutes a breach of the Board s fiduciary duties. The Company believes that the allegations in each Demand are meritless and intends to defend vigorously against any litigation that might be filed in connection with the allegations.

Dissenters Rights of Appraisal (Page 60 and Annex C)

Alliance stockholders who do not vote in favor of adoption of the Merger Agreement, who properly demand appraisal of their shares of Common Stock and who otherwise comply with all the requirements of Section 262 of the General Corporation Law of the State of Delaware (the DGCL) will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of Common Stock in lieu of receiving the Merger Consideration if the merger is completed. In addition to not voting in favor of the merger, the stockholder must deliver to Alliance a written demand for appraisal of such stockholder s shares prior to the vote on the Merger Agreement and continue to hold such shares until the consummation of the merger.

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QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the annual meeting, the Merger Agreement and the merger. These questions and answers may not address all questions that may be important to you as a stockholder of Alliance. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

1. Q: Why am I receiving these materials?

A: On April 10, 2017, Alliance entered into the Merger Agreement pursuant to which, among other things, Sub, an indirect wholly owned subsidiary of Tahoe, will merge with and into Alliance, with Alliance continuing as the surviving corporation in the merger and a wholly owned subsidiary of Parent. The Board is furnishing this proxy statement and form of proxy card to the holders of Common Stock in connection with the solicitation of proxies in favor of the proposal to adopt the Merger Agreement and the other matters to be voted on at our 2017 Annual Meeting of Stockholders or at any adjournments or postponements of the meeting.

This proxy statement, which you should read carefully, contains important information about the merger, the Merger Agreement, the annual meeting and the other matters to be voted on at our annual meeting. The enclosed materials allow you to submit a proxy to vote your shares of Common Stock without attending the annual meeting and to ensure that your shares of Common Stock are represented and voted at the annual meeting.

2. Q: What will I receive in the merger?

A: If the merger is completed and you do not properly exercise your appraisal rights, you will be entitled to receive $13.25 in cash, without interest and less any required withholding taxes, for each share of Common Stock that you own. You will not be entitled to receive shares in the surviving corporation, Parent, THAIHOT or Tahoe.

3. Q: When and where is the annual meeting?

A: The annual meeting will be held at 9:00 a.m. (Pacific time) on August 15, 2017, at our corporate headquarters located at 18201 Von Karman Avenue, Suite 600, Irvine, California 92612.

4. Q: Who is entitled to vote at the annual meeting?

A: Record holders of our Common Stock as of the close of business on June 30, 2017, referred to as the record date , are entitled to vote at the annual meeting. As of the record date, 10,831,300 shares of Common Stock were outstanding. Each holder of record of Common Stock on the record date will be entitled to one vote for each share on all matters to be voted on at the annual meeting.

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5. Q: What matters will be voted on at the annual meeting?

A: You will be asked to consider and vote on the following proposals:

(1) to adopt the Merger Agreement;

(2) to approve, by non-binding, advisory vote, the merger-related compensation that will become payable to our named executive officers;

(3) to elect Neil F. Dimick, Heping Feng and Paul S. Viviano to serve as Class I directors;

(4) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;

(5) to approve, by non-binding advisory vote, the compensation of our named executive officers;

(6) to approve, by non-binding advisory vote, the frequency of an advisory vote to approve the compensation of our named executive officers;

(7) to approve the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the annual meeting to approve adoption of the Merger Agreement, including the majority of the minority stockholder approval;

and to act upon any other matter properly brought before the annual meeting or any adjournments or postponements of it.

6. Q: What vote of our stockholders is required to adopt the Merger Agreement?

A: For the Company to complete the merger, under Delaware law, stockholders holding at least a majority in aggregate voting power of Common Stock outstanding at the close of business on the record date must vote FOR adoption of the Merger Agreement. In addition, it is a condition to

completion of the merger that stockholders holding at least a majority of the outstanding shares of the Common Stock at the close of business on the record date, excluding shares beneficially owned by the Purchaser Group Members or any Section 16 Officer, vote FOR adoption of the Merger Agreement.

7. Q: What vote of our stockholders is required to approve other matters to be presented at the annual meeting?

A: For purposes of Proposal 3 (election of directors), the election of each director nominee must be approved by a plurality of the votes cast by stockholders represented at the meeting in person or by proxy. Proposal 2 (advisory vote to approve merger-related executive compensation), Proposal 4 (ratification of auditors), Proposal 5 (advisory vote to approve executive compensation), Proposal 6 (advisory vote to approve frequency of an advisory vote to approve executive compensation), and Proposal 7 (adjournment proposal) require the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the proposal. For purposes of Proposal 6, the choice that receives the highest number of votes cast will be considered by the Company to be the preferred advisory vote of stockholders.

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8. Q: How does the Board recommend that I vote?

A: Based in part on the unanimous recommendation of the Special Committee, the Board (other than Messrs. Qisen Huang, Heping Feng and Tao Zhang, who recused themselves) recommends that our stockholders vote:

FOR adoption of the Merger Agreement.

Our Board also recommends that you vote:

FOR each of the director nominees in Proposal 3;

FOR Proposals 2, 4, 5 and 7; and

For every 3 YEARS with respect to Proposal 6.

See *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger* beginning on page 27 for a discussion of the factors that the Special Committee and the Board considered in deciding to recommend and/or approve, as applicable, the Merger Agreement. See also *Special Factors Interests of Alliance s Directors and Executive Officers in the Merger* beginning on page 54.

9. Q: What effects will the Merger have on Alliance?

A: The Common Stock is currently registered under the Exchange Act, and is listed on the NASDAQ Global Market under the symbol AIQ. As a result of the merger, Alliance will cease to be a publicly traded company and will be wholly owned by Parent.

Following the consummation of the merger, the registration of the Common Stock and our reporting obligations with respect to the Common Stock under the Exchange Act will be terminated upon application to the SEC. In addition, upon the consummation of the merger, the Common Stock will no longer be listed on any stock exchange.

10. Q: What will happen if the Merger is not consummated?

A: If the merger is not consummated for any reason, Alliance s stockholders will not receive any payment for their shares of Common Stock in connection with the merger. Instead, Alliance will remain a public company and Alliance s Common Stock will continue to be listed and traded on NASDAQ. Under specified circumstances, Alliance will be required to pay Parent the Alliance Expense Reimbursement, which is an amount equal to $1,500,000, or Parent will be required to pay Alliance the Parent Expense Reimbursement, which is an amount equal to $4,500,000, if the Merger Agreement is terminated.

11. Q: What will happen if the advisory proposals are not approved?

A: Proposals 2, 4, 5 and 6 are advisory only and are not binding on the Company, whether or not the merger is completed. Our Board will consider the outcome of the vote on these proposals in considering what action, if any, should be taken in response to the advisory vote by stockholders. If the merger is completed, the merger-related compensation that is the subject of Proposal 2 may be paid to Alliance s named executive officers even if stockholders fail to approve this proposal.

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12. Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the documents referred to as incorporated by reference in this proxy statement, and consider how the merger affects you.

If you are a stockholder of record, you can ensure that your shares are voted at the annual meeting by submitting your proxy via:

telephone, using the toll-free number listed on your proxy and voting instruction card;

the Internet, at the address provided on your proxy and voting instruction card; or

mail, by completing, signing, dating and mailing your proxy and voting instruction card and returning it in the envelope provided.

If you hold your shares in street name through a broker, bank or other nominee, you should follow the directions provided by it regarding how to instruct it to vote your shares.

13. Q: What will happen if I abstain from voting or fail to vote on the proposals presented at the annual meeting?

A: If you vote ABSTAIN by proxy or in person at the annual meeting, it will have the same effect as a vote against the proposal to adopt the Merger Agreement and will have no effect on Proposal 3 (election of directors). For Proposal 2 (advisory vote on merger-related executive compensation), Proposal 4 (ratification of auditors), Proposal 5 (advisory vote on executive compensation), Proposal 6 (advisory vote on frequency of an advisory vote on executive compensation), and Proposal 7 (adjournment proposal), we will treat abstentions as shares present or represented and entitled to vote on those proposals. Accordingly, such a vote on Proposals 2, 4, 5 and 7 will have the same effect as a vote against those proposals, and will have no impact on the choice that is considered by the Company to be the preferred advisory vote of stockholders for purposes of Proposal 6.

If you fail to submit a proxy and do not attend the annual meeting, your shares of Common Stock will not be voted, and will have the same effect as voting against the proposal to adopt the Merger Agreement, but will have no effect on any of the other proposals.

14. Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a stockholder of record, you can change your vote at any time before your proxy is voted at the annual meeting by properly delivering a later-dated proxy either by mail, the Internet or telephone or attending the annual meeting in person and voting (but simply attending the annual meeting will not cause your proxy to be revoked). You also may revoke your proxy by delivering a notice of revocation to the Company s corporate secretary prior to the vote at the annual meeting. If your shares of Common Stock are held in street name, you must contact your broker, dealer, commercial bank, trust company or other nominee to revoke your proxy.

15. Q: Should I send in my stock certificates or other evidence of ownership now?

A: No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of Common Stock for the per share Merger Consideration. If your shares of Common Stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the per share Merger Consideration. Do not send in your certificates now.

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16. Q: What happens if I sell my shares of Common Stock before completion of the merger?

A: If you transfer your shares of Common Stock, you will have transferred your right to receive the Merger Consideration in the merger. In order to receive the Merger Consideration, you must hold your shares of Common Stock through completion of the merger.

The record date for stockholders entitled to vote at the annual meeting is earlier than the date on which the merger will be consummated. As such, if you transfer your shares of Common Stock after the record date but before the annual meeting, you will have transferred your right to receive the Merger Consideration in the merger, but retained the right to vote at the annual meeting.

17. Q: Who can help answer my other questions?

A: If you have more questions about the merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy and voting instruction card(s), please contact MacKenzie Partners, Inc., which is acting as the proxy solicitation agent and information agent in connection with the merger.

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

(212)929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

If your broker, bank or other nominee holds your shares, you can also call your broker, bank or other nominee for additional information

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SPECIAL FACTORS

Background of the Merger

The Company s Board and management team regularly review the Company s long-term strategic plan, operational and financial performance, industry conditions, regulatory developments and potential opportunities with the goal of enhancing stockholder value. As part of these efforts, the Board and Company management review strategic alternatives regarding the operation of the business under its current long-term strategic plans, including potential business combinations, a sale of all or a portion of the Company, potential acquisitions, financings and other transactions with third parties. The Company did not enter into any confidentiality agreements with Tahoe or Party X, in connection with the discussions described below, and, except for the Governance Agreement described in more detail below, is not a party to any confidentiality agreement with a standstill provision which would prevent a party from making an offer to acquire the Company or the Minority Interest.

On March 29, 2016, THAIHOT, a wholly-owned indirect subsidiary of Tahoe (formerly known as Fujian Thai Hot Investment Co., Ltd.), completed its purchase of 5,537,945 shares of Common Stock from funds managed by Oaktree Capital Management, L.P. (OCM Principal Opportunities Fund IV, L.P. and Alliance-Oaktree Co-Investors, LLC) and MTS Health Investors, LLC, (MTS Health Investors II, L.P., Alliance-MTS Co-Investors I, LLC and Alliance-MTS Co-Investors II, LLC), and Larry C. Buckelew for approximately $102.5 million (the 2016 Acquisition). As a result of the 2016 Acquisition, THAIHOT acquired approximately 51.5% of the outstanding shares of the Company. In connection with the 2016 Acquisition, Tahoe and THAIHOT entered into the Governance Agreement, pursuant to which, for a period of three (3) years from the date of the closing of the 2016 Acquisition, among other terms, conditions and limitations, (i) THAIHOT and its affiliates are prohibited from acquiring additional shares of Common Stock without the prior consent of a majority of the Board s directors who were unaffiliated with Tahoe, THAIHOT and their affiliates, and (ii) THAIHOT will have the right, for so long as it beneficially owns at least 35% of the Company s outstanding Common Stock, to nominate for election to the Board the number of directors necessary to comprise a majority of the Board (the Designated Representatives). Pursuant to the Governance Agreement, Tahoe has chosen to nominate three (3) of the nine (9) directors as the Designated Representatives who are currently Mr. Qisen Huang, Mr. Heping Feng and Dr. Tao Zhang.

In connection with the 2016 Acquisition, the Board formed a special committee of independent and disinterested directors consisting of Neil F. Dimick, Paul S. Viviano and Edward L. Samek (the Former Independent Committee). At that time, the Former Independent Committee formally engaged O Melveny & Myers LLP (O Melveny) to serve as its independent legal advisor and Richards, Layton & Finger, P.A. (RLF) to serve as its independent legal counsel with respect to Delaware law matters. The Former Independent Committee did not engage a financial advisor in connection with the 2016 Acquisition.

On August 15, 2016, Mr. Tomlinson met with the chief executive officer and chief financial officer of a publicly traded healthcare services company based in the United States (Party X) to discuss each party s business and strategic initiatives. During this conversation, the chief executive officer of Party X expressed an interest in exploring a potential acquisition of the outstanding shares of the Common Stock not held by THAIHOT (the Minority Interest) and asked Mr. Tomlinson to coordinate a meeting between representatives of Tahoe and Party X to discuss the possibility of an acquisition by Party X of the Minority Interest. Party X did not provide a price at which it might be willing to acquire the Minority Interest.

On August 24, 2016, the Board held a telephonic meeting, at which Mr. Huang, Mr. Feng and Dr. Zhang were present, which was also attended by Messrs. Tomlinson and Johns. During the meeting, Mr. Tomlinson provided a summary of his meeting with Party X, including the request by the chief executive officer of Party X for a meeting with the

representatives of Tahoe, and the Board discussed a potential acquisition of the Minority Interest by Party X. The participants in the meeting noted that it would be very difficult to structure an acquisition by Party X of all of the outstanding Minority Interest without cooperation from Tahoe. During the discussion, the Designated Representatives informed the Board that Tahoe would be interested in meeting with Party X to discuss a potential acquisition of the Minority Interest by Party X, and the Designated Representatives

also informed the other members of the Board that if Party X were to pursue an acquisition of the Minority Interest, Tahoe may be interested in investing additional capital into the Company in connection with the acquisition. The Designated Representatives did not provide a price or any other terms regarding a potential investment in the Company or participation in an acquisition of the Minority Interest with Party X. Following further discussion at the Board meeting, the Board asked Mr. Tomlinson to prepare a potential response to Party X seeking additional information concerning a potential acquisition of the Minority Interest. Also, in advance of this Board meeting, Company management provided the Board with the August Long-Range Planning Model. See *Special Factors Projected Financial Information* beginning on page 44.

On August 29, 2016, following further communications with members of the Board after the August 24, 2016 Board meeting, Mr. Tomlinson communicated with the chief financial officer of Party X and indicated that the Board was supportive of exploring a proposal from Party X to acquire the Minority Interest and requested that Party X provide the price it would be willing to pay for the Minority Interest and other detail regarding the material terms of any acquisition of the Minority Interest. The chief financial officer of Party X informed Mr. Tomlinson that Party X remained interested in a potential acquisition of the Minority Interest and again asked Mr. Tomlinson to coordinate a meeting between representatives of Tahoe and Party X to discuss the possibility of an acquisition by Party X of the Minority Interest. Party X did not provide a price at which it might be willing to acquire the Minority Interest or any other terms of a potential acquisition.

On September 16, 2016, ahead of a regularly scheduled meeting of the Board on September 19 and 20, 2016, Mr. Tomlinson spoke with the chief financial officer of Party X by telephone in order to attempt to gauge Party X s level of interest in a potential acquisition of the Minority Interest. During their conversation, the chief financial officer of Party X informed Mr. Tomlinson that Party X remained interested in exploring the possibility of an acquisition by Party X of the Minority Interest but did not provide a price at which Party X might acquire the Minority Interest, and no other terms of a potential transaction involving Party X and the Company were discussed.

On September 19 and 20, 2016, the Board held a regularly scheduled meeting in Beijing, in the People s Republic of China (the PRC), at which Mr. Huang, Mr. Feng and Dr. Zhang were present. Mr. Tomlinson updated the Board with respect to the discussions that had taken place between himself and the chief financial officer of Party X. Mr. Tomlinson noted that, Party X had not yet made any proposal to acquire the Minority Interest and that Party X had again requested that Company management coordinate a meeting between representatives of Tahoe and Party X to discuss the possibility of an acquisition by Party X of the Minority Interest prior to Party X submitting any proposal. The Board discussed the potential merits and risks of a potential transaction with Party X versus the Company remaining a publicly traded corporation, and, following such discussions, authorized Company management to continue discussions with Party X regarding a potential acquisition of the Minority Interest and directed the Company management to assist in setting up a meeting between Party X and Tahoe. At the Board meeting, a Designated Representative inquired if Tahoe would be permitted to explore an acquisition of the Minority Interest. The Board noted that Tahoe would need to first obtain a waiver from the unaffiliated members of the Board as provided under the Governance Agreement prior to making a proposal to acquire the Minority Interest, and that such a transaction would constitute a going-private transaction that would require careful review and consideration by the Company s independent and disinterested directors. Tahoe did not discuss a price at which it might be willing to acquire the Minority Interest, and no other terms of a potential transaction involving Tahoe and the Company were discussed at this time.

Following the September 19 and 20, 2016 Board meeting and in response to Tahoe s inquiry as to the possibility of exploring a potential going private transaction with the Company at that meeting, the members of the Former Independent Committee, after discussions with other members of the Board not affiliated with Tahoe, discussed convening the Former Independent Committee together with other independent and disinterested members of the

Board in order to review, evaluate and, if necessary, negotiate any potential transaction with Tahoe, Party X or any other potential third party purchaser of some or all of the Common Stock. The members of

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the Former Independent Committee, following discussions with other members of the Board not affiliated with Tahoe, O Melveny and RLF, determined that a re-constituted special committee should consist of Neil F.

Dimick, Paul S. Viviano, Edward L. Samek (each a member of the Former Independent Committee) and Scott A. Bartos, each an independent and disinterested director of the Company (collectively, the Special Committee). The Special Committee, in consultation with the other members of the Board, determined to begin functioning immediately, with the understanding that the members of the Special Committee would work with independent legal counsel of their choosing to propose formal resolutions to the full Board setting out the Special Committee s mandate in more detail, and that the Special Committee would be formally created if and when discussions with Party X, Tahoe or any other third party purchaser of the Company or the Minority Interest began to materialize beyond mere indications of potential interest. Following additional discussion, the members of the Special Committee determined to again engage O Melveny as its independent legal advisor and RLF as its independent legal advisor with respect to Delaware law issues.

On October 6, 2016, representatives of O Melveny, on behalf of the Special Committee, emailed to the Company s general counsel proposed resolutions and a charter for the Special Committee setting out in detail the Special Committee s mandate. Pursuant to those resolutions, the Special Committee was authorized to, among other authority, conduct the investigation, evaluation and negotiation of a potential transaction with Party X, Tahoe or any other potential purchaser of all or part of the outstanding shares of the Common Stock, evaluate, negotiate and make recommendations to the Board for or against, and to the extent delegable by the Board, approve (or not approve), the terms of any proposed definitive agreements, arrangements, waivers (including with respect to the Governance Agreement) or consents entered into or given by the Company in respect of a potential strategic transaction between Tahoe and the Company or involving a third party purchaser (or Tahoe) of all or part of the outstanding shares of the Common Stock or any other strategic alternatives thereto, or to determine, in its sole discretion, to elect not to pursue any such potential strategic transaction, and to retain its own independent legal and financial advisors at the Company s expense. In addition, the resolutions and Special Committee charter stated that the Board would not approve any transaction with Party X, Tahoe or any other potential purchaser of all or part of the outstanding shares of the Common Stock without a favorable recommendation from the Special Committee. The full Board subsequently adopted such resolutions and the Special Committee charter by written consent on December 12, 2016. Also, pursuant to the resolutions, Mr. Neil F. Dimick was appointed as the Chair of the Special Committee (the Chair) based upon, among other things, his communication skills and familiarity with the administration of the Company, the fact that he had no connection to Tahoe, and his role as Chair of the Former Independent Committee.

On October 7, 2016, the Special Committee held an initial telephonic meeting, which was also attended by Messrs. Tomlinson and Johns from the Company and representatives of O Melveny and RLF. At this meeting, Mr. Tomlinson updated the Special Committee on the status of discussions with Party X. Mr. Tomlinson noted that Party X had not yet made any proposal to acquire the Minority Interest, but that, at the request of Party X and the Board, Mr. Tomlinson had been in contact with Party X and Tahoe to help facilitate a meeting between the two parties to discuss a potential acquisition of the Minority Interest by Party X. Mr. Tomlinson noted that the meeting between Party X and Tahoe had been tentatively scheduled for November. The Special Committee, along with representatives of O Melveny and RLF, also discussed the formation of the Special Committee and the duties and responsibilities of the Special Committee. In addition, the Special Committee, along with representatives of O Melveny and RLF, discussed the importance of engaging an independent financial advisor in the event that the Company received a proposal regarding an acquisition of the Minority Interest.

On November 7, 2016, Mr. Tomlinson, representatives from Tahoe, and representatives from Party X met to discuss the interest Party X had expressed in acquiring the Minority Interest. During the meeting, Party X expressed reduced interest in continued discussions regarding a potential acquisition of the Minority Interest due to the increase of the

Company s share price on NASDAQ since Party X first considered the acquisition of the Minority Interest, and Party X s determination to focus on other potential strategic opportunities with third parties that would involve a controlling ownership for Party X. Party X indicated it may follow up with the Company in early 2017. Following the discussion on November 7, 2016, there was no further communication

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between Party X and the Company regarding a potential acquisition of the Minority Interest by Party X. Party X never submitted a proposal to acquire the Minority Interest and never discussed price or other terms with the Company or its representatives.

On November 9, 2016, the Board held a telephonic meeting, in which Mr. Huang, Mr. Feng and Dr. Zhang participated. The meeting was also attended by Messrs. Tomlinson and Johns and Ms. Longmore-Grund. Mr. Tomlinson updated the Board with respect to the meeting that had taken place on November 7, 2016, between representatives of Party X and Tahoe, which had been organized as requested by Party X. Mr. Tomlinson noted that Party X had expressed reduced interest in continued discussions regarding a potential acquisition of the Minority Interest. During the meeting, a Designated Representative mentioned that Tahoe would be interested in exploring the possibility of acquiring the Minority Interest, but did not discuss a price at which Tahoe might be willing to acquire the Minority Interest, and no other terms of a potential acquisition of the Minority Interest by Tahoe were discussed at this time.

On November 10, 2016, Mr. Feng indicated in an email to Mr. Buckelew and Mr. Tomlinson that Tahoe had reviewed materials prepared for the November 9, 2016 Board meeting, that Mr. Feng had discussed the materials with Mr. Huang, and that Tahoe was supportive of the Company s strategic plan. Further, Mr. Feng s email indicated that Tahoe would be willing to work with the Special Committee to explore the possibility of acquiring the Minority Interest.

On November 11, 2016, the Special Committee held a telephonic meeting, which was also attended by Messrs. Tomlinson and Johns and representatives of O Melveny and RLF. At this meeting, Mr. Tomlinson updated the Special Committee on the status of discussions with Party X. Mr. Tomlinson informed the Special Committee that he had not had further discussions with Party X following the meeting held between himself, Tahoe and Party X on November 7, 2016 and, it was his belief that, based on discussions with Party X during that meeting, that Party X did not intend to pursue a potential transaction with the Company as Party X was currently pursuing certain strategic initiatives that were being prioritized over its exploration of a potential transaction with the Company and a potential transaction with the Company had become less attractive for Party X due to the increase in the trading price of the Common Stock on NASDAQ since Mr. Tomlinson s August 15, 2016 meeting with the chief executive officer of Party X. Mr. Tomlinson also informed the Special Committee that, based on Mr. Feng s email on November 10, 2016, Tahoe was interested in exploring the possibility of pursuing a potential going private transaction involving the Company, but no price or other terms had been proposed or discussed. After discussion, representatives of O Melveny and RLF discussed with the Special Committee the Special Committee s fiduciary duties to the Company s stockholders should Tahoe seek consent to submit an acquisition proposal. The Special Committee, O Melveny and RLF discussed Tahoe s potential interest in a going private transaction, Delaware law considerations in any going private transactions, the Special Committee s role should negotiations ensue and the process by which the Special Committee would evaluate such a proposal, including the engagement of an independent financial advisor. Following discussion, the Special Committee instructed the members of the Company s management present on the call to refrain from discussing any potential post-transaction positions with the Company or what role members of management may play in the future. The Special Committee requested that Mr. Tomlinson confirm, if possible, whether or not Tahoe remained interested in discussing a potential acquisition of the Minority Interest.

On November 16-18, 2016, Company management, including Mr. Tomlinson, met with representatives of Tahoe in Beijing, PRC, to discuss the Company s operations and financial performance during the previous few months. On the last day of the meetings, November 18, 2016, Mr. Tomlinson met with Mr. Huang. During the meeting, Mr. Tomlinson discussed with Mr. Huang the possibility of Tahoe acquiring the Minority Interest and the potential impact on the Company s business if it were no longer a publicly traded Company. Mr. Huang noted to Mr. Tomlinson that Tahoe remained interested in exploring potential strategic alternatives involving the Company, including the

possibility of taking the Company private by acquiring all of the Minority Interest.

On November 18, 2016, Tahoe engaged Skadden, Arps, Slate, Meagher & Flom LLP (Skadden) to serve as its U.S. legal counsel to assist its strategic review of any potential transaction involving the Company.

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On November 29, 2016, the Special Committee held a telephonic meeting, which was also attended by Messrs. Tomlinson and Johns and representatives of O Melveny and RLF. At this meeting, Mr. Tomlinson provided an update regarding his November 16-18, 2016 meetings with Tahoe in Beijing, PRC and Mr. Tomlinson informed the Special Committee that he had received an email from a representative of Tahoe explaining that the foreign exchange regulatory authorities in the PRC had recently put in place new regulations that could make the transfer of funds out of the PRC more difficult. The email went on to note that Tahoe would need to better understand these regulations before it could make a determination as to whether it would be willing to submit a proposal to the Company regarding a potential acquisition of the Minority Interest. Mr. Tomlinson also noted that other than receipt of the email from Tahoe and the conversation he had with Mr. Huang on November 18, 2016, he had not had any discussions with Tahoe regarding an acquisition of the Minority Interest since the Special Committee s last meeting on November 11, 2016. After discussion, the Special Committee discussed the advisability of selecting an independent financial advisor in advance of Tahoe s determination as to whether it would seek consent of the Special Committee to make a proposal regarding a potential acquisition of the Minority Interest so that the Special Committee would be in a position to move quickly to evaluate such a proposal in the event it was ultimately made. The Special Committee then discussed various investment banking firms that could potentially serve as the Special Committee s independent financial advisor. After discussion, the Special Committee selected three investment banking firms (one of which was Lazard) that it considered to be well qualified and which, to its knowledge, would be independent, to act as a financial advisor to the Special Committee, and determined to contact each potential independent financial advisor to inquire as to whether each such firm would be interested in submitting a proposal to advise the Special Committee in the event of receipt of a proposal from Tahoe.

During the weeks of November 28, 2016 and December 5, 2016, representatives and members of the Special Committee contacted the three potential independent financial advisors previously vetted by the Special Committee. After discussing the potential acquisition of the Minority Interest by Tahoe and the fees that the Special Committee considered reasonable and appropriate in connection with retaining a financial advisor for the Special Committee, one of the financial advisors elected not to submit a proposal. The remaining two potential independent financial advisors indicated their interest in making a proposal. The Special Committee asked each of them to disclose any conflicts of interest such financial advisor might have with respect to the potential engagement and a potential acquisition of the Minority Interest by Tahoe. Each of the remaining two independent financial advisors confirmed for the Special Committee that there were no conflicts of interest of such financial advisor with respect to the potential engagement or a potential acquisition of the Minority Interest by Tahoe.

On December 8, 2016, the Board received a written non-binding proposal from Tahoe to pursue a potential negotiated acquisition of the Minority Interest for $9.60 per share in cash (as subsequently amended, the Tahoe Proposal). The Tahoe Proposal stated that Tahoe was submitting its proposal subject to the granting by the unaffiliated directors of the Board of a waiver of any relevant provisions of the Governance Agreement that would otherwise prohibit, prevent or hinder Tahoe from making its proposal and from making a public announcement thereof and requested that the unaffiliated directors grant such a waiver. The $9.60 proposal reflected a premium of 20.0% over the closing price of the Common Stock on December 8, 2016, the date of the Tahoe Proposal, and 30.0% over the volume weighted average closing price of the Common Stock for the 90 calendar days prior to the date of the Tahoe Proposal. The Tahoe Proposal stated, among other things, that Tahoe would not move forward with the proposal unless it was approved by a special committee of independent directors of the Company that was advised by independent legal counsel and independent financial advisors, and that the transaction would be subject to a non-waivable condition requiring approval of a majority of the unaffiliated shares. In addition, the Tahoe Proposal stated that Tahoe and its affiliates were interested only in acquiring the Minority Interest, and that they were not interested in selling their shares of Common Stock to a third party and did not expect, in their capacity as stockholders of the Company, to vote in favor of any merger or other strategic transaction involving any third party.

On December 9, 2016, the Special Committee held a telephonic meeting with O Melveny, RLF and Company management to discuss the material terms of the Tahoe Proposal and the merits and risks of providing the limited waiver of certain provisions under the Governance Agreement that had been requested by Tahoe to

permit the offer to be formally submitted to the Special Committee. After Company management left the meeting, the Special Committee considered the risks that the Tahoe Proposal would distract management from the operation of the business and that the Company may incur significant fees and expenses in evaluating the Tahoe Proposal for which it may not be reimbursed. In addition, the Special Committee considered the risk that if the Tahoe Proposal was announced, but not consummated, the Company s stock price could be negatively impacted. The Special Committee also considered the merits of granting the requested waiver, including the fact that the price of $9.60 per share represented a 20% premium to the Company s stock price on December 8, 2016, the day the Tahoe Proposal was submitted, and that Tahoe s initial offer likely represented the starting point for negotiations and that the final price per share at which the Tahoe Proposal may be approved could be meaningfully higher. The Special Committee also noted that, although upon initial review, the price of $9.60 per share seemed to undervalue the Company, it had not yet engaged a financial advisor to help it evaluate the fairness, from a financial point of view, of the Tahoe Proposal. The Special Committee also reviewed with its advisors potential responses to Tahoe and potential communications with the Company s stockholders. Ultimately, the Special Committee determined that it was consistent with its fiduciary duties to consider the Tahoe Proposal in order to evaluate whether it was in the best interests of the Company and the holders of unaffiliated shares, and resolved to grant a waiver of the Governance Agreement for the limited purpose of permitting Tahoe to submit the Tahoe Proposal to the Special Committee so that the Special Committee could further evaluate the Tahoe Proposal. Following discussion, representatives of O Melveny informed the Special Committee that Company management had been reminded that they should not discuss post-transaction employment matters and avoid discussing the terms of any potential transaction with Tahoe, without the Special Committee s prior written consent. The Special Committee also discussed whether or not it was appropriate or useful to reach out to other potential investors in connection with a potential acquisition of the Company or the Minority Interest given the statement by Tahoe in the Tahoe Proposal that Tahoe and its affiliates were interested only in acquiring the Minority Interest, and that they were not interested in selling their shares of Common Stock to a third party and did not expect, in their capacity as stockholders of the Company, to vote in favor of any merger or other strategic transaction involving any third party. After discussion, the Special Committee determined that, based on the statement from Tahoe, any potential purchaser would only be able to acquire the Minority Interest (given Tahoe s majority ownership of the Company and the fact that Tahoe had stated it was unwilling to sell its ownership interest in the Company), and then only with the cooperation of Tahoe, and therefore that any efforts to reach out to other third parties at this time to determine whether those third parties might be interested in an acquisition of the Company or the Minority Interest would be futile and not a prudent use of Company resources. In addition, the Special Committee determined to revisit its decision not to reach out to other third parties once it had engaged an independent financial advisor.

On December 12 and 13, 2016, the Board held a regularly scheduled meeting at its corporate offices in Newport Beach, California, which Mr. Huang, Mr. Feng and Dr. Zhang attended via video conference. During this meeting, Company management updated the Board on the Company s operations and strategic plans by division as well as for the Company as a whole. Also, Company management reviewed with the Board, and the Board approved, unaudited financial projections for fiscal year 2017. See *Special Factors Projected Financial Information* beginning on page 44.

On December 12, 2016, the Company, at the request of the Special Committee, issued a press release publicly announcing the receipt of the Tahoe Proposal, and filed the press release as an exhibit to its Current Report on Form 8-K. The press release also stated that the Board had authorized the Special Committee to evaluate the Tahoe Proposal and that the Special Committee had agreed to waive certain provisions of the Governance Agreement for the limited purpose of allowing Tahoe to submit its proposal to the Special Committee.

Later that same day, the Special Committee met in person at the Company s headquarters with representatives of Company management and representatives from O Melveny and RLF (who participated telephonically). The representatives of Company management in attendance left the meeting after providing the Special Committee a brief update as to stockholder reactions to the Tahoe Proposal received by the Company.

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O Melveny reviewed with the Special Committee its fiduciary duties in connection with the Tahoe Proposal. RLF reviewed with the Special Committee certain Delaware law considerations related to the Tahoe Proposal. The Special Committee considered the regulatory approvals that may be required in connection with the Tahoe Proposal and how Tahoe s method of financing may impact any regulatory approvals required to consummate the Tahoe Proposal, specifically in the PRC. Representatives from an investment bank (Financial Advisor Y) joined the meeting and presented their proposal to serve as independent financial advisor to the Special Committee. Following Financial Advisor Y s presentation, and after the representatives of Financial Advisor Y left the meeting, representatives from Lazard Frères & Co. LLC (Lazard) joined the meeting and presented their proposal to serve as independent financial advisor to the Special Committee. The Special Committee conducted interviews with each firm regarding their experience with going private transactions and transactions involving PRC based purchasers, potential conflicts of interest, their preliminary thoughts regarding the Tahoe Proposal and their proposed fee structure. After Lazard left the meeting, the Special Committee reviewed the presentations and discussed the perceived strengths and benefits of each advisor, including each advisor s reputation, proposed fee structure, potential conflicts of interest, capabilities and experience in the Company s industry, going private transactions and cross-border transactions involving the PRC.

On December 13, 2016, Tahoe and certain of its affiliates filed an amendment to their Schedule 13D to disclose the terms of the Tahoe Proposal.

On December 15, 2016, the Special Committee held a telephonic meeting, which was also attended by Messrs. Tomlinson and Johns and representatives of O Melveny and RLF. The Special Committee, together with Messrs. Tomlinson and Johns and representatives of O Melveny and RLF, discussed the Tahoe Proposal and how it may impact the Company s operations. The Special Committee discussed the status of discussions with Lazard and Financial Advisor Y and asked Messrs. Tomlinson and Johns for their opinions regarding each potential financial advisor and whether or not they were aware of any conflicts of interest with each potential financial advisor. Messrs. Tomlinson and Johns informed the Special Committee they were not aware of any conflicts. After Company management left the meeting, the Special Committee again reviewed the strengths and benefits of the two potential financial advisors but did not make a final decision at this time, as the Special Committee was still discussing and negotiating the fee structure for the financial advisors.

On December 16, 2016, the Special Committee met telephonically with representatives from O Melveny and RLF to discuss the status of discussions with Lazard and Financial Advisor Y. The Special Committee again considered the advantages and disadvantages of each financial advisor, but did not make a final decision at this time, as the Special Committee was still discussing and negotiating Lazard s proposed fee structure.

On December 20, 2016, the Special Committee met telephonically with representatives from O Melveny and RLF. Mr. Dimick updated the Special Committee regarding recent discussions he had with Lazard regarding its proposed fee structure. After considering Lazard s knowledge and expertise in mergers and acquisitions transactions, experience advising special committees in going private transactions and experience in cross-border transactions with PRC based entities and after Lazard s confirmation that there were no conflicts of interest present that would affect Lazard s ability to effectively provide advice to the Special Committee, the Special Committee determined to engage Lazard as its independent financial advisor and executed an engagement letter with Lazard on the same day.

On January 6, 2017, the Special Committee met telephonically with representatives from O Melveny, RLF and Lazard to discuss the process by which Lazard would gather information from the Company and to discuss a preliminary timeline for the Special Committee s evaluation of the Tahoe Proposal. Lazard noted for the Special Committee that, consistent with its past practice, the Company had prepared the December Long-Range Planning Model in conjunction with the annual financial and operating planning process, and that such December Long Range Planning Model had not been approved by the Board (other than with respect to the unaudited financial projections for fiscal

year 2017). See *Projected Financial Information* beginning on page 44. The Special Committee instructed Lazard to coordinate with Company management, under the Special Committee s supervision, to have the Company prepare an alternative scenario of unaudited financial projections (the Special

Committee Forecasts) based on the December Long- Range Planning Model with certain adjustments with respect to the Company s projected financial performance requested by the Special Committee, the most significant being the elimination of the impacts of any potential acquisitions in the December Long-Range Planning Model that were projected for fiscal years 2018 and beyond. See *Special Factors Projected Financial Information* beginning on page 44. The Special Committee, together with representatives from O Melveny, RLF and Lazard, also discussed whether or not it was appropriate or useful to reach out to other potential third party acquirers of the Company or the Minority Interest in connection with the Special Committee s evaluation of the Tahoe Proposal given the statement by Tahoe in the Tahoe Proposal that Tahoe and its affiliates were interested only in acquiring the Minority Interest, and that they were not interested in selling their shares of Common Stock to a third party and did not expect, in their capacity as stockholders of the Company, to vote in favor of any merger or other strategic transaction involving any third party. After discussion, the Special Committee determined that, based on the statement from Tahoe, any potential purchaser would only be able to acquire the Minority Interest (given Tahoe s majority ownership of the Company and the fact that Tahoe had stated it was unwilling to sell its ownership interest in the Company), and then only with the cooperation of Tahoe, and therefore that any efforts to reach out to other third parties at this time to determine whether those third parties might be interested in an acquisition of the Company or the Minority Interest would be futile and not a prudent use of Company resources.

On January 11, 2017, the Special Committee met telephonically with Messrs. Tomlinson and Johns and Ms. Longmore-Grund, O Melveny, RLF and Lazard to discuss process and next steps with respect to evaluating the Tahoe Proposal, the status of Lazard s due diligence on the Company and the status of Company management s preparation of the Special Committee Forecasts.

On January 16, 2017, the Special Committee held a telephonic meeting at which Messrs. Tomlinson and Johns and Ms. Longmore-Grund, O Melveny and RLF were in attendance. Company management discussed the status of the Special Committee Forecasts with the Special Committee, including the underlying assumptions, sensitivities and uncertainties. Representatives of Company management also updated the Special Committee on management s consideration of a potential refinancing of the Company s credit facility and noted that the Company s financial advisors had advised Company management that execution of a refinancing would be more difficult while uncertainty over the Tahoe Proposal remained.

On January 17, 2017, the Special Committee met telephonically, along with Messrs. Tomlinson and Johns and Ms. Longmore-Grund, O Melveny, RLF and Lazard, to review and discuss the status of Lazard s financial review of the Tahoe Proposal and to approve the Special Committee Forecasts for use by Lazard in connection with its valuation analysis of the Company and the Tahoe Proposal. The Special Committee Forecasts had been provided to the Special Committee in advance of the meeting. After a review of the Special Committee Forecasts by management and Lazard and discussion of the Special Committee Forecasts, the representatives of Company management left the meeting, and the Special Committee discussed the Tahoe Proposal with its advisors. Lazard discussed with the Special Committee certain assumptions and valuation methodologies of its preliminary valuation analysis of the Company and the Tahoe Proposal. The Special Committee then discussed the long-term prospects of the Company, the need for the Company to refinance its existing debt before the applicable maturities (and the estimated increase in the Company s cost of capital that would result), the likelihood of successfully implementing future potential acquisitions and cost savings initiatives. In addition, the Special Committee concluded that an acquisition of the Company or the Minority Interest by a third party was not viable due to the fact that Tahoe would be required to sell their ownership interest in the Company (which Tahoe had stated that they were unwilling to do) and a sale of the Minority Interest to a third party would only be possible with the cooperation of Tahoe. After discussion and taking into account the foregoing, the Special Committee determined that Tahoe s proposal of $9.60 per share undervalued the Company and determined to schedule a meeting with Tahoe so that the Special Committee could inform Tahoe of its decision and let Tahoe know that it would need to meaningfully increase its proposal of $9.60 per share in order for the potential transaction to

move forward.

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On January 20, 2017, the Special Committee met telephonically with representatives from O Melveny, RLF and Lazard. Lazard updated the Special Committee on the status of its financial review of the Company, noting that it was waiting for additional information from Company management before it could finalize its valuation analysis of the Company and the Tahoe Proposal. After discussion, the Special Committee discussed its upcoming videoconference with Tahoe, which had been scheduled for January 22, 2017. Also on January 20, 2017, representatives of Tahoe received the Special Committee Forecasts and the December Long-Range Planning Model from the Company.

On January 22, 2017, the Special Committee and representatives from O Melveny and RLF held a videoconference with representatives from Tahoe and Skadden, Tahoe s outside legal counsel. The Special Committee informed Tahoe that Tahoe would need to meaningfully increase its proposal of $9.60 per share in order for the potential transaction to move forward. The Special Committee did not provide a counterproposal at this time in light of its ongoing financial review of the Company, but advised Tahoe that its revised proposal should be increased to the mid to high teens per share or more.

On January 26, 2017, at the direction of the Special Committee, representatives from Lazard met telephonically with representatives from Tahoe to discuss certain assumptions and valuation methodologies being used by Lazard in its preliminary valuation analysis of the Company. The purpose of this discussion was for Lazard to help Tahoe s representatives understand, from a technical perspective, the potential reasons for the valuation gap between Tahoe s internal valuation analysis of the Company and the Special Committee s insistence on a meaningful price increase.

On January 27, 2017, the Special Committee held a telephonic meeting, at which representatives from O Melveny, RLF and Lazard were in attendance. Representatives of Lazard updated the Special Committee with respect to Lazard s recent teleconference with representatives of Tahoe, noting that Tahoe stated it believed its proposal of $9.60 per share fairly valued the Company. After discussion, Lazard updated the Special Committee on the status of its ongoing financial review of the Company. The Special Committee discussed next steps with respect to the Tahoe proposal.

Later that same day, a representative from Tahoe sent an email to Mr. Dimick, addressed to the Special Committee, informing the Special Committee that Tahoe would not be able to respond to the Special Committee s request for a meaningful price increase until after the end of the Chinese New Year holiday, as it would need to conduct further financial analysis before it could do so, but that it was willing to consider improving its offer price subject to further analysis.

On February 6, 2017, representatives from O Melveny and Skadden spoke by telephone and, during their conversation, Skadden indicated that Tahoe was willing to increase its offer price, but did not provide a revised offer price at that time. O Melveny and Skadden discussed scheduling a teleconference between Tahoe and the Special Committee in order for further price discussions to take place.

On February 8, 2017, the Special Committee met telephonically, along with representatives from O Melveny, RLF and Lazard, to discuss the status of discussions with Tahoe. O Melveny updated the Special Committee regarding its February 6, 2017 discussion with Skadden and, following discussion, Lazard updated the Special Committee on the status of its financial review of the Company and discussed with the Special Committee certain assumptions and valuation methodologies of its preliminary valuation analysis. The Special Committee requested that O Melveny contact Skadden to arrange a teleconference between Tahoe and the Special Committee to discuss the Tahoe Proposal. Later that day, representatives of O Melveny and Skadden spoke by telephone and scheduled a teleconference between Tahoe and the Special Committee for February 10, 2017.

On February 10, 2017, the Special Committee met telephonically, along with Messrs. Tomlinson and Johns and Ms. Longmore-Grund, representatives from O Melveny, RLF and Lazard, to discuss aspects of the Special Committee Forecasts, Lazard s initial views regarding valuation and a negotiation strategy for the teleconference

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between the Special Committee and Tahoe scheduled for later in the day. Lazard and the Special Committee discussed that Tahoe s price proposal of $9.60 per share was not likely within a price range which would fairly value the Company.

Later that same day, the Special Committee, with representatives from O Melveny and RLF, held a telephonic conference with representatives from Tahoe and Skadden to discuss the Tahoe Proposal. During this conversation, Tahoe verbally indicated that it would be willing to increase its price proposal to $11.50 per share in cash which represented a premium of approximately 44.7% to the closing price per share on December 9, 2016, the last trading day prior to the public announcement of the Tahoe Proposal. The Special Committee noted that it did not believe the revised price proposal fairly valued the Company, but that it would evaluate the revised Tahoe Proposal with its independent legal and financial advisors and provide a response at a later date. No other material terms of the Tahoe Proposal were discussed.

On February 13, 2017, Mr. Dimick, following discussions with the other members of the Special Committee and on behalf of the Special Committee, and Mr. Tomlinson together spoke with a representative of Tahoe to discuss the Tahoe Proposal. During their conversation, Mr. Dimick informed Tahoe that the Special Committee was prepared to offer a non-binding counterproposal of $14.00 per share in cash for the Minority Interest. In response, the representative of Tahoe indicated that Tahoe would be providing a revised price per share offer. No other material terms of the Tahoe Proposal were discussed.

On February 16, 2017, a representative from Tahoe contacted Mr. Dimick by telephone and, during their conversation, the representative of Tahoe informed Mr. Dimick that Tahoe would be willing to increase its offer to $12.50 per share in cash for the Minority Interest, which represented a premium of approximately 57.2% to the closing price per share on December 9, 2016, the last trading day prior to the public announcement of the Tahoe Proposal. No other material terms of the Tahoe Proposal were discussed.

On February 18, 2017, the Special Committee held a telephonic meeting at which representatives from O Melveny, RLF and Lazard were in attendance. Mr. Dimick updated the other members of the Special Committee on his recent communications with Tahoe, including with respect to Tahoe s revised verbal proposal of $12.50 per share in cash. The Special Committee considered the merits of the revised Tahoe Proposal. The Special Committee also considered the fact that the holders of unaffiliated shares would have the chance to determine whether to accept the Tahoe Proposal given that the proposed transaction would be subject to a non-waivable condition requiring the approval by holders of a majority of the unaffiliated shares. Lazard discussed with the Special Committee its preliminary valuation analysis, including the assumptions underlying the methodologies used therein and the preliminary results of such analysis in comparison to the revised Tahoe Proposal.

On February 22, 2017, the Special Committee held a telephonic meeting at which representatives from O Melveny, RLF and Lazard were in attendance. Lazard discussed with the Special Committee the results of its preliminary valuation analysis. The Special Committee discussed negotiation strategies for obtaining the highest possible price per share for the unaffiliated shares to encourage Tahoe to increase the price per share it was willing to offer for the unaffiliated shares in the Tahoe Proposal. The Special Committee also discussed the possibility of responding to Tahoe with another counterproposal. Following Lazard s departure from the meeting, the Special Committee determined that Mr. Dimick should deliver a non-binding counteroffer to Tahoe at $13.80 per share in cash.

On February 26, 2017, Messrs. Dimick and Bartos held a telephonic conference with representatives from Tahoe. During their conversation, Messrs. Dimick and Bartos, on behalf of the Special Committee, informed Tahoe of the Special Committee s counterproposal of $13.80 per share in cash. No other material terms of the Tahoe Proposal were discussed.

On March 2, 2017, Mr. Dimick received an email from a representative of Tahoe inviting Mr. Dimick, accompanied by Mr. Tomlinson, to travel to Beijing, PRC, for in-person negotiations regarding the Tahoe Proposal.

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On March 3, 2017, the Special Committee met telephonically, along with representatives from O Melveny, RLF and Lazard, to discuss the status of the Tahoe Proposal. Mr. Dimick updated the other members of the Special Committee on the February 26, 2017 call and on the email he had received the previous day from a representative of Tahoe pursuant to which Tahoe had invited Mr. Dimick, accompanied by Mr. Tomlinson, to travel to Beijing, PRC, for in-person negotiations regarding the Tahoe Proposal. After Lazard s departure from the meeting, the Special Committee further discussed Tahoe s invitation to attend in-person meetings in Beijing, PRC. The Special Committee discussed whether it was appropriate to have Mr. Tomlinson accompany Mr. Dimick in light of his position as Chief Executive Officer of the Company. In consultation with O Melveny and RLF, the Special Committee determined that it would be beneficial to have Mr. Tomlinson join Mr. Dimick on his trip to Beijing, but that Mr. Tomlinson would recuse himself from any discussions or negotiations relating to the Tahoe Proposal. In addition, the Special Committee determined that Mr. Bartos should also attend the meetings to support Mr. Dimick in the negotiations.

On March 5 and 6, 2017, Messrs. Dimick and Bartos, at the direction and on behalf of the Special Committee, met with representatives from Tahoe in Beijing to negotiate the per share price and other material terms of the Tahoe Proposal. Mr. Tomlinson accompanied Messrs. Dimick and Bartos but recused himself from the negotiations.

On March 6, 2017, the Special Committee held a telephonic meeting at which Messrs. Tomlinson and Johns, O Melveny, RLF and Lazard were in attendance. Mr. Dimick updated the other members of the status of the Special Committee with respect to the ongoing in-person negotiations in Beijing. Mr. Dimick informed the other members of the Special Committee that, after discussion, Tahoe had offered a revised proposal of $13.20 per share in cash for the Minority Interest. After considering the offer, Messrs. Dimick and Bartos countered at $13.25 per share in cash, subject to approval by the other members of the Special Committee, which represented a premium of approximately 67% to the closing price of $7.95 per share on December 9, 2016, the last trading day prior to the public announcement of the Tahoe Proposal. Messrs. Dimick and Bartos explained that in arriving at the $13.25 per share in cash counteroffer, they had considered, among other factors, that (i) they believed a transaction at such a price represented the best alternative for the unaffiliated shares, including as compared to not engaging in a transaction and remaining a publicly traded company, (ii) the acquisition of the Minority Interest by Tahoe would be subject to a non-waivable condition requiring the approval by holders of a majority of the unaffiliated shares, (iii) the prolonged negotiations between Tahoe and the Special Committee had created uncertainty in the market and distracted management s attention from the operation of the business, (iv) they believed that in the event the parties agreed on price, Tahoe would work with the Special Committee to complete the definitive documentation relating to the Tahoe Proposal expeditiously, (v) as a result of the prolonged negotiations, the Company was accruing considerable fees and expenses in connection with the evaluation of the Tahoe Proposal, and (vi) Tahoe had made it clear in the course of negotiations that if an agreement could be reached it expected to be able to proceed in a manner that would avoid potential regulatory delays in the PRC. Following discussion, the Special Committee discussed, with input from the representatives from Lazard, O Melveny and RLF, Tahoe s plans for financing the Tahoe Proposal with cash on hand if it were to move forward with the Tahoe Proposal (which cash amount would be deposited in a bank account outside of the PRC in US dollars reasonably promptly following the signing of the Merger Agreement (with the exact timing of such deposit to be mutually agreed upon at a later date)).

On March 9, 2017, the Special Committee met telephonically, along with representatives from O Melveny, RLF and Lazard, to review the results of the in-person negotiations in Beijing between Messrs. Dimick and Bartos on behalf of the Special Committee and representatives from Tahoe. Mr. Dimick noted that, after extensive negotiations, Tahoe had verbally agreed to a revised price proposal of $13.25 per share in cash for the Minority Interest. At the in-person meetings, Mr. Dimick and Mr. Bartos had informed Tahoe that they were not authorized to agree to a price of $13.25 per share, but noted that they would discuss and evaluate the revised price proposal with the full Special Committee and promptly respond to Tahoe with the Special Committee s decision. The Special Committee discussed, with input from representatives of Lazard, O Melveny and RLF, Tahoe s proposed plans for financing an acquisition of the

Minority Interest and potential regulatory restrictions

in the PRC that could impede the timely completion of a potential transaction. Lazard discussed with the Special Committee the preliminary results of its valuation analysis, which although Lazard s valuation analysis was not yet complete, indicated that Tahoe s revised price proposal of $13.25 per share was within a price range which would likely be fair, from a financial point of view, to the holders of Common Stock (other than excluded holders). Following this discussion, Messrs. Viviano, Samek and Bartos confirmed that they, like Mr. Dimick, were supportive of proceeding with the Tahoe Proposal at a price of $13.25 per share in cash. The Special Committee then instructed O Melveny to commence preparing a draft of the Merger Agreement for the Tahoe Proposal. Later that day, Mr. Dimick communicated by telephone the Special Committee s decision to proceed with further discussions regarding an acquisition of the Minority Interest by Tahoe at a price per share of $13.25 in cash to a representative of Tahoe.

On March 16, 2017, O Melveny provided an initial draft of the Merger Agreement together with a summary of the material terms included in its initial draft of the Merger Agreement to the Special Committee for its consideration.

On March 17, 2017, the Special Committee met telephonically, along with representatives from O Melveny and RLF, to review and discuss the initial draft of the Merger Agreement prepared by O Melveny and RLF. O Melveny presented the material terms of the Merger Agreement including the non-waivable condition requiring the approval by holders of a majority of the unaffiliated shares, the expense reimbursement payable by Tahoe or the Company, as applicable, if the Merger Agreement were terminated under certain circumstances, financing related provisions, the no-shop covenant and the requirement that Tahoe deliver to the paying agent the aggregate merger consideration as a prerequisite to the Company mailing the proxy statement in connection with the Tahoe Proposal. The draft Merger Agreement required Tahoe to represent and warrant that it had sufficient funds or other sources of immediately available funds in U.S. dollars to fund the aggregate Merger Consideration. The Special Committee asked questions of O Melveny throughout the presentation and suggested revisions to the Merger Agreement prior to delivery of such Agreement to Tahoe.

On March 19, 2017, O Melveny delivered by email an initial draft of the Merger Agreement to Skadden, which included the provisions and revisions based on input provided by the Special Committee.

On March 24, 2017, Skadden delivered by email a revised Merger Agreement to O Melveny. Skadden also included in its email drafts of an Equity Commitment Letter, a Guarantee and the Rollover and Support Agreement (the Support Agreement), pursuant to which Tahoe would roll its Company Common Stock into a newly formed entity and agreed to vote the shares of Company Common Stock beneficially owned by THAIHOT in favor of the Tahoe Proposal, which the Special Committee had requested in order to increase certainty of closing assuming the majority-of-the-minority vote condition is satisfied.

On March 26, 2017, O Melveny provided a summary of the material issues raised by the revised draft of the Merger Agreement circulated by Skadden on March 24, 2017, to the Special Committee for its consideration.

On March 28, 2017, the Special Committee, with representatives from O Melveny, RLF and Lazard, met telephonically. Representatives from O Melveny reviewed with the Special Committee the material issues in the revised draft of the Merger Agreement delivered by Skadden, including (i) the lack of a creditworthy purchaser entity being a party to the Merger Agreement, Equity Commitment Letter and Guarantee, (ii) the timing of delivery to the paying agent of the aggregate merger consideration required to consummate the Merger, (iii) modifications to the closing conditions, including the addition of a condition to Parent s obligation to close that no more than 10% of the unaffiliated shares demanding appraisal rights, (iv) the termination and expense reimbursement provisions, including Tahoe s reduction of the expense reimbursement that would be payable to the Company under certain circumstances from $5 million to $2.5 million, (vi) removal of the ability of the Company to effect a Change in Recommendation in

the event of an Intervening Event, (vii) the removal of anti-sandbagging language, and (viii) modifications to, and additions of, representations and warranties of the Company.

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On April 3, 2017, at the direction of the Special Committee, O Melveny delivered a revised draft of the Merger Agreement to Skadden that reflected input from the Special Committee that O Melveny received during the Special Committee meeting held on March 28, 2017. Throughout the week of April 3, 2017, O Melveny, as counsel to the Special Committee, and Skadden, as counsel to Tahoe, continued to negotiate the terms of the Merger Agreement and the Support Agreement. Included in these negotiations were negotiations regarding the terms of the no-shop provision, the ability of the Company to effect a Change in Recommendation in the event of an Intervening Event, the termination provisions, the amount of a potential expense reimbursement fee payable by Tahoe to the Company if the Merger Agreement were terminated in certain circumstances, the addition of Tahoe and THAIHOT as parties to the Merger Agreement (which obviated the need for the Equity Commitment Letter and Guarantee), the removal of the closing condition relating to appraisal rights and the requirement that Tahoe provide evidence reasonably satisfactory to the Special Committee that Tahoe had funds sufficient to pay the aggregate merger consideration outside of the PRC as a prerequisite to the Company mailing the proxy statement in connection with the Tahoe Proposal. Based on the negotiations, Skadden delivered a revised draft of the Merger Agreement to O Melveny on April 7, 2017.

On April 6 and 7, 2017, the Board held a regularly scheduled meeting at its corporate offices in Newport Beach, California, which Mr. Huang, Mr. Feng and Dr. Zhang attended in person. Mr. Dimick updated the Board on behalf of the Special Committee with respect to the status of the Merger Agreement negotiations between the Special Committee and Tahoe.

Later on April 7, 2017, the Special Committee, with representatives from O Melveny and RLF, met telephonically to discuss the remaining unresolved issues in the Merger Agreement, which were (1) the Special Committee s requirement that Tahoe deposit funds in U.S. dollars sufficient to pay the aggregate merger consideration into a bank account outside of the PRC prior to the Company mailing the proxy statement and (2) the amount of the expense reimbursement fee to be paid by Tahoe to the Company if the Merger Agreement were terminated under certain circumstances. The Special Committee instructed O Melveny to insist on the deposit of funds outside of the PRC prior to the mailing of the proxy statement and to counter Tahoe s $3 million expense reimbursement fee amount at $4.5 million.

On April 9, 2017, at the Special Committee s direction, O Melveny delivered a revised draft of the Merger Agreement to Skadden. Throughout the remainder of that day and on April 10, 2017, O Melveny and Skadden completed the negotiation of the terms of the Merger Agreement, including with respect to expense reimbursement payable by each party under certain circumstances and the requirement that Tahoe deposit funds sufficient to pay the aggregate merger consideration in a bank account outside of the PRC prior to the Company mailing the proxy statement relating to the Tahoe Proposal. The Special Committee and its legal advisors also completed the negotiation of the terms of the Support Agreement. On April 10, 2017, the Special Committee and the Board were provided copies of the final form of the Merger Agreement and the Support Agreement for their review. For a detailed summary of the Merger Agreement, please see *The Merger Agreement* on page 75 and for a detailed summary of the Support Agreement, please see *Agreements with Purchaser Group Members Involving Common Stock* on page 144.

On April 10, 2017, the Special Committee, along with its legal and financial advisors, met telephonically and discussed, among other things, the status of negotiations with Tahoe. Lazard, after confirming again for the Special Committee that it had no conflicts of interest with respect to its engagement, reviewed with the Special Committee its financial analysis of the Merger Consideration and delivered an oral opinion, confirmed by delivery of a written opinion dated April 10, 2017, to the Special Committee to the effect that, as of that date and based on and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Lazard in preparing its opinion, the Merger Consideration to be received by holders of Common Stock (other than shares of Common Stock held by any stockholder who is entitled to demand and properly demands appraisal rights, shares of Common Stock held by the Company as treasury stock, or shares of Common Stock held by

Purchaser Group Members (collectively, the excluded holders)) pursuant to the Merger Agreement was fair, from a financial point of view, to such holders. Representatives from RLF reviewed with the Special Committee their fiduciary duties in connection with the

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Tahoe Proposal. Representatives from O Melveny reviewed the principal terms of the Merger Agreement and the Support Agreement with the Special Committee. The Special Committee and representatives from O Melveny also discussed that the Merger Agreement included a closing condition requiring that the Merger Agreement be approved by the holders of the majority of the unaffiliated shares. Throughout that presentation, the Special Committee and representatives from O Melveny discussed various aspects of the Tahoe Proposal and various provisions of the Merger Agreement and the Support Agreement.

Following a review of the negotiations and discussions regarding the Tahoe Proposal, the Special Committee expressed its unanimous view that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, were advisable, in the best interests of and fair to the Company and the unaffiliated stockholders and thus that it would recommend approval of the Merger Agreement and the transactions contemplated by the Merger Agreement by the Company s Board. For the basis of the Special Committee s determination in this regard, please see *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger Special Committee* on page 27.

Later on April 10, 2017, the Board met telephonically with Messrs. Tomlinson, Johns and Chaffee and Ms. Longmore-Grund and representatives of O Melveny, RLF and Latham & Watkins LLP (Latham), outside legal counsel to the Company, to receive and discuss the Special Committee s recommendation concerning the Tahoe Proposal. Mr. Huang, Mr. Feng and Dr. Zhang briefly attended the meeting before leaving the meeting and recusing themselves from all discussions of the Tahoe proposal to acquire the Minority Interest, the Special Committee s recommendation and the Board s deliberations with respect to the Merger Agreement and, as a result, none of Mr. Huang, Mr. Feng or Dr. Zhang was present for, or voted with respect to, the approval of the Merger Agreement or any related matters. At this meeting, representatives from RLF reviewed with the Board its fiduciary duties in connection with the Tahoe Proposal, and representatives from O Melveny and Latham reviewed with the Board the terms of the definitive Merger Agreement and the Support Agreement as well as resolutions to be considered by the Board. The Special Committee recommended to the Board that it approve the Merger Agreement, the transactions contemplated by the Merger Agreement and related matters. Following the Special Committee recommendation and the Board s own discussions and deliberations, the Board approved the Merger Agreement and determined that the Merger Agreement and the transactions contemplated by the Merger Agreement were advisable, in the best interest of and fair to the unaffiliated stockholders and resolved to recommend to the Company s stockholders that they approve the adoption of the Merger Agreement. For the basis of the Board s determination in this regard, please see *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger Recommendation of the Board* beginning on page 27. Later that day, the Merger Agreement was executed by the Company, Tahoe and the Tahoe affiliates that were parties thereto, and the Support Agreement was executed by the Company, Tahoe and the Tahoe affiliates that were parties thereto.

On April 11, 2017, prior to the open of trading on the U.S. public stock markets, the Company issued a press release announcing the execution of the Merger Agreement, and filed the press release as an exhibit to its Current Report on Form 8-K.

Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger

Both the Special Committee and our Board believe, based on their consideration of the factors described below, that the Merger Agreement and the transactions contemplated by it, including the merger, are substantively and procedurally fair to Alliance s unaffiliated stockholders.

The Special Committee

The Special Committee, with the advice and assistance of its independent legal and financial advisors, evaluated the merger, the terms and conditions of the Merger Agreement and the transactions contemplated

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thereby. Over the course of approximately 7 months, the Special Committee held 25 meetings related to the merger and the other transactions contemplated thereby and led negotiations with Tahoe. At a meeting held on April 10, 2017, the Special Committee unanimously determined that the Merger Agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of, and fair to, Alliance and the unaffiliated stockholders. The Special Committee also unanimously recommended that the Board (i) approve and declare advisable the Merger Agreement and the transactions contemplated thereby, including the merger, and (ii) recommend that the stockholders of Alliance approve the adoption of the Merger Agreement and the merger.

In evaluating the merger, the Merger Agreement and the other transactions contemplated thereby, the Special Committee consulted with the Special Committee s independent legal and financial advisors, consulted with Alliance s management and considered a number of factors, including, but not limited to, the following potentially positive factors (which are not intended to be exhaustive and are not listed in any relative order of importance):

- the fact that the Merger Consideration consists solely of cash, providing Alliance s unaffiliated stockholders with certainty of value and liquidity upon consummation of the merger, particularly in light of the relatively limited trading volume of the Common Stock and the risks and uncertainties relating to Alliance s prospects and the market, economic and other risks and uncertainties inherent in owning an equity interest in a public company;

- the Special Committee s understanding, following discussions with Alliance management, of Alliance s business, assets, financial condition and results of operations, its competitive position, its strategic options and prospects and the risks involved in achieving those prospects, its historical and projected financial performance and the nature of the industry in which Alliance competes, and current industry, economic and market conditions, both on a historical basis and on a prospective basis, which, in the Special Committee s belief, made the potential transaction desirable at this time;

- the current and historical market prices for the Common Stock, including the market performance of the Common Stock relative to those of other participants in Alliance s industry and general market indices, including the fact that the Merger Consideration of $13.25 per share represents an approximate premium of:

  - 67% over the closing trading price of $7.95 per share for the Common Stock on December 9, 2016, the last trading day prior to the date Tahoe s initial proposal was publicly disclosed; and

  - 32% over the closing trading price of $10.05 per share for the Common Stock on April 10, 2017, the last trading day before public announcement of the Merger Agreement.

- the extensive negotiations with respect to the Merger Consideration which led to an increase from $9.60 per share to $13.25 per share, and the Special Committee s determination that $13.25 per share was the highest price that Tahoe would agree to pay, with the Special Committee basing its belief on a number of factors, including the duration and tenor of negotiations and the experience of the Special Committee and its advisors, and that further negotiation ran the risk that Tahoe might determine to offer an amount less than

$13.25 per share, or be unable or unwilling to enter into the Merger Agreement and the transactions contemplated thereby, including the merger, in which event the unaffiliated stockholders would lose the opportunity to accept the premium being offered;

the possibility that it could take a considerable period of time for the trading price of the Common Stock to reach and sustain at least the Merger Consideration of $13.25 per share (or that such price would never be reached), as adjusted for the time value of money;

the belief of the Special Committee that the Merger Consideration being offered by Tahoe was the most favorable price that could be obtained for the unaffiliated shares, taking into account that Alliance had not received any offer from any third party since Alliance s receipt of the proposal letter from Tahoe, which was announced via press release on December 12, 2016 and filed with the SEC on the same date;

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the financial analysis reviewed by Lazard with the Special Committee as well as the oral opinion of Lazard rendered to the Special Committee on April 10, 2017 (which was confirmed by delivery of Lazard s written opinion, dated April 10, 2017, to the Special Committee), as to the fairness, from a financial point of view and as of such date, of the Merger Consideration to be received by holders of Common Stock (other than shares of Common Stock held by any stockholder who is entitled to demand and properly demands appraisal rights, shares of Common Stock held by Alliance as treasury stock, or shares of Common Stock held by Purchaser Group Members, such holders, collectively, excluded holders), which includes all unaffiliated stockholders, as further described in the section entitled *Special Factors Opinion of Financial Advisor to the Special Committee* . The Special Committee notes that the Lazard opinion addressed fairness to the holders of Company Common Stock (other than excluded holders), and that while such holders of Common Stock may also include holders that are also affiliates of Alliance (including officers and directors) but may not be Purchaser Group Members or dissenting stockholders, the consideration to be received by such affiliates is identical in all respects to the consideration to be received by the unaffiliated stockholders. Therefore, the Special Committee believed that there was no material distinction between the fairness of the transaction to the unaffiliated stockholders and the fairness of the transaction to the holders of Company Common Stock (other than excluded holders) and, as a result, the Special Committee believed it was reasonable and appropriate to consider such fairness opinion as a material factor in its determination as to the fairness of the transaction to the unaffiliated stockholders.

the Special Committee s review of the structure of the Merger Agreement, and the financial and other terms of the Merger Agreement, including, among others, the following specific terms of the Merger Agreement:

- the non-waivable requirement that the Merger Agreement be adopted by the holders of a majority of the unaffiliated shares;

- the limited and customary conditions to the parties obligations to complete the merger, and the commitment by Tahoe, Parent and THAIHOT to use their reasonable best efforts to take or cause to be taken all actions to consummate and make effective the merger and the other transactions contemplated by the Merger Agreement, including all actions necessary to obtain applicable regulatory approvals;

- the fact that in the event of the failure of the merger to be completed under certain circumstances, Parent will pay Alliance a $4,500,000 expense reimbursement, as described in the section entitled *The Merger Agreement Fees and Expenses Expense Reimbursement Provisions* ;

- subject to compliance with the terms of the Merger Agreement and prior to the requisite stockholder approval, the ability of Alliance to participate in discussions or negotiations with, or provide non-public information to, any person in response to an unsolicited Acquisition Proposal that is or could lead to a Superior Proposal, as further described in the section entitled *The Merger Agreement Other Covenants and Agreements No Solicitation* ;

the ability of the Board or the Independent Committee, subject to certain conditions, to change its recommendation that the Alliance stockholders adopt the Merger Agreement, as described in the section entitled *The Merger Agreement Other Covenants and Agreements No Solicitation* ;

Alliance s ability, pursuant to the Merger Agreement, to specifically enforce Tahoe s, Parent s, THAIHOT s and Sub s obligations under the Merger Agreement, including their obligation to consummate the merger;

the customary nature of the representations, warranties and covenants of Tahoe, Parent, THAIHOT and Sub in the Merger Agreement;

the fact that Alliance will not be required to mail this proxy statement to its stockholders until the Purchaser Parties provide evidence, reasonably satisfactory to the Independent Committee, that the aggregate Merger Consideration required to be paid to Alliance s stockholders pursuant to the Merger Agreement has been deposited in a US dollar deposit account with a bank in Hong Kong; and

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the absence of a financing condition in the Merger Agreement and the likelihood that the Purchaser Parties will be able to obtain funds sufficient to fund the Merger Consideration upon the Closing;

the fact that under the Support Agreement, Tahoe, THAIHOT and Mr. Qisen Huang have agreed to vote (or cause to be voted) all shares of Common Stock beneficially owned by them in favor of the approval and adoption of the Merger Agreement and the transactions contemplated thereby, as further described in the section entitled *Agreements with Purchaser Group Members Involving Common Stock Support Agreement* ;

the fact that Alliance management did not negotiate or enter into any contracts (including as to post-closing employment) with Tahoe or its affiliates in connection with the execution of the Merger Agreement or during the course of the Special Committee s negotiations with Tahoe;

the strategic review and discussion undertaken by the Special Committee with the assistance of their independent legal and financial advisors, which involved the evaluation of multiple options, including Alliance s stand-alone business plan;

the fact that the Company will need to refinance its existing debt prior to applicable maturities and will incur significant fees and expenses associated with such refinancing and that such refinancing will result in an increase to the Company s cost of capital which could limit the Company s operational flexibility, including with respect to its ability to invest in growth opportunities in the future; and

the availability of appraisal rights under Delaware law to Alliance stockholders who do not vote in favor of the proposal to adopt the Merger Agreement, properly demand appraisal of their shares of Common Stock and otherwise comply with all of the requirements under Section 262 of the DGCL, which provides those eligible stockholders with an opportunity to have a Delaware court determine the fair value of their shares, which may be more than, less than, or the same as the amount such stockholders would have received under the Merger Agreement.

The Special Committee also considered a number of factors that are discussed below relating to the procedural safeguards that it believes were and are present to ensure the fairness of the merger and to permit the Special Committee to represent effectively the interests of the unaffiliated stockholders. These procedural safeguards, which are not intended to be exhaustive and are not listed in any relative order of importance are discussed below:

the Special Committee consisted and consists of solely independent directors not affiliated with Tahoe or any member of the Purchaser Group;

in considering the merger and the other transactions contemplated by the Merger Agreement, the Special Committee acted solely to represent the interests of the unaffiliated stockholders, and the Special Committee had independent control of the extensive negotiations with Tahoe and its legal advisors on behalf of such unaffiliated stockholders;

the Special Committee was empowered to consider, attend to and take any and all actions in connection with the written proposal from Tahoe and the transactions contemplated by the Merger Agreement or any alternative to the Tahoe proposal, including any decision not to enter into any transaction at all, from the date the Special Committee was established, and no evaluation, negotiation or response regarding the transactions or any documentation in connection therewith from that date forward was considered by the Board for approval unless the Special Committee had recommended such action to the Board;

the Special Committee s independent legal and financial advisors were involved throughout the process and updated the Special Committee directly and regularly;

the recognition by the Special Committee that it had no obligation to recommend the approval of the merger proposal by the Purchaser Group or any other transaction;

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the fact that Tahoe required in its December 8, 2016 offer, approval of the merger by the Special Committee before moving forward with the merger, and that, additionally, the Board resolved that it would not approve or authorize a potential transaction involving Alliance and Tahoe without the prior favorable recommendation of the Special Committee;

the fact that, as a condition to the closing of the merger, the Merger Agreement must be adopted not only by Alliance stockholders holding a majority of the outstanding Common Stock, but also by the holders of the majority of the unaffiliated shares, which allows for an informed vote by the stockholders on the merits of the merger;

the fact that Alliance may under certain circumstances terminate the Merger Agreement in order to enter into an agreement relating to a Superior Proposal, as described in the section entitled *The Merger Agreement Other Covenants and Agreements No Solicitation* ; and

the fact that the Special Committee met 25 times to evaluate the Tahoe proposal, the merger and related matters, and during these meetings, the Special Committee extensively deliberated and discussed the advantages and disadvantages of the merger.

The Special Committee also considered a variety of uncertainties, risks and potentially negative factors in its deliberations concerning the merger, including the factors discussed below, concerning the Merger Agreement and the merger (which are not intended to be exhaustive and are not listed in any relative order of importance):

the fact that the unaffiliated stockholders will have no ongoing equity participation in Alliance following the merger, and that they will cease to participate in Alliance s future earnings or growth, if any, or to benefit from increases, if any, in the value of the shares of the Common Stock, and will not participate in any potential future sale of Alliance to a third party;

the possibility that Tahoe could sell part or all of Alliance following the merger to one or more purchasers at a valuation higher than that being paid in the merger;

the fact that Tahoe, which holds approximately 51.1% of the total outstanding shares of the Common Stock, expressed an unwillingness to consider a sale of their shares to any third party or to vote in favor of any alternative sale, merger or similar transaction involving Alliance, which (i) made the Special Committee believe that it was less likely that any transaction with a third party could be completed at this time, (ii) may have discouraged, and may in the future discourage, third parties from submitting competing transaction proposals with terms and conditions, including price, that may be superior to the merger and (iii) influenced the decision of the Special Committee not to conduct an auction process or solicit interest from third parties for the acquisition of Alliance;

the risks and costs to Alliance if the merger does not close, including the diversion of management and employee attention, potential employee attrition, the potential disruptive effect on business and customer

relationships, and the negative impact of a public announcement of the merger on Alliance s sales and operating results and the ability of Alliance to attract and retain key management, marketing and technical personnel;

the fact that Alliance s directors, officers and employees have expended and will expend extensive efforts attempting to complete the transactions contemplated by the Merger Agreement and such persons have experienced and will experience distractions from their work during the pendency of such transactions;

the risk of incurring substantial expenses related to the merger, including in connection with potential litigation related to the merger;

the fact that the $18.50 per share paid by Tahoe in the 2016 Acquisition (which price reflected a control premium) exceeds the Merger Consideration offered to the unaffiliated stockholders;

the restrictions on Alliance s business prior to completion of the merger, which may delay or prevent Alliance from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of Alliance pending completion of the merger;

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the fact that certain directors, including members of the Special Committee, and executive officers of Alliance may have interests in the merger that may be different from, or in addition to, those of Alliance s stockholders, as described in more detail under *Special Factors Interests of Alliance s Directors and Executive Officers in the Merger* ;

the fact that Alliance may be required, under certain circumstances, to pay Parent an expense reimbursement fee of $1.5 million, as described in the section entitled *The Merger Agreement Fees and Expenses Expense Reimbursement Provisions* ;

the taxability of an all cash transaction to Alliance s unaffiliated stockholders that are U.S. holders for U.S. federal income tax purposes;

the possibility that the Purchaser Group may be unable or unwilling to complete the merger; and

the risk that, while the merger is expected to be completed, there can be no assurance that all conditions to the parties obligations to complete the merger will be satisfied, and as a result, it is possible that the merger may not be completed even if approved by Alliance s stockholders.

After considering the foregoing potentially negative and potentially positive factors, the Special Committee concluded that the uncertainties, risks and potentially negative factors relevant to the merger were outweighed by the potential benefits that it expected the holders of unaffiliated shares would achieve as a result of the merger.

The foregoing discussion of information and factors considered by the Special Committee is not intended to be exhaustive and may not include all of the factors considered by the Special Committee. In view of the wide variety of factors considered by the Special Committee, the Special Committee found it impracticable to quantify or otherwise assign relative weights to the foregoing factors in reaching its conclusions. In addition, individual members of the Special Committee may have given different weights to different factors and may have viewed some factors more positively or negatively than others. The Special Committee adopted Lazard s opinion and analyses, among other factors considered, in reaching its determination as to the fairness of the transactions contemplated by the Merger Agreement, including the merger. The Special Committee recommended that the Board approve, and the Board approved, the Merger Agreement based upon the totality of the information presented to it. It should be noted that this explanation of the reasoning of the Special Committee and certain information presented in this section is forward-looking in nature and should be read in light of the factors set forth in the section entitled *Cautionary Statement Regarding Forward-Looking Statements*.

The Special Committee did not consider the liquidation value of Alliance s assets because the Special Committee considers Alliance to be a viable going concern business that will continue to operate regardless of whether the merger is consummated, where value is derived from cash flows generated from its continuing operations. In addition, the Special Committee believes that the value of Alliance s assets that might be realized in a liquidation would be significantly less than its going concern value for the reasons that (i) liquidation sales generally result in proceeds substantially less than the sales of a going concern; (ii) it is impracticable to determine a liquidation value given the significant execution risk involved in any breakup of a company; (iii) an ongoing operation has the ability to continue to earn profit, while a liquidated company does not, such that the going-concern value will be higher than the liquidation value of a company because the going concern value includes the liquidation value of a company s tangible assets as well as the value of its intangible assets, such as goodwill; and (iv) a liquidation process would involve

additional legal fees, costs of sale and other expenses that would reduce any amounts that stockholders might receive upon liquidation. Furthermore, Alliance has no intention of liquidation and the merger will not result in the liquidation of Alliance. The Special Committee believes the analyses and additional factors it reviewed provided an indication of Alliance s going concern value. The Special Committee also considered the historical market prices of the Common Stock. The Special Committee did not seek to determine a pre-merger going concern value for the Common Stock to determine the fairness of the Merger Consideration to Alliance s unaffiliated stockholders. The Special Committee believes that the trading price of the Common Stock at any given time represents the best available indicator of Alliance s going concern value at that time, so long as the trading price at that time is not impacted

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by speculation regarding the likelihood of a potential transaction. The Special Committee was not aware of any firm offer made by any unaffiliated person, other than as described in this Proxy Statement or in relation to the 2016 Transaction, during the two years prior to the date of Merger Agreement for (i) the merger or consolidation of the Company with another company, or vice versa, (ii) the sale or transfer of all or any substantial part of the Company s assets, or (iii) a purchase of the Company s securities that would enable such person to exercise control of the Company. Further, the Special Committee did not consider net book value, which is an accounting concept, as a factor because it believed that net book value is not a material indicator of the value of Alliance as a going concern but rather is indicative of historical costs and because net book value does not take into account the prospects of Alliance, market conditions, trends in the industry in which Alliance operates or the business risks inherent in that industry.

Recommendation of the Board

The Board consists of nine directors. On April 10, 2017, based in part on the unanimous recommendation of the Special Committee, as well as on the basis of the other factors described above, the Board unanimously (with Messrs. Qisen Huang, Heping Feng and Tao Zhang recusing themselves) on behalf of Alliance:

determined that the Merger Agreement and the merger are advisable and in the best interests of, and fair to, Alliance and the unaffiliated stockholders;

approved the Merger Agreement and the transactions contemplated by it, including the merger; and

resolved to recommend that Alliance s stockholders vote FOR the proposal to adopt the Merger Agreement.

The Board (with Messrs. Qisen Huang, Heping Feng and Tao Zhang recusing themselves) unanimously recommends that you vote FOR the adoption of the Merger Agreement.

Our Board believes, based on their considerations of the factors described above, that the Merger Agreement and the transactions contemplated by it, including the merger, are substantively and procedurally fair, to the Company s unaffiliated stockholders. In adopting the Special Committee s recommendations and concluding that the Merger Agreement and the transactions contemplated by it, including the merger, are in the best interests of the Company and the unaffiliated stockholders, our Board consulted with outside legal advisors, considered and relied upon the same factors and considerations that the Special Committee relied upon, as described above, and adopted as its own analysis the Special Committee s analyses and conclusions in their entirety. The Board is not aware of any firm offer made by any unaffiliated person, other than as described in this Proxy Statement or in relation to the 2016 Transaction, during the two years prior to the date of Merger Agreement for (i) the merger or consolidation of the Company with another company, or vice versa, (ii) the sale or transfer of all or any substantial part of the Company s assets, or (iii) a purchase of the Company s securities that would enable such person to exercise control of the Company.

Opinion of Financial Advisor to the Special Committee

The Special Committee retained Lazard to act as financial advisor in connection with the merger. As part of that engagement, the Special Committee requested that Lazard evaluate the fairness, from a financial point of view, to the holders of Common Stock (other than excluded holders) of the consideration to be paid to such holders in the merger. On April 10, 2017, Lazard rendered its oral opinion to the Special Committee, subsequently confirmed in writing, that, as of that date and based upon and subject to the assumptions, procedures, factors, qualifications and limitations

set forth therein, the per share Merger Consideration to be paid to holders of Common Stock (other than Excluded Holders) in the merger was fair, from a financial point of view, to such holders.

The full text of Lazard s written opinion, dated April 10, 2017, which sets forth the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Lazard in connection with its opinion is attached to this proxy statement as Annex B and is

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incorporated into this proxy statement by reference. The description of Lazard s opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of Lazard s written opinion attached as Annex B. We encourage you to read Lazard s opinion and this section carefully and in their entirety.

Lazard s opinion was directed to the Special Committee for the information and assistance of the Special Committee in connection with its evaluation of the merger and only addressed the fairness, from a financial point of view, to holders of Common Stock (other than excluded holders) of the per share Merger Consideration to be paid to such holders in the merger as of the date of Lazard s opinion. The Special Committee did not request Lazard to consider, and Lazard s opinion did not address, the relative merits of the merger as compared to any other transaction or business strategy in which Alliance might engage or the merits of the underlying decision by Alliance to engage in the merger. Lazard s opinion was not intended to and does not constitute a recommendation to any holder of Common Stock as to how such holder should vote or act with respect to the merger or any matter relating thereto. Lazard s opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of Lazard s opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of Lazard s opinion. Lazard s opinion did not express any opinion as to the prices at which shares of Common Stock may trade at any time subsequent to the announcement of the merger.

The following is a summary of Lazard s opinion. We encourage you to read Lazard s written opinion carefully in its entirety.

In connection with its opinion, Lazard:

- reviewed the financial terms and conditions of a draft dated April 10, 2017, of the Merger Agreement;
- reviewed certain publicly available historical business and financial information relating to Alliance;
- reviewed various financial forecasts and other data provided to Lazard by Alliance relating to the business of Alliance;
- reviewed public information with respect to certain other companies in lines of business Lazard believed to be comparable in certain respects to the business of Alliance;
- held discussions with members of senior management of Alliance with respect to the business and prospects of Alliance;
- reviewed historical stock prices and trading volumes of Common Stock; and
- conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

Lazard assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Lazard did not conduct any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of Alliance or any other party to the merger or concerning the solvency or fair value of Alliance or any other party to the merger, and Lazard was not furnished with any such valuation or appraisal. With respect to the financial forecasts utilized in Lazard s analyses, Lazard assumed, with the consent of the Special Committee, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments as to the future financial performance of Alliance, including the estimated timing and financial impact of Alliance s anticipated refinancing of its debt facilities in 2017. Lazard assumed no responsibility for and expressed no view as to any such forecasts or the assumptions on which they are based. Lazard noted that given the limited equity research coverage of the Alliance peer set, lack of equity research coverage for Alliance, and significant historical trading discount of Alliance as compared to selected peers, and the limited number of comparable transactions within a relevant timeframe, Lazard concluded that both comparable companies and precedent transactions analyses were not useful methodologies for purposes of analyzing the valuation of Alliance, and therefore relied upon a discounted cash flow analysis in reaching its opinion.

In rendering its opinion, Lazard assumed, with the consent of the Special Committee, that the merger would be consummated on the terms described in the draft dated April 10, 2017, of the Merger Agreement, without any

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waiver or modification of any material terms or conditions. Representatives of the Special Committee advised Lazard, and Lazard assumed, that the Merger Agreement, when executed, would conform to the draft reviewed by Lazard in all material respects. Lazard also assumed, with the consent of the Special Committee, that obtaining the necessary governmental, regulatory or third party approvals and consents for the merger would not have an adverse effect on Alliance or the merger. Lazard did not express any opinion as to any tax or other consequences that might result from the merger, nor does Lazard s opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that Alliance obtained such advice as it deemed necessary from qualified professionals. Lazard expressed no view or opinion as to any terms or other aspects (other than the per share Merger Consideration to the extent expressly specified in Lazard s opinion) of the merger, including, without limitation, the form or structure of the merger or any agreements or arrangements entered into in connection with, or contemplated by, the merger. In addition, Lazard expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the merger, or class of such persons, relative to the per share Merger Consideration or otherwise.

Summary of Lazard s Financial Analyses

The following is a summary of the material financial analyses reviewed with the Special Committee in connection with Lazard s opinion, dated April 10, 2017. The summary of Lazard s analyses and reviews provided below is not a complete description of the analyses and reviews underlying Lazard s opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of analysis and review and the application of those methods to particular circumstances, and, therefore, is not readily susceptible to summary description. Considering selected portions of the analyses and reviews or the summary set forth below, without considering the analyses and reviews as a whole, could create an incomplete or misleading view of the analyses and reviews underlying Lazard s opinion.

For purposes of its analyses and reviews, Lazard considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Alliance. No company, business or transaction used in Lazard s analyses and reviews as a comparison is identical to Alliance or the merger, and an evaluation of the results of those analyses and reviews is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions used in Lazard s analyses and reviews. The estimates contained in Lazard s analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by Lazard s analyses and reviews. In addition, analyses and reviews relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Lazard s analyses and reviews are inherently subject to substantial uncertainty.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before April 10, 2017, and is not necessarily indicative of current market conditions.

Discounted Cash Flow Analysis

Using the projections provided by Alliance and described in more detail under *Special Factors Projected Financial Information*, Lazard performed a discounted cash flow analysis of Alliance to calculate the estimated net present value of Alliance, as of December 31, 2016, based on the sum of (1) the unlevered free cash flows that Alliance was

forecasted to generate during the fiscal years 2017 through 2021, (2) the terminal value of Alliance and (3) the estimated amounts of utilized net operating loss carry-forwards of Alliance for each of years 2017 through 2023. The terminal value for Alliance was calculated by applying perpetuity growth rates ranging from 0.75% to 1.25% to Alliance s terminal year unlevered free cash flow, as set forth in *Special Factors*

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Projected Financial Information . The perpetuity growth rates were derived based on Lazard s professional judgment and taking into account, among other factors, projections provided by Alliance and described in more detail under *Special Factors Projected Financial Information* , Alliance s historical financial performance and trends in the industry and the general economy. The estimated amounts of net operating loss carry-forwards (NOLs) utilized by Alliance were calculated based on the projections provided by Alliance and described in more detail under *Special Factors Projected Financial Information* . The estimated present value of the NOLs and prepaid taxes were calculated based on the sum of the anticipated tax shield over the period of their projected usage (from 2017 to 2023) for U.S. federal, state and prepaid taxes using a weighted average applicable U.S. federal income tax rate of 35.0% and state income tax rate of 7.53%, each as estimated by Alliance management and discounted using a discount range of 9.0% to 10.0%. The unlevered free cash flows, terminal values and amount of the net operating loss carry-forwards utilized by Alliance were discounted to present value using discount rates ranging from 9.0% to 10.0%. The discount rates applicable to Alliance were based on Lazard s judgment of an estimated range of weighted average cost of capital for Alliance. Lazard then calculated an implied per share equity value as total enterprise value (based on the sum of the present value of the free cash flows to Alliance during the forecast period plus the present value of the terminal value, each discounted by the weighted average cost of capital range of 9.0% to 10.0%) less pro forma debt attributable to Alliance (calculated as the sum of debt and cash held outside joint ventures and Alliance s share of debt and cash held within joint ventures as of December 31, 2016, plus $9.7 million of after-tax cost of fees and expenses anticipated to be paid in connection with Alliance s anticipated refinancing), plus the estimated present value of NOLs and pre-paid taxes, divided by the amount of fully diluted Common Stock outstanding as of March 31, 2017, as provided by Alliance. This analysis resulted in an implied per share equity reference range for Alliance of $8.39 to $17.44 as compared to the per share Merger Consideration of $13.25.

Other Analyses and Reviews

The analyses and data described below were presented to the Special Committee for informational purposes only and did not provide the basis for, and were not material to, the rendering of Lazard s opinion.

Selected Companies Analysis

Lazard reviewed and analyzed certain financial information, valuation multiples and market trading data related to selected publicly-traded outsourced radiology providers (RadNet, Inc. and Digirad Corporation). Lazard determined, however, that, given the limited equity research coverage of the Alliance peer set, lack of equity research coverage for Alliance and significant historical trading discount of Alliance as compared to selected peers, a comparable companies analysis was not a useful methodology for purposes of analyzing the valuation of Alliance, and therefore relied upon a discounted cash flow analysis in reaching its opinion.

For informational purposes, Lazard calculated and compared the ratio of each of RadNet Inc. s and Digirad Corporation s enterprise value, calculated as the market capitalization of each company (based on its closing share price as of April 7, 2017 and most recently publicly reported fully-diluted share count), plus debt, less cash, cash equivalents and marketable securities (based on the most recent publicly available data) to its calendar year 2017 estimated earnings before interest, taxes, depreciation and amortization, excluding the minority interest and deducting stock-based compensation, referred to in this subsection as Adjusted EBITDA . The Adjusted EBITDA estimates for each of the companies used by Lazard in its analysis were based on FactSet consensus estimates and Wall Street research. This resulted in an enterprise value to 2017E Adjusted EBITDA multiple range of 6.9x 7.3x for the comparable companies. Lazard applied such range of enterprise values to Adjusted EBITDA multiples for the comparable companies to the estimated Adjusted EBITDA of Alliance for 2017, to arrive at implied equity values for Common Stock of $21.49 and $25.37.

2016 Transaction Analysis

Lazard reviewed certain publicly available information and information provided by Alliance management with respect to the 2016 Transaction. Lazard applied the Implied EBITDA multiple (determined to be a range

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between 5.2x and 6.0x) from the 2016 Transaction to Alliance s 2017E Adjusted EBITDA (not reduced by minority interest and before deduction for stock-based compensation) of $142.6 million to arrive at a range of implied equity values for Common Stock of $4.62 to $14.79.

Selected Squeeze-Out Transactions Analysis

Lazard reviewed and analyzed certain publicly available financial information for 15 selected precedent squeeze-out transactions from January 1, 2012 to April 7, 2017 with a transaction value greater than $50 million involving U.S.-listed target and majority stakeholders buying out remaining stakeholders.

Lazard applied a 30.6% and 54.9% premium, based on the median and mean premiums in the selected squeeze-out transactions, to Alliance s unaffected share price of $7.95 to arrive at a range of implied equity values for Common Stock of $10.38 to $12.32. Lazard observed a maximum premium of 284.6% and a minimum premium of 6.5%, and observed that the 25th percentile premium was 23.6% and the 75th percentile premium was 60.6%.

52-Week High/Low Trading Prices:

Lazard reviewed the range of trading prices for Common Stock for the 52 weeks ended December 9, 2016. Lazard observed that, during this period, the daily closing prices of Common Stock ranged from $5.77 to $9.30 per share on August 2, 2016 and December 18, 2015, respectively.

Miscellaneous

In connection with Lazard s services as the Special Committee s financial advisor, Alliance has agreed to pay Lazard an aggregate fee for such services of a total of $2.8 million, portions of which became payable upon Lazard s engagement and during the course of its engagement, $1.4 million of which was payable upon the rendering of its opinion (less previously received payments) and $1.4 million of which is contingent upon the closing of the merger. In addition, Alliance may pay Lazard a discretionary fee in an amount to be determined by the Special Committee in its sole discretion, upon the closing of the merger. Alliance also agreed to reimburse Lazard for certain expenses incurred in connection with Lazard s engagement and to indemnify Lazard and certain related persons under certain circumstances against certain liabilities that may arise from or relate to Lazard s engagement. Other than its engagement as financial advisor to the Special Committee in connection with the merger, no material relationships existed in the past two years between Lazard s financial advisory business and either Alliance or Tahoe, including any material relationship pursuant to which any compensation was received.

Lazard, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, leveraged buyouts and valuations for other purposes. In the ordinary course, Lazard and its affiliates and employees may trade securities of Alliance and certain of its affiliates for their own accounts and for the accounts of their customers, may at any time hold a long or short position in such securities, and may also trade and hold securities on behalf of Alliance and the Purchaser Group Members. The issuance of Lazard s opinion was approved by the opinion committee of Lazard.

Lazard is an internationally recognized investment banking firm providing a full range of financial advisory and other services. After considering Lazard s knowledge and expertise in mergers and acquisitions transactions, experience advising special committees in going private transactions and experience in cross-border transactions with PRC based entities and after Lazard s confirmation that there were no conflicts of interest present that would affect Lazard s ability to effectively provide advice to the Special Committee, the Special Committee determined to engage Lazard as its

independent financial advisor and executed an engagement letter with Lazard on the same day.

Lazard did not recommend any specific consideration to the Special Committee or that any given consideration constituted the only appropriate consideration for the merger. Lazard s opinion and analyses were

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only one of many factors taken into consideration by the Special Committee in its evaluation of the merger. Consequently, the analyses described above should not be viewed as determinative of the views of the Special Committee or Alliance s management with respect to the consideration provided for in the merger or as to whether the Special Committee would have been willing to determine that a different consideration was fair.

Purchaser Group Members Purposes and Reasons for the Merger

Under the SEC rules governing going private transactions, each Purchaser Group Member is deemed to be engaged in a going private transaction and, therefore, is required to express his, her or its reasons for the merger to the unaffiliated stockholders, as defined in Rule 13e-3 of the Exchange Act. Each Purchaser Group Member is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act.

For each Purchaser Group Member, the primary purpose of the merger is to acquire, through Parent, all shares of Common Stock not owned by them to benefit from any future earnings and growth of the Company after the merger of Sub with and into the Company, making the Company privately held and wholly-owned by Parent. The Purchaser Group believes that structuring the transaction in such manner is preferable to other transaction structures because (i) it will enable Parent to directly acquire all of the outstanding shares of the Company at the same time, (ii) it will allow the Company to cease to be a publicly registered and reporting company, (iii) it represents an opportunity for the Company s stockholders other than the Purchaser Group to immediately realize the value of their investment in the Company and (iv) it also allows THAIHOT, as the controlling stockholder of the Company, to maintain all of its investment in the Company through its indirect ownership in Parent.

The Purchaser Group also believes that it is in the best interests of the Company to operate as a privately-held entity. As a privately-held entity, the Company will have greater operational flexibility to pursue alternatives that it would not have as a public company, and management will be able to concentrate on long-term growth, reducing the focus on the quarter-to-quarter performance often emphasized by the public equity market s valuation of Company Stock. Each Purchaser Group Member also believes that the merger will provide the Company with flexibility to pursue transactions with a risk profile that may be unacceptable to many public stockholders, and that these transactions can be more effectively executed as a private company.

In addition, as a privately-held entity, the Company will be relieved of many of the other expenses, burdens and constraints imposed on companies that are subject to the public reporting requirements under the federal securities laws of the United States, including the Exchange Act and Sarbanes-Oxley Act of 2002. The need for the management of the Company to be responsive to the unaffiliated stockholders concerns and to engage in an on-going dialogue with the unaffiliated stockholders can at times distract the management s time and attention from the effective operation and improvement of the business.

The Purchaser Group also considered a variety of potentially negative factors to it concerning the Merger Agreement and the merger, which are listed below, although not listed in any relative order of importance:

- all of the risk of any possible decreases in the Company s revenues, free cash flow or value following the merger will be borne by the Purchaser Group;

risks associated with pending legal proceedings and possible adverse regulatory changes against the Company will be borne by the Purchaser Group;

the business risks facing the Company, including increased competition, will be borne by the Purchaser Group;

an investment in the surviving corporation by the Purchaser Group following the merger will involve substantial risk resulting from the limited liquidity of such an investment; and

following the merger, there will be no trading market for the surviving corporation s equity securities.

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Position of the Purchaser Group as to Fairness of the Merger

Under SEC rules governing going private transactions, each of the Purchaser Group Member is required to express his, her or its belief as to the fairness of the merger to the unaffiliated stockholders . Each of the Purchaser Group Members is making the statements included in this section solely for the purpose of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act.

The Purchaser Group has interests in the merger that are different from those of the other stockholders of the Company by virtue of its continuing interests in the surviving corporation after the completion of the merger. The Purchaser Group attempted to negotiate with the Special Committee the terms of a transaction that would be most favorable to the Purchaser Group, and not necessarily to the Company s unaffiliated stockholders, and, accordingly, did not negotiate the Merger Agreement with a goal of obtaining terms that were fair to such unaffiliated stockholders. The Special Committee consists of four directors of the Company who are not affiliated with the Purchaser Group Members, are not employees of the Company or any of its affiliates and have no financial interest in the merger different from, or in addition to the interests of the Company s unaffiliated stockholders other than their interests described under *Special Factors Interests of Alliance s Directors and Executive Officers in the Merger* beginning on page 54. Accordingly, the Purchaser Group believes that the members of the Special Committee are independent and disinterested directors of the Company.

The Purchaser Group did not participate in the deliberations of the Special Committee regarding, or receive any advice from the Special Committee s independent legal or financial advisors as to, the substantive or procedural fairness of the merger to the Company s unaffiliated stockholders. The Purchaser Group has not performed, or engaged a financial advisor to perform, any valuation or other analysis for the purposes of assessing the fairness of the merger to the Company s unaffiliated stockholders. No financial advisor provided the Purchaser Group with any analysis, opinion or appraisal with respect to the fairness of the Merger Consideration to the unaffiliated stockholders.

Based on its knowledge and analysis of available information regarding the Company, as well as the factors considered by, and the analyses and resulting conclusions of, the Special Committee and the Board discussed under *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger* beginning on page 27, each Purchaser Group Member believes that the merger is substantively and procedurally fair to the unaffiliated stockholders based on its consideration of the following factors, which are not listed in any relative order of importance:

the Special Committee, consisting entirely of directors who are not officers or employees of the Company and who are not affiliated with any member of the Purchaser Group, was established and given authority to, among other things, review, evaluate and negotiate the terms of the merger and to recommend to the Board what action should be taken by the Company, including not to engage in the merger;

members of the Special Committee do not have any interests in the merger different from, or in addition to, those of the unaffiliated stockholders, other than (i) the directors receipt of board compensation in the ordinary course, (ii) the Special Committee members compensation in connection with its evaluation of the merger (which is not contingent upon the completion of the merger or recommendation of the merger by the Special Committee or the Board) and (iii) the directors indemnification and liability insurance rights under the merger agreement;

the Special Committee retained and was advised by its legal and financial advisors who are experienced in advising committees such as the Special Committee in similar transactions;

the Purchaser Group did not participate in or seek to influence the deliberative process of, or the conclusions reached by, the Special Committee or the negotiating positions of the Special Committee;

the Special Committee and the Board had no obligation to recommend the approval and adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the merger, or any other transaction;

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the Special Committee and Board was fully informed about the extent to which the interests of certain stockholders of the Company who are also Purchaser Group Members in the merger differed from those of the unaffiliated stockholders;

the Special Committee and, acting upon the unanimous recommendation of the Special Committee, the Board determined that the Merger Agreement and the transactions contemplated thereby, including the merger, are in the best interests of the unaffiliated stockholders;

the current and historical market prices of the Common Stock, including the fact that the Merger Consideration represents a premium of approximately 67% over Alliance s closing trading price of $7.95 per share of our Common Stock on December 9, 2016, the last trading day prior to Tahoe s initial proposal was publicly disclosed, and a premium of 38% over the $9.60 purchase price per share initially offered by Tahoe;

the Company s Common Stock traded as low as $5.73 per share during the 52-week period prior to the announcement of the execution of the Merger Agreement;

the Merger Consideration is all cash, which allows the unaffiliated stockholders to immediately realize certainty of value and liquidity without incurring brokerage and other costs typically associated with market sales and allows the unaffiliated stockholders not to be exposed to risks and uncertainties relating to the prospects of the Company;

the Merger Consideration, other terms and conditions of the Merger Agreement and the transactions contemplated by the Merger Agreement, including the merger, were the result of extensive negotiations over an extended period of time between the Special Committee and its advisors on the one side and the Purchaser Group and its advisor on the other side;

notwithstanding that the Purchaser Group may not rely upon the opinion provided by Lazard to the Special Committee, the Special Committee received from Lazard an opinion, dated April 10, 2017, as to the fairness, from a financial point of view, of the Merger Consideration to be received by the unaffiliated and non-dissenting stockholders in the merger, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Lazard in preparing its opinion;

the recognition of the potential disadvantages that the Company would continue to face as an SEC-reporting public company, including continuing to be subject to the (i) regulatory compliance costs; and (ii) requirement to disclose a considerable amount of business information to the public, some of which would otherwise be considered competitively sensitive and would not be disclosed by a non-reporting company and which potentially may help the Company s actual or potential competitors, customers, lenders and vendors compete against the Company or make it more difficult for the Company to negotiate favorable terms with them, as the case may be;

the Merger Agreement requires that it be adopted not only by the affirmative vote of the holders of at least a majority of the voting power of the outstanding Company Stock, but also the affirmative vote of the holders of at least a majority of the voting power of the outstanding Company Stock not beneficially owned by the Purchaser Group or any Section 16 officer of the Company;

subject to compliance with the Merger Agreement and prior to receipt of the requisite stockholder approval, the ability of the Board or the Independent Committee to participate in discussions or negotiations with, or provide non-public information to, any person in response to an unsolicited acquisition proposal for the Company, if the Board or the Independent Committee determines, after consultation with outside legal counsel, that such acquisition proposal constitutes a superior proposal;

the ability of the Board or the Independent Committee, subject to certain conditions, to make a Change in Recommendation or enter into a Superior Proposal;

prior to the mailing of this proxy statement, Parent is required to deposit or cause to be deposited into a special purpose account in Hong Kong sufficient funds in U.S. dollars for timely payment of the aggregate merger consideration, and these funds shall continue to be available and shall not have been withdrawn or otherwise restricted;

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the Alliance Expense Reimbursement payable by the Company to Parent if the Merger Agreement is terminated under certain circumstances is $1,500,000, or approximately 1.0% of the Company s total equity value implied by the Merger Consideration;

the Parent Expense Reimbursement payable by Parent to the Company if the Merger Agreement is terminated under certain circumstances is $4,500,000, or approximately 3.0% of the Company s total equity value implied by the Merger Consideration, which is three times the amount of the Alliance Expense Reimbursement payable by the Company to Parent;

the Company, under certain circumstances as set out in the merger agreement, is able to specifically enforce the terms of the Merger Agreement;

the merger is not conditioned on any financing being obtained by Parent or Sub, thus increasing the likelihood that the merger will be consummated and the Merger Consideration will be paid to the unaffiliated stockholders; and

the ability of the Company s stockholders to exercise appraisal rights under Section 262 of the DGCL, which provides such stockholders with the opportunity to have the Delaware Court of Chancery determine the fair value (as defined pursuant to Section 262 of the DGCL) of their shares of Company Stock (which may be more than, less than or the same as the amount such stockholders would have received under the Merger Agreement) and to receive payment based on that valuation in lieu of receiving the Merger Consideration.

The Purchaser Group did not consider the Company s net book value, which is defined as total assets minus total liabilities, as a factor. The Purchaser Group believes that net book value, which is an accounting concept based on historical costs, is not a material indicator of the value of the Company as a going concern because it does not take into account the future prospects of the Company, market conditions, trends in the industry in which the Company conducts its business or the business risks inherent in competing with other companies in the same industry.

In its consideration of the fairness of the merger, the Purchaser Group did not consider the Company s liquidation value to be a relevant valuation method because it considers the Company to be a viable, going concern business where value is derived from cash flows generated from its continuing operations and because the Company will continue to operate its business following the merger.

The Purchaser Group did not seek to establish a pre-merger going concern value for the Common Stock to determine the fairness of the Merger Consideration to the unaffiliated stockholders. Each of the Purchaser Group Members believes that the trading price of the Common Stock at any given time represents the best available indicator of Alliance s going concern value at the time, so long as the trading price of that time is not impacted by speculation regarding the likelihood of a potential transaction. To the extent the pre-merger going concern value was reflected in the pre-announcement price of the Common Stock, the Merger Consideration represented a premium to the going concern value of the Company.

The Purchaser Group considered the previous transaction in the Company s shares by members of the Purchaser Group in the 2016 Acquisition, where the Purchaser Group acquired an aggregate of 5,537,945 shares of Common Stock representing approximately 51.5% of the then outstanding shares of the Company at a price of $18.50 per share. The Purchaser Group believes that the premiums to market value described above reflect a more appropriate comparison of

the value to be paid to unaffiliated stockholders than the 2016 Acquisition, in which the Purchaser Group acquired control of the Company in a single transaction at a price with a premium (including control premium) of 12.7% over Alliance s closing trading price of $16.41 per share on September 15, 2015, the last trading day prior to the press release announcing the signing of the 2016 Acquisition.

Each of the Purchaser Group Members is not aware of, and thus did not consider in its fairness determination, any offers or proposals made by any unaffiliated third parties with respect to (a) a merger or

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consolidation of the Company with or into another company, (b) a sale of all or a substantial part of the Company s assets or (c) the purchase of the Company voting securities that would enable the holder to exercise control over the Company.

The Purchaser Group did not perform or receive any independent reports, opinions or appraisals from any third party related to the merger, and thus did not consider any such reports, opinions or appraisals in determining the substantive and procedural fairness of the merger to the unaffiliated stockholders .

The foregoing is a summary of the information and factors considered and given weight by each of the Purchaser Group Members in connection with its evaluation of the substantive and procedural fairness of the merger to the unaffiliated stockholders, which is not intended to be exhaustive, but includes all material factors considered by the Purchaser Group. The Purchaser Group did not find it practicable to assign, and did not assign, relative weights to the individual factors considered in reaching their conclusion as to the substantive and procedural fairness of the merger to the unaffiliated stockholders. Rather, its fairness determination was made after consideration of all of the foregoing factors as a whole.

Each of the Purchaser Group Members believes these factors provide a reasonable basis for its belief that the merger is substantively and procedurally fair to the unaffiliated stockholders. This belief should not, however, be construed as a recommendation to any stockholder of the Company to vote in favor of the proposal to adopt the Merger Agreement. None of the Purchaser Group Members makes any recommendation as to how stockholders of the Company should vote their shares of Common Stock on the proposal to adopt the Merger Agreement.

Plans for Alliance After the Merger

It is expected that Alliance s operations will be conducted after the merger substantially as they currently are being conducted, except that it will cease to be a publicly traded company and will instead be a wholly owned subsidiary of Parent. Following the completion of the merger, the Company will no longer be subject to the Exchange Act and NASDAQ compliance and reporting requirements and the related direct and indirect costs and expenses, and may experience positive effects on profitability as a result of the elimination of such costs and expenses.

The directors of Sub will be the directors of Alliance immediately following the merger. The Purchaser Group Members intend that, upon consummation of the merger, the officers of Alliance will remain in their positions.

The Purchaser Group Members have advised Alliance that they do not have any current intentions, plans or proposals to cause Alliance to engage in any of the following:

- an extraordinary corporate transaction following consummation of the merger such as a merger, reorganization or liquidation;
- the relocation of any material operations or sale or transfer of a material amount of assets; or
- any other material changes in its business or the composition of its management.

Nevertheless, following consummation of the merger, the surviving corporation s management and board of directors may initiate a review of Alliance and its assets, corporate and capital structure, capitalization, operations, business,

properties and personnel to determine what changes, if any, would be desirable following the merger to enhance the business and operations of Alliance and may cause Alliance to engage in the types of transactions set forth above if the management or the board of directors decides that such transactions are in the best interest of Alliance upon such review. The Purchaser Group Members expressly reserve the right to make any changes to Alliance s operations after consummation of the merger that they deem appropriate in light of such evaluation and review or in light of future developments.

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Certain Effects of the Merger

If the Merger Agreement is adopted by the requisite stockholder approval and the other conditions to the closing of the merger are either satisfied or waived, Sub will be merged with and into Alliance, the separate corporate existence of Sub will cease and Alliance will continue its corporate existence under Delaware law as the surviving corporation in the merger, with all of its rights, privileges, immunities, powers and franchises continuing unaffected by the merger.

Upon consummation of the merger, each share of Common Stock issued and outstanding immediately prior to the effective time of the merger (other than shares beneficially owned by Purchaser Group Members, shares owned by Alliance or dissenting shares) will immediately be converted into the right to receive the Merger Consideration, without interest and less applicable withholding taxes.

Following the merger, the entire equity in the surviving corporation will ultimately be owned by the Purchaser Group Members. If the merger is completed, the Purchaser Group Members will be the sole beneficiaries of Alliance s future earnings and growth, if any, and will be entitled to vote on corporate matters affecting Alliance following the merger. Similarly, the Purchaser Group Members will also bear the risks of ongoing operations, including the risks of any decrease in Alliance s value after the merger.

If the merger is completed, Alliance s unaffiliated stockholders will have no interest in Alliance s net book value or net earnings. Based on the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, the table below sets forth the direct and indirect interests in Alliance s net book value and net earnings of the Purchaser Group Members as of and for the year ended December 31, 2016, and what those interests would have been had the merger been completed as of that date.

	Ownership Prior to the Merger[1]			Ownership Assuming Completion of the Merger[1]		
	(in thousands, except % ownership)					
Name	Net Book Value	Earnings	% Ownership	Net Book Value	Earnings	% Ownership
Purchaser Group Members	$ (4,858,924)	$ 251,971	51.1%	$ (9,503,248)	$ 492,813	100%

(1) Ownership percentages are based on shares of Common Stock outstanding as of April 10, 2017, the date of the Merger Agreement.

A primary benefit of the merger to Alliance s stockholders (other than Purchaser Group Members) will be the right of such stockholders to receive the Merger Consideration as described above, representing a premium of approximately 67% over the trading price of $7.95 per share of our Common Stock on December 9, 2016, the last trading day prior to the date Tahoe s initial proposal was publicly disclosed, and a premium of 38% over the $9.60 purchase price per share initially offered by Tahoe. Additionally, such stockholders will avoid the risk of any possible decrease in Alliance s future earnings, growth or value.

The primary detriments of the merger to such stockholders include the lack of interest of such stockholders in Alliance s potential future earnings, growth or value. Additionally, the receipt of cash in exchange for shares of Common Stock pursuant to the merger will generally be a taxable sale transaction for U.S. federal income tax purposes to our stockholders who surrender shares of the Common Stock in the merger, as described further under the

section entitled *Special Factors Material U.S. Federal Income Tax Consequences of the Merger* .

In connection with the merger, the Purchaser Group Members will receive benefits and be subject to obligations that are different from, or in addition to, the benefits received by Alliance s stockholders generally. The primary benefits of the merger to the Purchaser Group Members, based on their ownership of all the equity interests in Parent, include their indirect interest in Alliance s potential future earnings and growth which, if they successfully execute their business strategies, could be substantial. Additionally, following the merger, Alliance will be a private company, and as such will be relieved of the burdens imposed on companies with publicly

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traded equity, including the requirements and restrictions on trading that Alliance s directors, officers and beneficial owners of more than 10% of the outstanding shares of Common Stock face as a result of the provisions of Section 16 of the Exchange Act. Additionally, following the merger, Messrs. Qisen Huang and Yong Ge will be directors of the surviving corporation.

The primary detriments of the merger to the Purchaser Group Members include the fact that all of the risk of any possible decrease in Alliance s earnings, growth or value following the merger will be borne by Parent. Additionally, the investment by the Purchaser Group Members in Parent and Alliance will not be liquid, with no public trading market for such securities.

In connection with the merger, certain members of Alliance s management will receive benefits and be subject to obligations that may be different from, or in addition to, the benefits and obligations of Alliance s stockholders generally, as described in more detail under *Special Factors Interests of Alliance s Directors and Executive Officers in the Merger* beginning on page 54. Those incremental benefits are expected to include, among others, certain executive officers continuing as executive officers of the surviving corporation.

The shares of Common Stock are currently registered under the Exchange Act and are quoted on NASDAQ under the symbol AIQ. As a result of the merger, Alliance will be a privately held corporation and there will be no public market for its shares. After the merger, the shares of Common Stock will cease to be listed on NASDAQ and price quotations with respect to sales of shares of Common Stock in the public market will no longer be available. In addition, registration of the Common Stock under the Exchange Act will be terminated.

At the effective time of the merger, the certificate of incorporation and bylaws of Alliance will be amended and restated to read as set forth in Exhibits A and B, respectively, to the Merger Agreement, and, as so amended and restated, will be the certificate of incorporation and by-laws of Alliance following the merger until thereafter amended in accordance with their respective terms and the DGCL.

Projected Financial Information

Our management prepares projections with respect to the Company s future financial performance as part of its ongoing management of the business. The Company does not, as a matter of course, make available to the public future financial projections due to the inherent uncertainty of the underlying assumptions and estimates, though the Company has in the past provided investors with full-year guidance in connection with its regularly-scheduled earnings releases which may cover areas such as revenue, Adjusted EBITDA and capital expenditures, among other items, which it may update from time to time during the relevant year. However, the Company is including in this proxy statement a summary of certain unaudited prospective financial information that was prepared by our management and made available to the Board from time to time, to the Special Committee and Lazard in connection with the Special Committee s consideration of the Company s stand-alone prospects and potential strategic transactions available to the Company, as well as, to Tahoe, THAIHOT, Parent and Sub.

Company management, as part of ordinary course strategic and operational planning for the business, prepares, and updates from time to time, multi-year financial projections included in a long-range planning model that are based on the Company s evolving strategy, results and activities. In advance of a Board meeting on August 24, 2016, Company management provided the Board with a set of unaudited preliminary financial projections (the August Long-Range Planning Model). The August Long-Range Planning Model was not provided to Lazard, but is being included in this proxy statement because it was the last set of unaudited preliminary financial projections provided to the Board and Tahoe (because Tahoe s representatives on the Board received the August Long-Range Planning Model in advance of the August 24, 2016, Board meeting) prior to the submission of the Tahoe Proposal by Tahoe to the Board on

December 8, 2016. On December 13, 2016, Company management presented to the Board and the Board approved unaudited financial projections for fiscal year 2017. Company management then updated its then current long-range planning model based on the Board approved fiscal year 2017 projections and input it received from its divisional executives with respect to their

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expectations of their respective divisions financial performance for fiscal years 2018 and 2019 (the December Long-Range Planning Model). The December Long-Range Planning Model was made available to the Special Committee and Lazard following Tahoe s submission of the Tahoe Proposal to the Board. In connection with the Special Committee s evaluation of the Tahoe Proposal and the Company s future stand-alone prospects, the Special Committee determined that management should prepare an alternative scenario of unaudited financial projections (the Special Committee Forecasts) based on the December Long-Range Planning Model with certain adjustments with respect to the Company s projected financial performance requested by the Special Committee, the most significant being the elimination of the impacts of any potential acquisitions in the December Long-Range Planning Model that were projected for fiscal year 2018 and beyond. In addition to the elimination of impacts for future potential acquisitions, the Special Committee Forecasts also included moderate reductions in pricing and cost savings and increases in capital expenditures. Each of the August Long-Range Planning Model, the December Long-Range Planning Model and the Special Committee Forecasts contemplated the refinancing of the Company s existing debt. The Special Committee reviewed the Special Committee Forecasts and discussed them with Company management and Lazard, and the Special Committee authorized Lazard to use and rely solely on the Special Committee Forecasts, including in connection with its financial analyses of the Company and the potential transaction. Representatives of Tahoe received the December Long-Range Planning Model and the Special Committee Forecasts from the Company on January 20, 2017. In connection with its evaluation of the Tahoe Proposal, the Special Committee relied solely on the Special Committee Forecasts, which at the time they were prepared reflected the Special Committee s view of the risk profile of certain elements of the Company s business, and represented the Special Committee s and senior management s best then available estimates as to the future financial performance of the Company. The Special Committee did not use or rely on the August Long-Range Planning Model or the December Long-Range Planning Model in connection with its evaluation of the Tahoe Proposal.

The financial projections and forecasts below are being included in this proxy statement not to influence your decision whether to vote for or against the proposal to adopt the merger agreement, but to give our stockholders access to certain financial projections and forecasts which were made available to the Special Committee, Lazard, Tahoe, THAIHOT, Parent or Sub as discussed above in *Special Factors Background of the Merger*, beginning on page 14. The inclusion of this information should not be regarded as an indication that the Company, the Special Committee, the Board, the Special Committee s financial advisor, Tahoe, THAIHOT, Parent, Sub or any other recipient of this information considered, or now considers, such financial projections or forecasts to be a reliable prediction of future results.

In developing the financial projections, the Special Committee and the Company s management made numerous judgments, estimates and assumptions with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to the Company s business, at a given point in time, all of which are difficult to predict and many of which are beyond the Company s control. The financial projections are subjective in many respects and are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the financial projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted, including the various risks set forth in the Company s periodic reports filed with the SEC. There can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. The financial projections cannot be considered reliable predictors of future results and they should not be relied upon as such. The financial projections cover multiple years and such information by its nature becomes less predictive and potentially less accurate with each successive year. In addition, the financial projections and forecasts assume that the Company will remain a publicly traded company.

The financial projections do not take into account any circumstances or events occurring after the date they were prepared, including the announcement of the potential merger. The financial projections do not take into account the

effect of any failure to occur of the potential merger and should not be viewed as accurate or continuing in that context.

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Whereas, the financial projections were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles in the United States of America (GAAP), the published guidelines of the SEC regarding forecasts or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, the projections are prepared on an accounting basis consistent with the Company s financial statements. The prospective financial information included in the financial projections has been prepared by, and is the responsibility of, the Company.

The inclusion of the financial projections herein is not deemed an admission or representation by the Company that the financial projections are viewed by the Company or the Special Committee as material information of the Company or the surviving corporation. The financial projections are not included in this proxy statement in order to induce any holder of the Company common shares to approve the proposal to approve the Merger Agreement. **THE COMPANY DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PLANS TO REFLECT CIRCUMSTANCES EXISTING SINCE THEIR RESPECTIVE PREPARATION OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE SHOWN TO BE IN ERROR, OR TO REFLECT CHANGES IN GENERAL ECONOMIC OR INDUSTRY CONDITIONS.**

Neither the Company s independent registered public accounting firm, Deloitte & Touche LLP, nor any other independent accountants have examined, compiled or performed any procedures with respect to the financial projections or any amounts derived therefrom or built thereupon and, accordingly, they have not expressed any opinion or given any form of assurance on the financial projections or their achievability and assume no responsibility for, and disclaim any association with, the prospective financial information.

Use of Non-GAAP Measures

Certain information in the financial projections are non-GAAP financial measures, including the non-GAAP measure of Adjusted EBITDA . When viewed with our financial results prepared in accordance with GAAP and accompanying reconciliations, we believe these non-GAAP measures provide additional useful information to clarify and enhance the understanding of the factors and trends affecting our past performance and future prospects. We define these measures, explain how they are calculated and provide reconciliations of these measures to the most comparable GAAP measure in the tables below. These non-GAAP financial measures, including Adjusted EBITDA, as presented in this proxy statement, are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. They are not a measurement of our financial performance under GAAP and should not be considered as alternatives to net income, or any other performance measures derived in accordance with GAAP, or as an alternative to net cash provided by operating activities as measures of our liquidity. The presentation of these measures should not be interpreted to mean that our future results will be unaffected by unusual or nonrecurring items.

The Company s management uses Adjusted EBITDA and non-GAAP operating performance measures internally as complementary financial measures to evaluate the performance and trends of our businesses. We present Adjusted EBITDA below because we believe that it provides useful information with respect to our ability to meet our future debt service, capital expenditures, working capital requirements and overall operating performance.

Adjusted EBITDA and other non-GAAP financial measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations are:

Adjusted EBITDA does not reflect our future expenditures for capital expenditures or contractual commitments;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

Adjusted EBITDA does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;

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Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future;

Adjusted EBITDA does not reflect any cash requirements for such replacements;

Adjusted EBITDA does not adjust for all non-cash income or expense items that are reflected in our statement of cash flows;

Adjusted EBITDA does not reflect the impact on earnings of charges resulting from matters unrelated to our ongoing operations; and

Other companies in our industry may calculate Adjusted EBITDA differently, limiting its usefulness as comparative measures.

You should compensate for these limitations by relying primarily on our GAAP results and use Adjusted EBITDA only as a supplement to this information. See our consolidated financial statements contained in the Company s Annual Report on Form 10-K for the period ended December 31, 2016, and filed with the SEC by the Company on March 10, 2017, which is incorporated by reference into this proxy statement.

However, in spite of the above limitations, we believe that Adjusted EBITDA and other non-GAAP financial measures are useful to an investor in evaluating our results of operations because these measures:

Are widely used by investors to measure a company s operating performance without regard to items excluded from the calculation of such terms, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;

Help investors evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating performance; and

Are used by our management team for various other purposes in presentations to our Board as a basis for strategic planning and forecasting.

Definition of Adjusted EBITDA

Adjusted EBITDA, as used by the Company in this proxy statement, means net (loss) income before: income tax (benefit) expense; interest expense, net; depreciation expense; amortization expense; stock based compensation payment; severance and related costs; net income attributable to noncontrolling interest; restructuring charges; transaction costs; stockholder transaction costs relating to the 2016 Acquisition; impairment charges; legal matters expense, net; changes in fair value of contingent consideration related to acquisitions; non-cash gain on step acquisition; and other non-cash (benefits) charges, which include non-cash (gains) losses on sales of assets.

August Long-Range Planning Model

Company management prepared the August Long-Range Planning Model for the Company for fiscal years 2016 through 2020. The August Long-Range Planning Model assumed the successful completion and integration of certain acquisitions, continued creation of joint ventures in the Oncology segment, the successful implementation of certain cost savings initiatives, the refinancing of the Company s existing debt at a higher cost of capital, moderate maintenance and growth CAPEX, more moderate pricing impacts in the Radiology segment as compared to fiscal years 2015 and 2016 due to the substantial completion of the strategic pricing reset in the Radiology segment and moderate expense to support initial entry into the PRC market. The August Long-Range Planning Model is being included in this proxy statement solely to provide our stockholders with the most recent unaudited financial projections of the Company that had been made available to Tahoe, THAIHOT, Parent and Sub (because Tahoe s representatives on the Board received the August Long-Range Planning Model in advance of the August 24, 2016, Board meeting) prior to the submission of the Tahoe Proposal by Tahoe to the Board on December 8, 2016.

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The following presents in summary form the financial projections in the August Long-Range Planning Model:

	FY16	FY17	FY18	FY19	FY20
Income Statement					
Net Revenue	$ 514,101	$ 546,914	$ 568,528	$ 588,726	$ 609,347
YOY Growth		6.4%	4.0%	3.6%	3.5%
Adjusted EBITDA	$ 140,612	$ 147,872	$ 152,936	$ 156,642	$ 160,277
% of Revenue	27%	27%	27%	27%	26%
Adjusted EBITDA less Minority Interest	$ 120,368	$ 122,724	$ 126,391	$ 129,058	$ 131,637
% of Revenue	23%	22%	22%	22%	22%

Set forth below are the reconciliations of the non-GAAP financial information included in the August Long-Range Planning Model above to the most comparable GAAP financial measures based on financial information available to, or projected by, the Company.

($ in thousands)	2016E	2017E	2018E	2019E	2020E
Net income	$ 2,735	$ 6,212	$ 7,843	$ 9,119	$ 10,313
Income tax (benefit) expense[1]	1,944	4,591	5,797	6,740	7,623
Depreciation and amortization	64,578	64,170	65,384	66,791	68,386
Stock based compensation	3,060	1,620	1,620	1,620.0	1,620
Interest and other one-time expenses	46,701	43,914	43,427	42,396	41,230
Minority Interest	21,594	27,365	28,865	29,976	31,105
Adjusted EBITDA	140,612	147,872	152,936	156,642	160,277

(1) Tax expense reflects 42.5% tax rate per Company projections.

December Long-Range Planning Model

Company management prepared the December Long-Range Planning Model for the Company for fiscal years 2017 through 2023. The December Long-Range Planning Model assumed moderate same-store growth, more moderate pricing impacts in the Radiology segment as compared to fiscal years 2015 and 2016 due to the substantial completion of the strategic pricing reset in the Radiology segment, the impact of certain contract terminations in the Oncology segment, the successful implementation of certain cost savings initiatives and investments in support of the Company s entry into the PRC. The primary differences between the August Long-Range Planning Model and the December Long-Range Planning Model were due to (1) Company management s inclusion of the Board approved unaudited financial projections for fiscal year 2017, and (2) updated projections from the Company s divisional executives with respect to their expectations of their respective divisions financial performance for fiscal years 2018 and 2019, which in turn impacted projected performance levels in 2020 through 2023. The December Long-Range Planning Model was provided to the Special Committee and, separately, to representatives of Tahoe. The December Long-Range Planning Model was also provided to Lazard, but was superseded by the Special Committee Forecasts and the Special Committee did not authorize Lazard to use the December Long-Range Planning Model for purposes of its financial analyses of the Company and the proposed transaction. The December Long-Range Planning Model is being included

in this proxy statement solely to provide our stockholders with information that was made available to the Special Committee, Lazard, Tahoe, THAIHOT, Parent and Sub.

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The following presents in summary form the financial projections in the December Long-Range Planning Model:

	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Income Statement							
Net Revenue	$ 548,259	$ 579,811	$ 605,321	$ 621,243	$ 634,502	$ 648,143	$ 662,191
YOY Growth	8.7%	5.8%	4.4%	2.6%	2.1%	2.1%	2.2%
Adjusted EBITDA	$ 142,375	$ 159,393	$ 174,445	$ 177,858	$ 179,982	$ 181,788	$ 183,052
% of Revenue	26%	27%	29%	29%	28%	28%	28%
Adjusted EBITDA less Minority Interest	$ 118,738	$ 132,928	$ 145,155	$ 147,465	$ 148,825	$ 149,858	$ 150,364
% of Revenue	22%	23%	24%	24%	23%	23%	23%

Set forth below are the reconciliations of the non-GAAP financial information included in the December Long-Range Planning Model above to the most comparable GAAP financial measures based on financial information available to, or projected by, the Company.

($ in thousands)	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Net income	$ (21,131)	$ 4,110	$ 12,919	$ 15,780	$ 18,001	$ 20,734	$ 22,610
Income tax (benefit) expense[1]	(15,618)	3,038	9,549	11,664	13,305	15,325	16,711
Depreciation and amortization	71,912	69,294	69,126	68,989	68,435	68,007	67,697
Stock based compensation	2,484	2,857	1,596	1,596	1,596	1,596	1,596
Interest and other one-time expenses	81,091	53,629	51,966	49,436	47,487	44,195	41,750
Minority Interest	23,637	26,465	29,289	30,393	31,157	31,930	32,688
Adjusted EBITDA	**$ 142,375**	**$ 159,393**	**$ 174,445**	**$ 177,858**	**$ 179,982**	**$ 181,788**	**$ 183,052**

(1) Tax expense reflects 42.5% tax rate per Company projections.

Special Committee Forecasts

Set forth below are the Special Committee Forecasts, which were based on the December Long-Range Planning Model and were reviewed by the Special Committee and Lazard and authorized by the Special Committee for use by Lazard in connection with its financial analysis of the potential transaction. In connection with the Special Committee s evaluation of the Tahoe Proposal and the Company s future stand-alone prospects, the Special Committee determined that management should prepare an alternative scenario of unaudited financial projections on a reasonable and good faith basis based on the December Long-Range Planning Model with certain adjustments with respect to the Company s projected financial performance, the most significant being the elimination of the impacts of future potential acquisitions of other businesses by Alliance that were included in the December Long-Range Planning Model and projected to occur in fiscal year 2018 through 2023. In addition to the elimination of impacts for future potential acquisitions, the Special Committee Forecasts also included moderate reductions in pricing, moderate reductions in cost savings and moderate increases in capital expenditures as compared to the December Long-Range

Planning Model. As compared to the December-Long Range Planning Model, the aggregate effects of the adjustments reflected in the Special Committee Forecasts increased Adjusted EBITDA after the impact of the minority interest by $250,000 in fiscal year 2017 and reduced Adjusted EBITDA after the impact of the minority interest by $6.6 million in fiscal year 2018, $14.1 million in fiscal year 2019, $15.1 million in fiscal year 2020 and $15.1 million in fiscal year 2021.

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The following presents financial projections in the Special Committee Forecasts[2,3]:

Fiscal Year Ending December 31,

	2017E	2018E	2019E	2020E	2021E	17E - 21E CAGR
			(Dollars in thousands)			
Income Statement Items						
Radiology	$ 357,944	$ 366,954	$ 373,676	$ 377,885	$ 382,132	1.6%
Oncology	133,439	142,177	148,295	152,738	157,075	4.2%
Interventional	52,716	58,251	62,329	66,692	71,360	7.9%
Corporate	4,160	4,160	4,160	4,160	4,160	0.0%
Net Revenue	**$ 548,259**	**$ 571,542**	**$ 588,458**	**$ 601,474**	**$ 614,727**	**2.9%**
Growth %	*8.4%*	*4.2%*	*3.0%*	*2.2%*	*2.2%*	
Radiology	$ 123,251	$ 127,870	$ 132,578	$ 132,765	$ 132,726	1.9%
Oncology	57,481	60,350	61,087	61,744	62,733	2.2%
Interventional	7,005	8.917	10,220	11,621	13,068	16.9%
Corporate	(45,112)	(45,621)	(46,177)	(46,453)	(46,734)	0.9%
Adjusted EBITDA	**$ 142,625**	**$ 151,516**	**$ 157,708**	**$ 159,677**	**$ 161,794**	**3.2%**
% Growth	*8.5%*	*6.2%*	*4.1%*	*1.2%*	*1.3%*	
% Margin	*26.0%*	*26.5%*	*26.8%*	*26.5%*	*26.3%*	
Less: Stock-based Compensation	(2,484)	(2,857)	(1,596)	(1,596)	(1,596)	
Adjusted EBITDA less Stock Based Compensation	**$ 140,140**	**$ 148,659**	**$ 156,112**	**$ 158,081**	**$ 160,198**	**3.4%**
% Growth	*9.2%*	*6.1%*	*5.0%*	*1.3%*	*1.3%*	
% Margin	*25.6%*	*26.0%*	*26.5%*	*26.3%*	*26.1%*	
Less: Minority Interest	(23,637)	(25,207)	(26,680)	(27,335)	(28,097)	
Adjusted EBITDA less Stock Based Compensation and Minority Interest	**$ 116,504**	**$ 123,452**	**$ 129,431**	**$ 130,746**	**$ 132,101**	**3.2%**
Less: Non-Alliance JV Interest Expense Add-Back	(491)	(491)	(491)	(491)	(491)	
Adjusted EBITDA less Stock Based Compensation, Minority Interest and JV Interest Expense	**$ 116,012**	**$ 122,960**	**$ 128,940**	**$ 130,254**	**$ 131,610**	**3.2%**

(2) A prior version of the Special Committee Forecasts prepared on the basis of estimated financial results for fiscal year 2016 were provided to representatives of Tahoe, but were later updated to reflect the actual financial results for fiscal year 2016. The Special Committee Forecasts provided above were provided to Tahoe and superseded the earlier version of the Special Committee Forecasts. The only changes between the two versions were as a

result of incorporating the actual financial results of fiscal year 2016 (instead of estimated financial results).

(3) In the Special Committee Forecasts, Adjusted EBITDA less the Minority Interest is $118,988 in 2017, $126,309 in 2018, $131,027 in 2019, $132,341 in 2020 and $133,697 in 2021.

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Unlevered Free Cash Flow Projections[4]

Company management confirmed the following projected unlevered free cash flows for the Company, which were based on the Special Committee Forecasts, for use in Lazard s discounted cash flow analysis performed in connection with the rendering of its opinion to the Special Committee on April 10, 2017 as summarized in the section *Special Factors Opinion of the Financial Advisor to the Special Committee* beginning on page 33.

	Fiscal Year Ending December 31,					17E - 21E CAGR	18E - 21E CAGR
	2017E	**2018E**	**2019E**	**2020E**	**2021E**		
Adjusted EBITDA less Stock Based Compensation, Minority Interest and JV Interest Expense	**$ 116,012**	**$ 122,960**	**$ 128,940**	**$ 130,254**	**$ 131,610**	**3.2%**	**2.3%**
% Growth	4.7%	6.0%	4.9%	1.0%	1.0%		
Less: Depreciation to Company	(52,630)	(54,247)	(54,569)	(51,839)	(49,534)		
Less: Amortization to Company	(11,068)	(10,752)	(10,337)	(9,923)	(9,152)		
EBIT to Company	**$ 52,314**	**$ 57,962**	**$ 64,034**	**$ 68,492**	**$ 72,924**	**8.7%**	**8.0%**
Less: Taxes Paid by Company at 39.9%	(20,871)	(23,124)	(25,546)	(27,325)	(29,093)		
NOPAT to Company	**$ 31,444**	**$ 34,838**	**$ 38,488**	**$ 41,168**	**$ 43,831**	**8.7%**	**8.0%**
Plus: Depreciation to Company	52,630	54,247	54,569	51,839	49,534		
Plus: Amortization to Company	11,068	10,752	10,337	9,923	9,152		
Less: CapEx to Company	(47,842)	(45,724)	(43,742)	(42,604)	(42,642)		
Less: Acquisitions to Company	(4,424)						
Less: Increase in NWC to Company	740	7,471	71	(2,688)	159		
Unlevered Free Cash Flow to Company	**$ 43,616**	**$ 61,583**	**$ 59,723**	**$ 57,637**	**$ 60,034**	**8.3%**	**(0.8%)**
% Growth		*41.2%*	*(3.0%)*	*(3.5%)*	*4.2%*		

(4)

Unlevered Free Cash Flow represents Adjusted EBITDA less (1) stock based compensation less (2) minority interest expense less (3) non-Company joint venture interest expense add-back less (4) taxes paid by the Company less (5) capital expenditures to the Company less (6) acquisitions to the Company less (7) increase (or plus the decrease) in net working capital to the Company.

Set forth below is a summary of the reconciliations of the non-GAAP financial information included in the Special Committee Forecasts above to the most comparable GAAP financial measures based on financial information available to, or projected by, the Company.

($ in thousands)	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**
Net income	$ (18,024)	$ (2,857)	$ 1,510	$ 5,551	$ 9,550
Income tax (benefit) expense	(13,322)	(2,112)	1,116	4,103	7,059
Depreciation and amortization	75,176	76,711	76,602	72,891	69,261
Stock based compensation	2,484	2,857	1,596	1,596	1,596
Interest and other one-time expenses	72,673	51,710	50,203	48,200	46,232
Minority Interest	23,637	25,207	26,680	27,335	28,097
Adjusted EBITDA	**$ 142,625**	**$ 151,516**	**$ 157,708**	**$ 159,677**	**$ 161,794**

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	2017E	2018E	2019E	2020E	2021E
EBIT	$ 63,837	$ 71,340	$ 77,641	$ 83,321	$ 89,068
Depreciation and amortization	75,176	76,711	76,602	72,891	69,261
Other income (expense)	3,612	3,465	3,465	3,465	3,465
Adjusted EBITDA	**$ 142,625**	**$ 151,516**	**$ 157,708**	**$ 159,677**	**$ 161,794**
Stock based compensation	(2,484)	(2,857)	(1,596)	(1,596)	(1,596)
Minority interest expense	(23,637)	(25,207)	(26,680)	(27,335)	(28,097)
Non-Company joint venture interest expense add-back	(491)	(491)	(491)	(491)	(491)
Taxes paid by Company	(20,871)	(23,124)	(25,546)	(27,325)	(29,093)
Capital expenditures to Company	(47,842)	(45,724)	(43,742)	(42,604)	(42,642)
Acquisitions to Company	(4,424)				
(Increase) decrease in net working capital to Company	740	7,471	71	(2,688)	159
Unlevered free cash flow to Company	**$ 43,616**	**$ 61,583**	**$ 59,723**	**$ 57,637**	**$ 60,034**

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Net Operating Losses

The Company s management expects to utilize certain NOLs. The following is a summary of certain financial and business information provided to the Special Committee which was based on information received from Company management and used by Lazard in its discounted cash flow analysis performed in connection with the rendering of its opinion to the Special Committee on April 10, 2017 as summarized in the section *Special Factors Opinion of the Financial Advisor to the Special Committee* beginning on page 33.

	($ in thousands) Fiscal Year Ending December 31,						
	2016A	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**
Federal NOLs								
Pretax Income before Federal NOLs		($ 38,133)	($ 9,125)	$ 8,560	$ 34,871	$ 50,391	$ 51,165	$ 43,152
NOLs (Used) / Accrued		38,133	9,125	(8,560)	(34,871)	(48,425)	5,832	(5,832)
Federal Taxable Income						$ 1,966	$ 56,997	$ 37,319
Remaining NOLs	$ 44,597	$ 82,730	$ 91,855	$ 83,295	$ 48,425		$ 5,832	
Federal NOLs (Accrued)/ Used		($ 38,133)	($ 9,125)	$ 8,560	$ 34,871	$ 48,425	($ 5,832)	$ 5,832
Tax Rate		35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Nominal Tax Shield from Federal NOLs at a Tax Rate of 35.00%				$ 2,996	$ 12,205	$ 16,949		$ 2,041
State NOLs								
Pretax Income before State NOLs		($ 27,911)	($ 1,534)	$ 6,060	$ 13,089	$ 20,042	$ 19,143	$ 19,810
NOLs (Used)/ Accrued		27,911	1,534	(6,060)	(13,089)	(20,042)	(19,143)	(15,612)

State Taxable Income								$ 4,199
Remaining NOLs	$ 44,500	$ 72,411	$ 73,946	$ 67,885	$ 54,797	$ 34,754	$ 15,612	
State NOLs (Accrued)/ Used		($ 27,911)	($ 1,534)	$ 6,060	$ 13,089	$ 20,042	$ 19,143	$ 15,612
Tax Rate		7.53%	7.53%	7.53%	7.53%	7.53%	7.53%	7.53%
Nominal Tax Shield from State NOLs at Tax Rate of 7.53%				$ 456	$ 986	$ 1,509	$ 1,441	$ 1,176
Prepaid Taxes								
Beginning Balance		$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	
Prepaid Taxes Accrued/ (Used)							(2,500)	
Ending Balance		$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500		
Nominal Tax Shield from Prepaid Taxes							$ 2,500	

Financing

Alliance and the Purchaser Parties estimate that the total amount of funds required to complete the merger and related transactions and pay related fees and expenses will be approximately $75 million. The Purchaser Parties intend to fund this amount from cash on hand.

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Pursuant to the Merger Agreement, the Purchaser Parties are required to take the following actions:

- obtain funds in US dollars sufficient to fund the aggregate Merger Consideration and otherwise necessary to complete the transactions contemplated by the Merger Agreement on or prior to closing;
- establish in the name of a US or other offshore entity, a US dollar deposit account, referred to as a special purpose account , with a bank in Hong Kong;
- deposit the aggregate Merger Consideration in the special purpose account prior to Alliance causing this proxy statement to be mailed to its stockholders;
- provide Alliance and the Special Committee with evidence of the deposit into the special purpose account, together with a certificate certifying that the Purchaser Parties have complied with their respective obligations to establish the special purpose account and make the deposit into it; and
- retain sufficient funds in the special purpose account to pay the aggregate Merger Consideration at all times until the earlier of the closing date or the date on which the Merger Agreement is terminated.

Interests of Alliance s Directors and Executive Officers in the Merger

In considering the recommendation of the Board that you vote to adopt the Merger Agreement, you should be aware that aside from their interests as stockholders of Alliance, Alliance s directors and executive officers have interests in the merger that may be different from, or in addition to, those of other stockholders of Alliance generally. The members of the Special Committee were aware of and considered these interests, among other matters, in evaluating and negotiating the Merger Agreement and the merger, and in making it recommendations to the Board, which was also aware of and took into account these interests, among other matters, when making its recommendation to the stockholders of Alliance that the Merger Agreement be adopted. See *Special Factors Background of the Merger* beginning on page 14 and *Special Factors Reasons for the Merger; Recommendation of the Special Committee; Recommendation of the Board; Fairness of the Merger* beginning on page 27.

Effective upon the consummation of the merger, Alliance will be wholly owned by Parent. Mr. Qisen Huang, Chairman of our Board, will indirectly control Parent.

Alliance s stockholders should take these interests into account in deciding whether to vote FOR the adoption of the Merger Agreement. These interests are described in more detail below, and certain of them are quantified in the narrative and the table below.

Treatment of Alliance Equity Awards in the Merger

Options

If the merger is consummated, each option to purchase shares of Common Stock outstanding under the Alliance Equity Plans at or immediately prior to the effective time that has an exercise price per share of Common Stock

underlying such option that is less than the Merger Consideration, also referred to as an in-the-money company stock option , whether or not exercisable or vested, shall be cancelled and converted into the right to receive an amount in cash determined by multiplying (i) the excess of the Merger Consideration over the option exercise price of such in-the-money company stock option by (ii) the number of shares of Common Stock subject to such in-the-money company stock option. At or immediately prior to the effective time, each Company stock option that has an option exercise price that is equal to or greater than the Merger Consideration, whether or not exercisable or vested, shall be cancelled without payment.

Restricted Stock Units

If the merger is consummated, each award of restricted stock units with respect to shares of Common Stock granted under the Alliance Equity Plans, referred to as a company RSU award , that is outstanding at or

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immediately prior to the effective time, after giving effect to any accelerated vesting as a result of the transactions contemplated by the Merger Agreement, shall be cancelled and converted into the right to receive a restricted cash award in an amount in cash equal to (i) the number of shares of Common Stock subject to such company RSU award immediately prior to the effective time multiplied by (ii) the Merger Consideration. Any restricted cash award will be subject to the same vesting and payment conditions and schedules applicable to the company RSU award immediately prior to the effective time. Company RSU awards held by non-employee directors will be accelerated pursuant to the terms of the awards and will be converted into the right to receive cash payments.

We estimate the aggregate amount that would be payable to Alliance s directors and executive officers (other than Messrs. Qisen Huang, Heping Feng and Tao Zhang) as a result of the full vesting of outstanding in-the-money company stock options held by such directors and executive officers and the full vesting of outstanding company RSU awards held by such directors is approximately $2,700,000.

For additional information about beneficial ownership of Common Stock by directors and officers, see *Important Additional Information Regarding Alliance Security Ownership of Management and Certain Beneficial Owners* beginning on page 141.

The following table sets forth Alliance s directors and executive officers holdings of in-the-money company stock options (vested and unvested) and company RSU awards granted under the Alliance Equity Plans as of April 10, 2017, and also sets forth the amounts with respect to the in-the-money company stock options (vested and unvested), company RSU awards and company Common Stock, assuming a market price per share of Alliance Common Stock of $13.25, the Merger Consideration. Under the Merger Agreement, each in-the-money company stock option will be accelerated in full and converted into the right to receive cash payments and each company RSU award, after giving effect to any accelerated vesting as a result of the transactions contemplated by the Merger Agreement, shall be cancelled and converted into the right to receive a restricted cash award, subject to the same vesting and payment conditions and schedules applicable to the company RSU award immediately prior to the effective time. Company RSU awards held by non-employee directors will be accelerated pursuant to the terms of the awards and will be converted into the right to receive cash payments.

Name	Shares of Company Common Stock Held (#)	Aggregate Proceeds to be Received for Shares of Company Common Stock Held ($)	In-the-Money Company Stock Options (#)	Company RSU Awards (#)	Aggregate Proceeds to be Received for In-the-Money Company Stock Options and RSU Awards ($)[1]
Executive Officers					
Percy C. Tomlinson	18,194	241,071	44,079	17,720	540,257
Rhonda Longmore-Grund	2,500	33,125	59,088		455,786
Richard W. Johns	4,648	61,586	83,525	6,886	633,178
Richard A. Jones	17,510	232,008	76,602	4,300	578,099
Gregory E. Spurlock	7,007	92,843	17,497	4,014	204,778
Steven M. Siwek, M.D.					
Laurie R. Miller	597	7,910	4,761	1,914	58,354

Directors:				
Qisen Huang				
Scott A. Bartos	24,608	326,056	14,917	197,650
Larry C. Buckelew	54,202	718,177	10,677	141,338
Neil F. Dimick	55,900	740,675	14,917	197,650
Heping Feng			9,945	131,771
Edward L. Samek	67,900	899,675	14,917	197,650
Paul S. Viviano	77,637	1,028,690	14,917	197,650
Tao Zhang			9,945	131,771

[1] RSU proceeds subject to vesting requirements post-closing.

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Severance Agreements

Messrs. Tomlinson, Johns, Jones, and Spurlock and Mss. Longmore-Grund and Miller are entitled to severance benefits in the event of certain terminations of employment. These severance benefits are provided under an Executive Severance Agreement between Alliance and the executive, and described under *Executive Compensation Potential Payments upon Termination or Change in Control* on page 130 and *Proposal No. 2 Advisory Vote to Approve Merger-Related Compensation Golden Parachute Compensation* on page 90.

Indemnification/Insurance

Alliance s bylaws provide for mandatory indemnification of directors and executive officers against certain liabilities that may arise by reason of their status or service as directors or officers. In addition, pursuant to the Merger Agreement, Alliance s directors and executive officers will be entitled to certain ongoing indemnification from Parent and the surviving corporation and coverage under directors and officers liability insurance policies. The indemnification and insurance provisions in the Merger Agreement are further described in the section entitled *The Merger Agreement Other Covenants and Agreements Indemnification; Directors and Officers Insurance* on page 85.

Compensation of the Special Committee

The Special Committee consists of four independent members of the Board: Neil F. Dimick, Edward L. Samek, Paul S. Viviano and Scott A. Bartos. The Board appointed Mr. Dimick as the chairman of the Special Committee. In consideration of the time and effort required of the members of the Special Committee in connection with evaluating the potential transaction or any related transaction, the Board adopted resolutions providing for the following compensation structure for each member of the Special Committee:

- a retainer in the amount of $10,000 per month for serving as a member of the Special Committee, with an additional $2,000 per month retainer for the chairman of the Special Committee (this retainer was paid to the directors beginning in December 2016 with only 50% of the retainer paid in November 2016 and no retainer paid prior to November 2016);

- an additional amount of either $2,500 for each meeting of the Special Committee attended in person, or $1,000 for each meeting of the Special Committee attended telephonically, by such member;

- in the event that any litigation or other proceeding is commenced in connection with the potential transaction or any related transaction, payments in the amount of $500 for each hour (rounded up to the next full hour) spent by such member responding to, or otherwise being engaged in, any such litigation or proceeding; and

- reimbursement by Alliance for all costs incurred in connection with the member s service on the Special Committee (including separate counsel if necessary), in each case, payable in accordance with Alliance s standard policies and practices.

These fees are not dependent on the closing of the merger or on the Special Committee s or the Board s approval of, or recommendations with respect to, the merger or any other transaction.

Material U.S. Federal Income Tax Consequences of the Merger

The following discussion is a summary of the material U.S. federal income tax consequences of the merger to U.S. Holders and Non-U.S. Holders (each as defined below) of our common stock whose shares are converted into the right to receive cash pursuant to the merger, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the IRS), in each case in effect as of the date hereof.

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These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a U.S. Holder or Non-U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the merger.

This discussion is limited to holders who hold our Common Stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a holder s particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

tax-exempt organizations or governmental organizations;

persons subject to the alternative minimum tax;

S-corporations, partnerships or any other entities or arrangements treated as partnerships or pass-through entities for U.S. federal income tax purposes (and investors therein);

banks, insurance companies and other financial institutions;

brokers, dealers or traders in securities;

regulated investment companies or real estate investment trusts;

U.S. expatriates and former citizens or long-term residents of the United States;

persons holding our Common Stock as part of a hedge, straddle or other risk reduction transaction or as part of a conversion transaction or other integrated investment;

persons deemed to sell our Common Stock under the constructive sale provisions of the Code;

persons who received our Common Stock in a compensatory transaction or pursuant to the exercise of options or warrants or pursuant to restricted stock units;

U.S. Holders whose functional currency is not the U.S. dollar;

controlled foreign corporations, passive foreign investment companies or corporations that accumulate earnings to avoid U.S. federal income tax;

tax-qualified retirement plans; and

persons who do not vote in favor of the merger and who properly demand appraisal of their shares under Delaware law.

If a partnership (including an entity or arrangement, domestic or foreign, treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Partnerships holding our common stock and partners therein should consult their tax advisors regarding the U.S. federal income tax consequences of the merger.

This discussion does not address the tax consequences pertaining to Company options or Company RSUs that are converted into the right to receive cash in connection with the merger. This discussion also does not address the Purchaser Parties or any of their affiliates.

THIS DISCUSSION IS PROVIDED FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES RELATING TO THE MERGER IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND ANY CONSEQUENCES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS OR THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION.

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U.S. Holders

For purposes of this discussion, a U.S. Holder is a beneficial owner of our Common Stock that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that is subject to the primary supervision of a court within the United States and the control of one or more United States persons as defined in Section 7701(a)(30) of the Code; or (2) that has a valid election in effect under applicable Treasury regulations to be treated as a United States person for U.S. federal income tax purposes.

The receipt of cash by a U.S. Holder in exchange for our Common Stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. Holder s gain or loss will be equal to the difference, if any, between the amount of cash received and the U.S. Holder s adjusted tax basis in the shares surrendered pursuant to the merger. Such gain or loss will be a capital gain or loss, and will be a long-term capital gain or loss if such U.S. Holder s holding period in such shares is more than one year at the time of the merger. A preferential tax rate generally will apply to long-term capital gains recognized by certain non-corporate U.S. Holders. The deductibility of capital losses is subject to limitations. If a U.S. Holder acquired different blocks of Common Stock at different times or different prices, such U.S. Holder must determine its tax basis, holding period and gain or loss separately with respect to each block of Common Stock.

Non-U.S. Holders

For purposes of this discussion, the term Non-U.S. Holder means a beneficial owner of our Common Stock that is neither a U.S. Holder nor an entity that is treated as a partnership for U.S. federal income tax purposes.

Any gain realized by a Non-U.S. Holder resulting from the merger generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. Holder s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States);
- the Non-U.S. Holder is an individual present in the United States for 183 days or more during the taxable year of the merger, and certain other requirements are met; or

the Company is or has been a United States real property holding corporation as such term is defined in Section 897(c) of the Code (USRPHC) at any time within the shorter of the five-year period preceding the merger or such Non-U.S. Holder s holding period with respect to the applicable shares of Common Stock and, if our Common Stock is regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Code), such Non-U.S. Holder owned, actually or constructively, more than 5% of the Company s Common Stock at any time during such period.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates applicable to U.S. persons. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by certain U.S. source

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capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we have not been and are not currently a USRPHC, and we do not anticipate becoming a USRPHC before the merger.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Information reporting and backup withholding may apply to the proceeds received by a holder pursuant to the merger. Backup withholding generally will not apply to (1) a U.S. Holder who furnishes a correct taxpayer identification number and certifies that such holder is not subject to backup withholding on IRS Form W-9, or otherwise establishes a basis for exemption from backup withholding, or (2) a Non-U.S. Holder who provides a certification of such holder s non-U.S. status on the applicable IRS Form W-8, or otherwise establishes a basis for exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Copies of information returns that are filed with the IRS may be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which a Non-U.S. Holder resides or is established.

Regulatory Approvals

No material federal or state regulatory approvals, filings or notices are required in connection with the merger other than the filing of an overseas investment registration with the NDRC by the applicable Purchaser Parties in respect of the transactions contemplated by the Merger Agreement and the filing of a certificate of merger with the Secretary of State of the State of Delaware by the Company and Sub.

Delisting and Deregistration of Common Stock

If the merger is completed, our shares of Common Stock will be delisted from NASDAQ and deregistered under the Exchange Act. As a result, we would no longer file periodic reports with the SEC on account of the shares of Common Stock.

Fees and Expenses

Except as described under *The Merger Agreement Fees and Expenses Expense Reimbursement Provisions*, if the merger is not completed, all fees and expenses incurred in connection with the merger will be paid by the party incurring those fees and expenses, except that Alliance will pay the costs of proxy solicitation and printing and mailing this proxy statement and the Schedule 13E-3 and all SEC filing fees with respect to the transaction. Total fees and expenses incurred or to be incurred by Alliance in connection with the merger are estimated at this time to be as follows:

	Amount to be Paid

Financial advisory fee and expenses	$	2,850,000
Legal, accounting and other professional fees	$	2,400,000
SEC filing fees	$	8,587.01
Proxy solicitation, printing and mailing costs	$	50,000
Transfer agent and paying agent fees and expenses	$	40,000
Total	$	5,348,587,01

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Anticipated Accounting Treatment of the Merger

The merger will be accounted for in accordance with U.S. generally accepted accounting principles. Alliance is determining whether the purchase method of accounting or historical book values will be used to account for the transaction.

Rights of Appraisal

This section summarizes certain material provisions of Delaware law pertaining to appraisal rights. This summary, however, is not a complete statement of all applicable requirements, and it is qualified in its entirety by reference to Section 262 of the DGCL (referred to as Section 262), the full text of which appears in Annex C to this proxy statement. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262.

Stockholders should carefully review the full text of Section 262, particularly the procedural steps required to perfect appraisal rights, as well as the information discussed below. Failure to fully and precisely follow the steps required by Section 262 for the perfection of appraisal rights will result in the loss of those rights.

Under Section 262, if the merger is completed, holders of shares of our Common Stock immediately prior to the effective time of the merger and who (i) have neither voted in favor of, nor consented in writing to, the approval of the adoption of the Merger Agreement, (ii) timely demand appraisal and otherwise follow the procedures set forth in Section 262, and (iii) do not thereafter withdraw their demand for appraisal of such shares or otherwise lose, waive or fail to perfect their appraisal rights, in each case in accordance with Section 262, will be entitled to have such shares appraised by the Delaware Court of Chancery (referred to as the Court of Chancery) and to receive payment in cash of an amount equal to the fair value of such shares as determined by the Court of Chancery, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, as determined by such court. The fair value as determined by the Court of Chancery could be greater than, less than or the same as the Merger Consideration.

Under Section 262, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation must, not less than twenty (20) days before such meeting, notify each stockholder who was a stockholder on the record date set by the board of directors for notice of such meeting (or if no such record date is set, on the close of business on the day next preceding the day on which notice is given), with respect to such shares for which appraisal, and shall include in such notice a copy of Section 262. THIS PROXY STATEMENT CONSTITUTES THE FORMAL NOTICE OF APPRAISAL RIGHTS UNDER SECTION 262 AND A COPY OF SECTION 262 IS ATTACHED HERETO AS ANNEX C AND INCORPORATED HEREIN BY REFERENCE. Alliance s Board has fixed June 30, 2017 as the record date for the purposes of determining the stockholders entitled to receive this notice of appraisal. Any holder of shares of our Common Stock who wishes to exercise such appraisal rights or who wishes to preserve his, her or its right to do so, should review the following discussion and Annex C carefully because failure to timely and properly comply with the procedures specified in Section 262 will result in the loss of appraisal rights under Section 262.

Any stockholder wishing to exercise appraisal rights is urged to consult legal counsel.

If a stockholder elects to exercise appraisal rights under Section 262 with respect to any shares of our Common Stock, such stockholder must do all of the following:

Deliver to Alliance a written demand for appraisal of your shares before the vote is taken to adopt the Merger Agreement. That demand must be executed by or on behalf of the stockholder of record and will be sufficient if it reasonably informs us of the identity of the holder of record of our shares and the intention of such stockholder to demand appraisal of his, her or its shares. Holders of our shares who desire to exercise their appraisal rights must not vote or submit a proxy in favor of adoption of the Merger Agreement, nor consent thereto in writing. Voting against or failing to vote for adoption of the

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Merger Agreement by itself does not constitute a demand for appraisal within the meaning of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote regarding adoption of the Merger Agreement.

Continuously hold of record such shares from the date on which the written demand for appraisal is made through the effective time of the merger.

Written Demand by the Record Holder

All written demands for appraisal should be addressed to our Secretary at Alliance HealthCare Services, Inc., 18201 Von Karman Avenue, Suite 600, Irvine, California 92612. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand must be made in that capacity, and if the shares are owned of record by more than one person, such as in a joint tenancy or tenancy in common, the demand must be executed by or for all joint owners. An authorized agent, including one of two or more joint owners, may execute the demand for appraisal for a holder of record. However, the agent must identify the record owner(s) and expressly disclose the fact that, in executing the demand, the agent is acting as agent for the record owner(s).

A beneficial owner of shares held in street name who wishes to exercise appraisal rights should take such actions as may be necessary to ensure that a timely and proper demand for appraisal is made by the record holder of the shares. If shares are held through a brokerage firm, bank or other nominee who in turn holds the shares through a central securities depository nominee, such as Cede & Co., a demand for appraisal of such shares must be made by or on behalf of the depository nominee, and must identify the depository nominee as the record holder. Any beneficial owner who wishes to exercise appraisal rights and holds shares through a nominee holder is responsible for ensuring that the demand for appraisal is timely made by the record holder. The beneficial holder of the shares should instruct the nominee holder that the demand for appraisal should be made by the record holder of the shares, which may be a central securities depository nominee if the shares have been so deposited.

A record holder, such as a broker, bank, fiduciary, depository or other nominee, who holds shares as a nominee for several beneficial owners may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising such rights with respect to the shares held for other beneficial owners. In such case, the written demand must set forth the number of shares covered by the demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares held in the name of the record owner.

Filing a Petition for Appraisal

Within ten (10) days after the effective time of the merger, the surviving corporation in the merger must give notice of the date that the merger has become effective to each of our stockholders who did not vote in favor of or consent to the adoption of the Merger Agreement and otherwise complied with Section 262. At any time within sixty (60) days after the effective time, any stockholder who has not commenced an appraisal proceeding or joined a proceeding as a named party shall have the right to withdraw such stockholder s demand for appraisal and accept the Merger Consideration for that stockholder s shares of Common Stock by delivering to the surviving corporation a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than sixty (60) days after the effective time will require written approval of the surviving corporation. Unless the demand is properly withdrawn by the stockholder within sixty (60) days after the effective time, no appraisal proceeding in the Court of Chancery will be dismissed as to any stockholder without the approval of the Court of Chancery, and such approval may be conditioned upon such terms as such Court deems just. If the surviving corporation does not approve a request to withdraw a demand for appraisal when that approval is required, or if the Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value

determined in any such appraisal proceeding, which value could be less than, equal to or more than the Merger Consideration.

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Within 120 days after the effective time of the merger, but not thereafter, the surviving corporation, or any holder of shares who has complied with Section 262 and is otherwise entitled to appraisal rights under Section 262, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the fair value of the shares held by all holders who properly demanded appraisal of such shares. If no such petition is filed within that 120 day period, appraisal rights will be lost for all holders of shares of our Common Stock who had previously demanded appraisal of their shares. Alliance is under no obligation to and has no present intention to file a petition and holders should not assume that Alliance, as the surviving corporation, will file a petition, or that it will initiate any negotiations with respect to the fair value of the shares. Accordingly, it is the obligation of the holders of shares of our Common Stock to initiate all necessary action to perfect their appraisal rights in respect of the Shares within the period prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of shares who has complied with the requirements for the exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the merger and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such statement must be mailed within ten (10) days after a written request therefor has been received by the surviving corporation or within ten (10) days after the expiration of the period for delivering of demands for appraisal, whichever is later. Notwithstanding the requirement that a demand for appraisal be made by or on behalf of the record owner of the shares, a person who is the beneficial owner of shares held either in a voting trust or by a nominee on behalf of such person, and as to which demand has been properly made and not effectively withdrawn, may, in such person s own name, file a petition for appraisal or request from the surviving corporation the statement described in this paragraph.

Upon the filing of such petition by any such holder of shares, service of a copy thereof must be made upon the surviving corporation, which will then be obligated within twenty (20) days to file with the Delaware Register in Chancery a duly verified list (referred to as the verified list) containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached. Upon the filing of any such petition, the Court of Chancery may order that notice of the time and place fixed for the hearing on the petition be mailed to the surviving corporation and all of the stockholders shown on the verified list. Such notice will also be published at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or in such other publication as the Court of Chancery deems advisable. The costs of these notices and publications are borne by the surviving corporation.

After notice to the stockholders as required by the Court of Chancery, the Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Court of Chancery may require the stockholders who demanded payment for their shares to submit stock certificates held by them, if any, to the Delaware Register in Chancery for notation thereon of the pendency of the appraisal proceeding, and if any stockholder fails to comply with the direction, the Court of Chancery may dismiss the proceedings as to that stockholder. In addition, the Court of Chancery will dismiss the proceedings as to all holders of shares of our Common Stock who are otherwise entitled to appraisal rights unless (1) the total number of shares entitled to appraisal exceeds 1% of the outstanding shares of Common Stock of Alliance, or (2) the value of the consideration provided in the merger for such total number of shares exceeds $1 million.

Determination of Fair Value

After the Court of Chancery determines the stockholders entitled to an appraisal, the appraisal proceeding will be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through the appraisal proceeding, the Court of Chancery shall determine the fair value of the shares,

exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the

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Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective time of the merger through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the merger and the date of payment of the judgment. Notwithstanding the foregoing, at any time before the entry of judgment in the proceedings, the surviving corporation may pay to each stockholder entitled to appraisal an amount in cash, in which case interest shall accrue thereafter as provided herein only upon the sum of (1) the difference, if any, between the amount so paid and the fair value of the shares as determined by the Court of Chancery, and (2) interest theretofore accrued, unless paid at that time.

In determining fair value, the Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company. In *Tri-Continental Corporation v. Battye*, the Delaware Supreme Court stated that, in making this determination of fair value, the Court of Chancery must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. In *Weinberger*, the Supreme Court of Delaware also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion that does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on the factual circumstances, may or may not be a dissenter s exclusive remedy.

Stockholders considering appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the Merger Consideration and that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the merger, is not an opinion as to, and does not otherwise address, fair value under Section 262. Although Alliance believes that the Merger Consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the Merger Consideration. Neither the Purchaser Group nor Alliance anticipates offering more than the Merger Consideration to any stockholder exercising appraisal rights, and each of the Purchaser Group and Alliance reserve the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share is less than the Merger Consideration.

Upon application by the Surviving Corporation or by any holder of shares entitled to participate in the appraisal proceeding, the Court of Chancery may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any holder of shares whose name appears on the verified list and who has submitted such stockholder s stock certificates, if any, to the Delaware Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights. The Court of Chancery will direct the payment of the fair value of the shares, together with interest, if any, by the Surviving Corporation to the stockholders entitled thereto. Payment will be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and in the case of holders of shares of our Common Stock represented by certificates upon the surrender to the Surviving Corporation of such stockholder s certificates. The Court of Chancery s decree may be enforced as other decrees in such Court may be enforced.

If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the action (which do not include attorneys fees or the fees and expenses of experts) may be determined by the Court of

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Chancery and taxed upon the parties as the Court of Chancery deems equitable in the circumstances. Upon application of a stockholder, the Court of Chancery may order all or a portion of the expenses incurred by a stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, to be charged pro rata against the value of all the shares entitled to appraisal. In the absence of such an order, each party bears its own expenses.

Any stockholder who has duly demanded and perfected appraisal rights for shares in compliance with Section 262 will not, after the effective time if the merger, be entitled to vote his, her or its shares for any purpose or be entitled to the payment of dividends or other distributions thereon, except dividends or other distributions payable to holders of record of shares as of a date prior to the effective time of the merger.

If any stockholder who demands appraisal of shares under Section 262 fails to perfect, successfully withdraws, or loses such holder s right to appraisal with respect to such shares, such shares will be deemed to have been converted at the effective time of the merger into the right to receive the Merger Consideration. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the effective time of the merger, stockholders rights to appraisal shall cease, and all holders of shares of our Common Stock will be entitled to receive the Merger Consideration. Inasmuch as Alliance has no obligation to file such a petition and has no present intention to do so, any holder of shares who desires such a petition to be filed is advised to file it on a timely basis. In addition, a stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the Merger Consideration by delivering to Alliance a written withdrawal of such stockholder s demand for appraisal and acceptance of the terms of the merger either within sixty (60) days after the effective time of the merger or thereafter with the written approval of Alliance. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery will be dismissed as to any stockholder without the approval of the Court of Chancery, and such approval may be conditioned upon such terms as the Court of Chancery deems just; provided, however, that the limitation set forth in this sentence will not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the Merger Consideration within sixty (60) days after the effective time of the merger.

If you wish to exercise your appraisal rights with respect to any shares, you must strictly comply with the procedures set forth in Section 262. If you fail to take any required step in connection with the exercise of appraisal rights, it will result in the loss of your appraisal rights and your shares will be deemed to have been converted at the effective time of the merger into the right to receive the Merger Consideration.

The foregoing summary of the rights of Alliance s stockholders to seek appraisal rights under Section 262 does not purport to be a complete statement of the procedures to be followed by the stockholders of Alliance desiring to exercise any appraisal rights available thereunder and is qualified in its entirety by reference to Section 262. The proper exercise of appraisal rights requires strict adherence to the applicable provisions of Section 262, a copy of which is attached hereto as Annex C and incorporated herein by reference.

Litigation

On May 5, and May 15, 2017, the Company received letters from two purported stockholders demanding inspection of the Company s books, records, and other documents under Section 220 of the DGCL (together, the Demands). The Demands allege mismanagement and other wrongdoing on the part of the Board in approving the Merger, and contend that such mismanagement constitutes a breach of the Board s fiduciary duties. The Company believes that the allegations in each Demand are meritless and intends to defend vigorously against any litigation that might be filed in connection with the allegations.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents incorporated by reference in this proxy statement, include forward-looking statements that reflect our current views, including without limitation views as to the expected completion and timing of the merger. These statements can be identified by the fact that they do not relate strictly to historical or current facts. There are forward-looking statements throughout this proxy statement, including under the headings, among others, *Summary Term Sheet Relating to the Merger*, *Questions and Answers About the Annual Meeting and the Merger*, *The Annual Meeting*, *Special Factors*, and *Important Additional Information Regarding Alliance*, and in statements containing the words aim, anticipate, are confident, estimate, expect, will be, will continue, w result, project, intend, plan, believe and other words and terms of similar meaning, or the negative of these terms. should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of Alliance. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise, except as required by law. In addition to other factors and matters referred to or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement;
- the outcome of any legal proceedings that have been or may be instituted against Alliance or others relating to the Merger Agreement;
- the inability to complete the merger because of the failure to obtain the requisite stockholder approval, the failure to satisfy conditions relating to a law or order of the People s Republic of China or registration with the NDRC, or the failure to satisfy other conditions to consummation of the merger;
- the risk that the pendency of the merger disrupts current plans and operations and potential difficulties in employee retention as a result of the pendency of the merger;
- the effect of the announcement of the merger on our business relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger;
- the Merger Agreement s contractual restrictions on the conduct of our business prior to completion of the merger;

the possible adverse effect on our business and the price of Common Stock if the merger is not completed in a timely matter or at all;

and other risks detailed in our filings with the SEC, including in the section entitled Risk Factors in our most recent Annual Report on Form 10-K.

See *Where You Can Find Additional Information* beginning on page 145 for the location of those SEC filings. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained in this proxy statement, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date of this proxy statement. We cannot guarantee any future results, levels of activity, performance or achievements.

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THE PARTIES TO THE MERGER

Alliance HealthCare Services, Inc.

For information about Alliance, see *Important Additional Information Regarding Alliance Company Background* beginning on page 137 and *Where You Can Find Additional Information* beginning on page 145.

Tahoe Investment Group Co., Ltd.

Tahoe Investment Group Co., Ltd., formerly Fujian Thai Hot Investment Co. Ltd., referred to as Tahoe , is an entity organized under the laws of the People s Republic of China. Tahoe was established by Mr. Qisen Huang and invests in various fields, such as finance, healthcare and real estate. As of the date of this proxy statement, Mr. Qisen Huang being a director on our Board, owned shares in Tahoe.

THAIHOT Investment Company Limited

THAIHOT Investment Company Limited, referred to as THAIHOT , is an exempted company incorporated under the laws of the Cayman Islands, an indirect wholly owned subsidiary of Tahoe and controlling stockholder of Alliance. As of the date of this proxy statement, Mr. Qisen Huang is the sole director of THAIHOT.

On March 29, 2016, THAIHOT, an indirect wholly owned subsidiary of Tahoe, completed its purchase of 5,537,945 shares of Common Stock and thereby acquired approximately 51.5% of our then-outstanding Common Stock. In connection with the acquisition, we entered into the Governance, Voting and Standstill Agreement, dated March 29, 2016, by and between us, THAIHOT and Tahoe (the Governance Agreement) which was approved by a special committee of our Board composed of independent directors of Alliance not affiliated with any selling stockholders. Pursuant to the Governance Agreement, for so as long as THAIHOT beneficially owns at least 35% of our outstanding Common Stock, subject to approval by a majority of unaffiliated directors, Mr. Qisen Huang shall be the Chairman of the Board and Messrs. Heping Feng and Tao Zhang shall each serve on both the Compensation Committee and the Nominating and Corporate Governance Committee of the Board. In addition, for a period of three (3) years from the date of the closing of the aforementioned acquisition, for so long as THAIHOT beneficially owns at least 35% of Alliance s outstanding Common Stock, THAIHOT will have the right to nominate for election to the Board the number of directors necessary to comprise a majority of the Board. As of May 15, 2017, THAIHOT, owned 5,537,945 shares of our Common Stock, representing approximately 51.1% of our outstanding Common Stock. On December 9, 2016 and April 10, 2017, the Special Committee approved waivers of the standstill provision in the Governance Agreement. See *Agreements With Purchaser Group Members Involving Common Stock Governance, Voting and Standstill Agreement* beginning on page 144 and *Important Additional Information Regarding Alliance Transactions in Common Stock* beginning on page 143.

THAIHOT holds registration rights pursuant to a Registration Rights Agreement, dated as of November 2, 1999, which was assigned to it by the former controlling stockholder of Alliance. See *Agreements With Purchaser Group Members Involving Common Stock Registration Rights Agreement* beginning on page 144.

THAIHOT Investment (Hong Kong) Company Limited

THAIHOT Investment (Hong Kong) Company Limited, or THAIHOT HK , is an entity organized under the laws of Hong Kong. THAIHOT HK is engaging in the business of investment holding and is a wholly owned subsidiary of Tahoe and the sole shareholder of THAIHOT. As of the date of this proxy statement, Mr. Qisen Huang is the sole director of THAIHOT HK.

THAIHOT Investment Company US Limited

THAIHOT Investment Company US Limited., or Parent , is a newly formed Delaware corporation and indirect wholly owned subsidiary of Tahoe. As of the date of this proxy statement, Messrs. Qisen Huang and

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Yong Ge are the directors of Parent. Parent has not engaged in any business other than in connection with the merger and other related transactions.

Alliance Healthcare Services Merger Sub Limited

Alliance Healthcare Services Merger Sub Limited, or Sub , is a newly formed Delaware corporation. Sub is a wholly owned subsidiary of Parent. As of the date of this proxy statement, Messrs. Qisen Huang and Yong Ge are the directors of Sub. Sub has not engaged in any business other than in connection with the merger and other related transactions.

Additional Information Regarding the Purchaser Group Members

Set forth below are the names, the current principal occupations or employment, telephone number and the name, principal business, and address of any corporation or other organization in which such occupation or employment is conducted and the five-year employment history of each of the Purchaser Group Members. During the past five years, none of the persons or entities described have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws. Each person identified is a citizen of the PRC.

Entity Name	Business Address and Telephone	Background
Tahoe	Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Attention: Mr. Qisen Huang Phone: +86-591-87591719	Mr. Qisen Huang is the 95% shareholder and chairman of Tahoe.
THAIHOT	THAIHOT Investment Company Limited c/o Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City	Mr. Qisen Huang is the sole director of THAIHOT.

	Fujian Province, China 350003 Attention: Mr. Qisen Huang Phone: +86-591-87591719	
Parent	THAIHOT Investment Company US Limited c/o Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Attention: Mr. Qisen Huang Phone: +86-591-87591719	Messrs. Qisen Huang and Yong Ge are the directors of Parent.

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Entity Name	Business Address and Telephone	Background
THAIHOT HK	THAIHOT Investment (Hong Kong) Company Limited c/o Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Attention: Mr. Qisen Huang Phone: +86-591-87591719	Mr. Qisen Huang is the sole director of THAIHOT HK.
Sub	Alliance Healthcare Services Merger Sub Limited c/o Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Attention: Mr. Qisen Huang Phone: +86-591-87591719	Messrs. Qisen Huang and Yong Ge are the directors of Sub.

I. Directors and Executive Officers of Tahoe Investment Group Co., Ltd.

The name, business address, present principal employment and citizenship of each director and executive officer of Tahoe Investment Group Co., Ltd. are set forth below.

Name	Business Address	Present Principal Employment	Citizenship
Qisen Huang	Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building,	Chairman, Director	People s Republic of China

	Fuzhou City Fujian Province, China 350003 Phone: +86-591-87591719		
Yong Ge	Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Phone: +86-591-87591719	Vice President, Director	People s Republic of China
Jun Luo	Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Phone: +86-591-87591719	Vice President, Director	People s Republic of China
Qiaohui Wu	Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Phone: +86-591-87591719	Vice President, Director	People s Republic of China

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Name	Business Address	Present Principal Employment	Citizenship
Weihua Wang	Tahoe Investment Group Co., Ltd. No. 43 Hudong Road Olympic Building, Fuzhou City Fujian Province, China 350003 Phone: +86-591-87591719	Vice President, Director	People s Republic of China

All of Tahoe s directors (except Jun Luo) have been employed with Tahoe for the past five years. Mr. Jun Luo was the vice president and financial director of Beijing Capital Group Co., Ltd. before joining Tahoe in 2016.

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THE ANNUAL MEETING

Date, Time and Place

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by the Board for use at the Annual Meeting of Stockholders to be held on August 15, 2017, starting at 9:00 a.m., Pacific Time, at our corporate headquarters located at 18201 Von Karman Avenue, Suite 600, Irvine, California 92612, or at any adjournment or postponement of the meeting.

The purpose of the annual meeting is to take action on the following:

1. to consider and vote on adoption of the Merger Agreement;

2. to consider and vote on a non-binding advisory resolution to approve the merger-related compensation of our named executive officers;

3. to elect Neil F. Dimick, Heping Feng and Paul S. Viviano to serve as Class I directors;

4. to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;

5. to consider and vote on a non-binding advisory resolution to approve the compensation of our named executive officers;

6. to consider and vote on a non-binding advisory resolution relating to the frequency of an advisory vote to approve the compensation of our named executive officers;

7. to approve the adjournment of the annual meeting, if necessary;

and to act upon any other matter properly brought before the annual meeting or any adjournments or postponements of the annual meeting.

Proposals 2, 4, 5 and 6 are advisory only and are not binding on the Company, whether or not the merger is completed. They are votes separate and apart from the vote to adopt the Merger Agreement, and they are not conditions to completion of the merger. Our Board will consider the outcome of the vote on these proposals in considering what action, if any, should be taken in response to the advisory vote by stockholders. If the merger is completed, the merger-related compensation that is the subject of Proposal 2 may be paid to Alliance s named executive officers even if stockholders fail to approve this proposal.

If the merger is completed, the Company will become a wholly owned subsidiary of Parent, our current directors will cease to be directors of the Company, and the directors of Sub at the effective time of the merger will become the

directors of the Company, regardless of the outcome of the vote on Proposal 3.

Record Date and Quorum

The holders of record of Common Stock as of the close of business on June 30, 2017, the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting, are entitled to receive notice of and to vote at the annual meeting. On the record date, 10,831,300 shares of Common Stock were issued and outstanding. For each share of Common Stock that owned on the Record Date, the stockholder is entitled to cast one vote on each matter voted upon at the annual meeting.

The presence at the annual meeting, in person or by proxy, of the holders of a majority of shares of Common Stock outstanding on the record date and entitled to vote will constitute a quorum, permitting the Company to conduct its business at the annual meeting. Proxies received but marked as abstentions will be included in the calculation of the number of shares considered to be present at the annual meeting. Broker non-votes, as described below under *Required Vote Broker Non-Votes*, will be considered to be present for purposes of determining whether a quorum exists.

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Required Votes

The merger cannot be completed unless both (i) holders of the majority of the aggregate voting power of the issued and outstanding shares of Common Stock vote in favor of adoption of the Merger Agreement (which we refer to as the statutory stockholder approval requirement), and (ii) holders of a majority of outstanding shares of Common Stock not beneficially owned by any Purchaser Group Members or any Section 16 Officers, vote in favor of the adoption of the Merger Agreement (which we refer to as the majority of the minority stockholder approval requirement). If you fail to vote, or vote ABSTAIN on the merger proposal, the effect will be the same as a vote against the adoption of the Merger Agreement.

As of the record date, there were 10,831,300 shares of Common Stock outstanding, of which Tahoe beneficially owns 5,537,945 shares, representing approximately 51.1% of the outstanding shares of Common Stock on the record date. On the terms and conditions set forth in the Support Agreement, Tahoe, THAIHOT and Mr. Qisen Huang have agreed to vote (or cause to be voted) these shares for the adoption of the Merger Agreement. In addition, the executive officers and directors of Alliance have indicated that they intend to vote in favor of adoption of the Merger Agreement given the anticipated benefits of the merger described in this proxy statement.

For purposes of Proposal 3 (election of directors), the election of each director nominee must be approved by a plurality of the votes cast by stockholders represented at the meeting in person or by proxy. A plurality means that the individuals who receive the largest number of votes are elected as directors up to the maximum number of directors to be elected at the annual meeting. Proposal 2 (advisory vote to approve merger-related executive compensation), Proposal 4 (ratification of auditors), Proposal 5 (advisory vote to approve executive compensation), Proposal 6 (advisory vote on frequency of an advisory vote to approve executive compensation), and Proposal 7 (adjournment proposal) require the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the proposal. For purposes of Proposal 6, the choice that receives the highest number of votes cast will be deemed the preferred advisory vote of stockholders.

The vote required and effect of abstentions and broker-non votes for the various proposals being considered at the annual meeting is set forth in the table below.

Broker Non-Votes

In accordance with the rules of NASDAQ, banks, brokers and other nominees who hold Common Stock in street name for their customers do not have discretionary authority to vote those shares with respect to the adoption of the Merger Agreement, or any of the other proposals being considered at the annual meeting other than Proposal 4 (ratification of auditors). Accordingly, if banks, brokers or other nominees do not receive specific voting instructions from the beneficial owners of those shares, they are not permitted to vote those shares with respect to any of the proposals listed above to be presented at the annual meeting other than Proposal 4 (this is known as a broker non-vote).

As a result, if you hold your Common Stock in street name and you do not provide voting instructions, your Common Stock will be counted for purposes of determining whether a quorum is present at the annual meeting but will not be considered a vote cast FOR any of the proposals to be presented at the annual meeting and will have the same effect as a vote AGAINST the adoption of the Merger Agreement. The effect of broker non-votes on the various proposals is described in the table below.

Abstentions

Proxies received but marked as abstentions will be included in the calculation of the number of shares of Common Stock represented at the annual meeting for purposes of determining whether a quorum is present. Such proxies will have the same effect as a vote AGAINST the proposal to adopt the Merger Agreement. The effect of abstentions on the various proposals is described in the table below.

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Effect of Abstentions and Broker Non-Votes

Proposal	*Vote Required*	*Voting Options*	*Effect of Abstentions*	*Effect of Broker Non-Votes*
1. Adoption of Merger Agreement	Both statutory stockholder approval and majority of the minority stockholder approval	FOR, AGAINST or ABSTAIN	Treated as vote AGAINST	Treated as vote AGAINST
2. Advisory vote to approve merger-related compensation	Majority of shares present in person or represented by proxy and entitled to vote on the proposal	FOR, AGAINST or ABSTAIN	Treated as vote AGAINST	No effect
3. Election of directors	Plurality of votes cast	FOR or WITHHOLD for any and all nominees	No effect	No effect
4. Ratification of auditors	Majority of shares present in person or represented by proxy and entitled to vote on the proposal	FOR, AGAINST or ABSTAIN	Treated as vote AGAINST	n/a
5. Advisory vote to approve executive compensation	Majority of shares present in person or represented by proxy and entitled to vote on the proposal	FOR, AGAINST or ABSTAIN	Treated as vote AGAINST	No effect
6. Advisory vote on frequency of executive advisory votes	Majority of shares present in person or represented by proxy and entitled to vote on the proposal	1 YEAR, 2 YEARS or 3 YEARS or ABSTAIN	Treated as vote AGAINST each frequency	No effect
7. Adjournment of meeting	Majority of shares present in person or represented by proxy and entitled to vote on the proposal	FOR, AGAINST or ABSTAIN	Treated as vote AGAINST	No effect

Voting; Proxies; Revocation

Attendance

All holders of Common Stock as of the close of business on June 30, 2017, the record date for voting at the annual meeting, including stockholders of record and beneficial owners of Common Stock registered in the street name of a bank, broker or other nominee, are invited to attend the annual meeting. If you are a

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stockholder of record, please be prepared to provide proper identification, such as a driver s license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, broker or other nominee, along with proper identification.

Voting in Person

Stockholders of record will be able to vote in person at the annual meeting. If you are not a stockholder of record, but instead hold your shares in street name through a bank, broker or other nominee, you must provide a proxy executed in your favor from your bank, broker or other nominee in order to be able to vote in person at the annual meeting.

Providing Voting Instructions by Proxy

To ensure that your shares are represented at the annual meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the annual meeting in person.

Record Holders

If you are a stockholder of record, you may provide voting instructions by proxy using one of the methods described below.

Submit a Proxy by Telephone or via the Internet. This proxy statement is accompanied by a proxy and voting instruction card with instructions for submitting voting instructions. You may submit your proxy by telephone by calling the toll-free number or via the Internet by accessing the Internet address as specified on the enclosed proxy and voting instruction card by the deadlines set forth on the card. Your shares will be voted as you direct in the same manner as if you had completed, signed, dated and returned your proxy and voting instruction card, as described below.

Submit a Proxy and Voting Instruction Card. If you complete, sign, date and return the enclosed proxy and voting instruction card by mail so that it is received before the annual meeting, your shares will be voted in the manner directed by you on your proxy and voting instruction card.

If you sign, date and return your proxy and voting instruction card without indicating how you wish to vote, your proxy will be voted FOR the proposal to adopt the Merger Agreement, FOR all of the nominees in Proposal 3, for every 3 YEARS in Proposal 6 and FOR all of the other proposals at the annual meeting. If you fail to return your proxy and voting instruction card or otherwise to vote at the meeting, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the annual meeting (unless you are a record holder as of the record date and attend the annual meeting in person) and will have the same effect as a vote against the adoption of the Merger Agreement, but will not affect the vote regarding the other proposals submitted at the annual meeting.

Street Name Shares

If your shares are held by a bank, broker or other nominee on your behalf in street name, your bank, broker or other nominee will send you instructions as to how to provide voting instructions for your shares by proxy. Many banks and brokerage firms have a process for their customers to provide voting instructions by telephone or via the Internet, in addition to providing voting instructions by proxy card.

Revocation of Proxies

Your proxy is revocable. If you are a stockholder of record, you may revoke your proxy at any time before the vote is taken at the annual meeting by:

submitting a new proxy with a later date, by using the telephone or Internet proxy submission procedures described above, or by completing, signing, dating and returning a new proxy and voting instruction card by mail to Alliance;

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attending the annual meeting and voting in person; or

giving written notice of revocation to the Secretary of Alliance at 18201 Von Karman Avenue, Suite 600, Irvine, California 92612 or by giving notice of revocation in open meeting.

Attending the annual meeting without taking one of the actions described above will not revoke your proxy. Please note that if you want to revoke your proxy by mailing a new proxy and voting instruction card to Alliance or by sending a written notice of revocation to Alliance, you should ensure that you send your new proxy and voting instruction card or written notice of revocation in sufficient time for it to be received by Alliance before the day of the annual meeting.

If you hold your shares in street name through a bank, broker or other nominee, you will need to follow the instructions provided to you by it in order to revoke your proxy or submit new voting instructions.

Adjournments and Postponements

The annual meeting may be adjourned or postponed from time to time, including for the purpose of soliciting additional proxies if there are insufficient votes at the time of the annual meeting to obtain the requisite stockholder approval for adoption of the Merger Agreement, although this is not currently expected. If there is present, in person or by proxy, sufficient favorable voting power to secure the vote of the stockholders of Alliance necessary to adopt the Merger Agreement, Alliance does not anticipate that it will adjourn or postpone the annual meeting.

Solicitation of Proxies

We will bear the cost of our solicitation of proxies. This includes the charges and expenses of brokerage firms and others for forwarding solicitation material to beneficial owners of our outstanding Common Stock. We may solicit proxies by mail, personal interview, email, telephone, or via the Internet. Alliance has retained MacKenzie Partners, Inc., a proxy solicitation firm, to assist it in the solicitation of proxies for the annual meeting and will pay MacKenzie Partners, Inc. a fee of $10,000, plus reimbursement of out-of-pocket expenses. In addition, Alliance has agreed to indemnify MacKenzie Partners, Inc. against certain liabilities including liabilities arising under the federal securities laws. Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable out-of-pocket expenses incurred in sending proxy materials to beneficial owners.

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THE MERGER AGREEMENT

The following is a summary of the material provisions of the Merger Agreement, a copy of which is attached to this proxy statement as Annex A, and which we incorporate by reference into this proxy statement. The provisions of the Merger Agreement are extensive and not easily summarized. We encourage you to read carefully the Merger Agreement in its entirety, as the rights and obligations of the parties to the Merger Agreement are governed by the express terms of the Merger Agreement and not by this summary or any other information contained in this proxy statement. In addition, you should read *Agreements With Purchaser Group Members Involving Common Stock* beginning on page 144, which summarizes the Support Agreement, as certain provisions of these agreements relate to certain provisions of the Merger Agreement.

Explanatory Note Regarding the Merger Agreement

The Merger Agreement and this summary of its terms have been included to provide you with information regarding the terms of the Merger Agreement. Factual disclosures about Alliance contained in this proxy statement or in Alliance s public reports filed with the SEC may supplement, update or modify the factual disclosures about Alliance contained in the Merger Agreement and described in this summary. The representations, warranties and covenants made in the Merger Agreement by Alliance and the Purchaser Parties were qualified and subject to important limitations agreed to by Alliance and the Purchaser Parties in connection with negotiating the terms of the Merger Agreement. In particular, in your review of the representations and warranties contained in the Merger Agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the Merger Agreement may have the right not to close the merger if the representations and warranties of the other party prove to be untrue, due to a change in circumstance or otherwise, and allocating risk between the parties to the Merger Agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC, and in some cases were qualified by disclosures that were made by Alliance to the Purchaser Parties, which disclosures are not reflected in the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement, may have changed since the date of the Merger Agreement, April 10, 2017. Additional information about Alliance may be found elsewhere in this proxy statement and in Alliance s other public filings. See *Where You Can Find Additional Information* beginning on page 145.

Structure of the Merger

At the effective time of the merger, Sub will merge with and into Alliance and the separate corporate existence of Sub will cease. Alliance will be the surviving corporation in the merger and will continue to be a Delaware corporation after the merger. At the effective time of the merger, the certificate of incorporation and bylaws of Alliance will be amended and restated to read as set forth in Exhibits A and B, respectively, to the Merger Agreement.

The directors of Sub immediately prior to the effective time of the merger will be the i