ADVANCE SCT LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200404283C)

BINDING HEADS OF AGREEMENT IN RESPECT OF PROPOSED COLLABORATION WITH BT CONSULTING & MANAGEMENT PTE. LTD.

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1. INTRODUCTION

The board of directors (the "**Directors**" or the "**Board**") of Advance SCT Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that it has, on 27 June 2016, entered into a binding heads of agreement (the "**HoA**") with BT Consulting & Management Pte. Ltd. ("**BTCM**"), in relation to various possible and potential corporate actions and transactions between the Company and BTCM or its nominee(s) (the "**Investor**"), as set out in detail below (the "**Proposed Collaboration**").

2. PRINCIPAL TERMS OF THE PROPOSED COLLABORATION

Under the terms of the HoA, the Proposed Collaboration will involve the following possible and potential corporate actions and transactions ("**Agreed Actions and Transactions**"):

(a) Resolution of the outstanding debt issues (including but not limited to formulating and implementing debt restructuring plans and schemes)

The Company and the Investor (collectively, the "**Parties**") note that the Group is facing certain claims, and increasing challenges and difficulties in its current operations, including, but not limited to, difficulties in fully servicing the repayment of outstanding loans. Representatives of the Company and the Investor have been in discussions to explore, formulate and, where appropriate, implement options to resolve the Group's outstanding debt issues (such options and proposals, as further modified in connection with the HoA, collectively referred to as "**Debt Restructuring Proposals**").

(b) Undertaking a strategic review of the Group's business and prospects and, where desirable, entering into acquisitions of new assets and undertakings that are positive for the Group so as to achieve better returns for the shareholders of the Company ("**Shareholders**")

The Parties have agreed to work closely together to undertake a strategic review of the Group's business and prospects to attain longer term subsistence and growth for the Group and better returns for Shareholders, and, where desirable, implement the recommended strategic action and proposals (the "**Strategic Review and Implementation**"). Subject to the terms of the HoA and definitive documentation that the Parties shall mutually agree to enter into (the "**Definitive Agreements**"), the Parties will explore the acquisitions of new assets and undertakings that are positive and sustainable for the Group including those that are earnings and/or yield accretive.

(c) Fund raising

In order to provide sufficient funding for the Company to undertake the Strategic Review and Implementation as well as to meet the immediate working capital requirements of the Group's existing commodities-related business, the Investor has, subject to the conditions precedent set out in the HoA and the execution of the Definitive Agreements, agreed to provide up to S$8 million (or its equivalent in any other foreign currency) of funding in cash (the "**Fund Raising**") by way of new ordinary shares in the Company ("**Shares**") and/or securities (including but not limited to loan notes or bonds) that are convertible into Shares (the "**Convertible Securities**"). The Fund Raising will be in multiple tranches and is subject to certain conditions precedent and the proceeds shall be used for pre-agreed uses to be agreed between the Company and the Investor. The Parties have agreed that the Fund Raising is to be further negotiated and agreed by way of the Definitive Agreements, and subject to, amongst others, the key terms and principles (including the obtaining of the SGX-ST Trading Resumption Approval (as defined below)) set out in Appendix A.

The Fund Raising comprises:

(i) a firm commitment of up to S$3 million for subscription of new Shares or Convertible Securities as the Investor shall determine ("**Committed Subscription**"). Without prejudice to the conditions that are required to be fulfilled before the closing of the subscriptions referred to herein and the utilization of the relevant proceeds, the Investor has placed on escrow a cash amount of S$3 million. In the event that one or more of the conditions precedent are not fulfilled or waived on or before the Long-Stop Date (as defined below), the escrow agreement shall be automatically terminated and the escrowed monies (less any costs and expenses to be deducted under the terms of the escrow agreement) shall be released from the escrow arrangement and refunded to the Investor without further reference to the Company; and

(ii) an option granted to the Investor for the Investor or such other person(s) introduced by the Investor for up to the balance (after taking into account the amount actually committed pursuant to the Committed Subscription) of the aforesaid S$8 million for subscription of new Shares and/or Convertible Securities.

The Parties have agreed to collaborate and use reasonable commercial efforts to carry out and implement and complete any or all of the Agreed Actions and Transactions. In particular, the Company shall use its best endeavours to procure the requisite agreement, approvals and consents from the Shareholders, creditors of the Company and the regulators (including but not limited to, the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Securities Industry Council and the Monetary Authority of Singapore).

Under the terms of the HoA, the Company and its management team are expected to procure the following, *inter alia*:

(a) all relevant information and materials that are necessary or requested by the Investor and the professional advisers appointed to assist with the Agreed Actions and Transactions or any part thereof (the "**Professional Advisers**"); and

(b) jointly with the Investor and/or the relevant Professional Advisers, lead and be involved in the Agreed Actions and Transactions, including but not limited to, the negotiations with the various counterparties on the terms of the Agreed Actions and Transactions.

It is envisaged that the Board will be reconstituted to a five-member board, with two independent directors, one of whom will be the independent non-executive Chairman, two executive directors and a non-executive director.

The Company agrees that the Investor shall have, and hereby grants to the Investor, an exclusive right from the date of the HoA to 30 September 2016 (or such later date as may be agreed upon between the Parties) for the Investor to negotiate, finalise and enter into the relevant Definitive Agreements ("**Exclusivity Period**").

The terms set out in the HoA, though binding, are not exhaustive. Under the terms of the HoA, it has been agreed that the Parties will discuss and negotiate further terms and conditions to be included in the Definitive Agreements.

3. THE INVESTOR

BTCM is a company incorporated in Singapore, and its directors and shareholders are Mr Chew Chuan Tin and Mr Song Young Hua, each of whom hold 50% of the entire issued share capital of BTCM.

The Investor is not a restricted person under Rule 812 of the Listing Manual of the SGX-ST (the "**Listing Manual**"). The Investor is not acting in concert with any other shareholders of the Company.

There is also no connection (including business relationship) between the Company's directors or substantial shareholders and the Investor.

4. RATIONALE

The Company is entering into the HoA for the Proposed Collaboration so as to work with the Investor on a strategic review of the Group's business and prospects and, where desirable, entering into acquisitions of new assets and undertakings that are positive for the Group so as to achieve better returns for the Shareholders of the Company, as well as to inject funds into the Company pursuant to the Fund Raising. The Proposed Collaboration will be beneficial to the Company as well as Shareholders.

5. SHAREHOLDERS' APPROVAL AT EXTRAORDINARY GENERAL MEETING

The Company will be seeking the approval of Shareholders for the issuance of new Shares and/or Convertible Securities pursuant to the Fund Raising. A circular containing further details of the Fund Raising, together with a notice of the extraordinary general meeting in connection therewith, will be despatched to Shareholders in due course. Also, pursuant to Rule 803 of the Listing Manual, the Company will be obtaining shareholders' approval for any change in control of the Company arising from the issue of the new Shares and/or Convertible Securities pursuant to the Fund Raising.

6. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Fund Raising will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company and/or lodged with the SGX-ST in connection with the Fund Raising.

7. USE OF PROCEEDS

Assuming that S$3 million is committed pursuant to the Committed Subscription, the estimated net proceeds from the Committed Subscription under the Fund Raising, after deducting estimated expenses pertaining to the Committed Subscription of S$300,000 including any introduction fees, would be S$2,700,000 (the "**Net Proceeds**"). The Group intends to apply the Net Proceeds as follows and as agreed with the Investor pursuant to the terms of the HoA:

Use of Net Proceeds	Amount (S$'000)	Percentage of Net Proceeds
1) General working capital purpose, provided always that no portion of the proceeds shall be used to repay any shareholder or director loans or pay any amount due to directors and management	1,000	37%
2) Costs and expenses of appointed professional advisers involved in the Strategic Review and Implementation as well as any action or transaction relating to the Agreed Actions and Transactions	1,700	63%
Total	2,700	**100%**

The Parties agree with each other that the disbursements and utilisation of the proceeds of any further subscription of new Shares and/or Convertible Securities under the Option granted shall be separately and mutually agreed after taking into consideration the results of the Strategic Review and Implementation.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such funds are materially disbursed, and provide a status report on the use of the Net Proceeds from the Fund Raising in the Company's half and full year financial statements issued under Rule 705 of the Listing Manual and its annual reports. Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than through their respective directorships and/or shareholdings in the Company.

9. DOCUMENT AVAILABLE FOR INSPECTION

The HoA is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 65 Tech Park Crescent Singapore 637787 for a period of three (3) months from the date of this announcement.

10. LISTING AND QUOTATION OF NEW SHARES

The Company will apply to the SGX-ST for the admission to and listing and quotation of the new Shares on the Official List of the SGX-ST, subject to such conditions as the SGX-ST may impose. As mentioned above, the issuance of new Shares pursuant to the Fund Raising will be subject to the approval of Shareholders in general meeting. The Company will make the necessary announcements upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the new Shares.

11. FURTHER ANNOUNCEMENTS

The Company will make an announcement upon entering into the Definitive Agreements with the Investor and will make appropriate update announcements on the Proposed Collaboration at the relevant times.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Collaboration, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. There is no certainty or assurance as at the date of this announcement that the Fund Raising or Proposed Collaboration will be completed. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
ADVANCE SCT LIMITED

Simon Eng
Chief Executive Officer
27 June 2016

APPENDIX A

Type of Securities	(a) New Shares; and/or (b) Convertible Securities. The Convertible Securities will not be listed on the Official List of the SGX-ST.
Issue Price for Subscription of New Shares	The issue price per new Share shall be at a discount of 10% to the closing price at which Shares of the Company were last traded immediately prior to the execution of the HoA (being S$0.001 per Share). The issue price is hence S$0.0009 per new Share.
Conversion Price for Convertible Securities	Each of the Convertible Securities shall be convertible into one new Share at a fixed conversion price of 10% discount to the closing price at which Shares were last traded immediately prior to the execution of the HoA (being S$0.001 per Share). The conversion price is hence S$0.0009 per new Share.
Coupon/Interest for Convertible Securities	In the event the Convertible Securities are in the form of a loan note or convertible bond, 10% per annum (non-compounded) payable on the maturity date or, if redeemed earlier, at the time of redemption of the Convertible Securities save that no coupon or interest shall be payable in the event of a conversion of the Convertible Securities into new Shares.
Maturity Date of Convertible Securities	In the event the Convertible Securities are in the form of a loan note or convertible bond, 12 months from the date of issuance, extendable for a further period of 6 months at the option of either Party and subject to agreement on the coupon rate or interest.
Conditions Precedent	The conditions precedent for closing of the subscription of new Shares and the Convertible Securities as well as the utilization of the proceeds arising from such subscription shall include (but not limited to) the following: (a) finalisation and signing of the Definitive Agreements before the expiry of the Exclusivity Period but after the receipt of approval-in-principle from the SGX-ST for the lifting of suspension in, and resumption of, trading of the Shares ("**SGX-ST Trading Resumption Approval**"); (b) agreement reached between the Company and the Investor on the form and substance of the Debt Restructuring Proposals, including but not limited to, the terms on which the outstanding debts are to be capitalised and the timing of such capitalisation; (c) undertakings from Shareholders holding in total not less than 50% + 1 share to vote in favour of, *inter alia*: (i) the Fund Raising including *inter alia* the issuance of new Shares (whether under a direct subscription or via a conversion of the Convertible Securities) at the issue or conversion price as stated above; (ii) the Debt Restructuring Proposals as agreed between the Company and the Investor;

	(iii) the approvals required from the Shareholders under Chapter 8 of the Listing Manual; (iv) the reconstitution of the board of directors of the Company to a five-member board, with two independent directors, one of whom will be the independent non-executive Chairman, two executive directors and a non-executive director; (v) the approvals required from the Shareholders for any proposed change in the Company's business pursuant to the Strategic Review and Implementation, such undertakings having been obtained on or prior to the signing of the Definitive Agreements; (d) receipt of the SGX-ST Trading Resumption Approval and the listing and quotation of the new Shares arising from a subscription referred to herein, and where any such approval is granted subject to conditions, such conditions being acceptable to the Investor; and (e) the irrevocable acceptance by the creditors of the Debt Restructuring Proposals and where conditions are imposed by one or more creditors, such conditions being acceptable to the Investor.
Introduction Fees	In addition and without prejudice to any other fees, costs and expenses agreed to be paid by the Company, the Company agrees to pay the following fees to relevant introducers: (a) in the case of an investment into the Company that is made in cash (whether by way of direct subscription of new Shares or Convertible Securities), an introduction fee of 8% of the investment amount payable in cash; and (b) in the case of an investment into the Company that is made by way of asset injection into the Company, an introduction fee of 3.5% of the investment amount (determined by reference to the value at which the relevant asset is injected) payable in the form of Shares.
Long-Stop Date	The Parties agree to use their best endeavours to procure the completion of the subscription of the new Shares and/or the Convertible Securities under the Committed Subscription as soon as practicable with an agreed target of no later than 31 December 2016 (the "**Long-Stop Date**").