



ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

**PROPOSED ISSUE OF S\$1.5 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF
REDEEMABLE 6.00 PER CENT CONVERTIBLE BONDS DUE 2017**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Advance SCT Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 24 August 2015 entered into a bond subscription agreement (the “**Bond Subscription Agreement**”) with Mr. Yeo Chee Tong (the “**Subscriber**”) under which the Company proposes to issue up to S\$1.5 million in aggregate principal amount of redeemable 6.00 per cent. convertible bonds (the “**Bonds**”) to the Subscriber in accordance with the terms and subject to the conditions of the Bond Subscription Agreement (the “**Bond Issue**”). The Bonds will be convertible into ordinary shares in the Company (the “**Shares**”).

The Bonds as well as the New Shares (as defined below) allotted and issued upon the conversion of the Bonds will not be placed to any of the persons set forth in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

As at the date of this Announcement, the Company has an issued and paid-up share capital of approximately S\$196,454,117 consisting of 14,929,214,427 Shares. On the assumption that the Bonds are issued and fully converted into new ordinary shares in the Company (the “**New Shares**”) at the conversion price of S\$0.001, the maximum number of New Shares that may be issued by the Company to the Subscriber will be 1,500,000,000 Shares representing approximately 10.05% of the existing share capital of the Company.

Since the number of New Shares that may be issued by the Company does not exceed the limit to the number of shares that may be issued under a general mandate under Rule 806(2) of the Listing Manual, approval by the shareholders of the Company is not required. The Company will be relying on the general mandate approved by the shareholders of the Company at the annual general meeting of the Company held on 30 April 2015.

An application will be made to the SGX-ST for the listing of and quotation of the New Shares to be allotted and issued upon conversion of the Bonds. The New Shares will be listed on the Mainboard of the SGX-ST. The New Shares are freely transferable and shall rank pari passu in all respects with all other Shares then in issue, but shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of their issue, and will be admitted to listing on the SGX-ST. The Bonds will not be listed and quoted on the SGX-ST or any other exchange. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the New Shares has been obtained from the SGX-ST.

2. INFORMATION ON THE SUBSCRIBER

The Subscriber is a Singaporean investor. The Subscriber was identified and introduced to the Company by Mr. Simon Eng who is the executive director and Chairman of the Company. The Subscriber has represented that he is not related to the Company, its directors, its shareholders and/or their respective associates.

The Board is of the view that the Bond Issue is beneficial to the Group as it will allow the Group to strengthen its cash position and enable the Company to take advantage of any investment opportunities which may arise. Through the Bond Issue, the Subscriber offers the Company the opportunity to achieve this objective.

3. KEY TERMS OF THE PROPOSED BOND ISSUE

3.1 Principal terms of the Bonds

The Bonds will be in registered form in denominations of S\$500,000 and integral multiples in excess thereof each and are convertible into New Shares which when issued, will be fully paid, and will rank pari passu with the existing Shares. The issue price of the Bonds is 100% of the principal amount of such Bonds. The subscription and conversion of the Bonds will be in accordance with the terms of the Bond Subscription Agreement and subject to the terms and conditions of the Bonds ("**Terms and Conditions**") as set out in the Schedule 1 of the Bond Subscription Agreement.

3.2 Principal terms of the Bond Subscription Agreement

3.2.1. Subscription for Bonds

The Subscriber shall subscribe for the Bonds in accordance with the terms of the Bond Subscription Agreement and subject to the Terms and Conditions. The obligations of the Subscriber to subscribe and/or procure subscriptions for the Bonds is conditional upon all the conditions set out in Appendix A to this announcement (the "**Conditions Precedent**") being fulfilled (or otherwise waived by the Subscriber in accordance with the terms of the Bond Subscription Agreement) on or before the date for the completion of the issuance of the Bonds, which shall be such date as may be agreed by the Parties (the "**Closing Date**").

If any of the Conditions Precedent for the Bond Issue is not satisfied or waived by the Subscriber by the Closing Date, the Subscriber has the right to terminate the Bond Subscription Agreement.

3.2.2. Conversion Right

The right of a holder of Bonds ("**Bondholder**") to convert any Bond into Shares may be exercised, at the option of the holder thereof, at any time on and after the date of issue of such Bond up to and including the close of business on the date immediately preceding the maturity date which is two (2) years after the date of issue of such Bond.

The price at which Shares will be issued upon conversion, as adjusted from time to time (the "**Conversion Price**") will initially be S\$0.001 per Share, but will be subject to adjustment in the manner provided in Condition 6 of the Terms and Conditions.

The minimum aggregate conversion amount to be converted in any single conversion of Bonds shall be S\$500,000 unless otherwise agreed to by the Company.

3.2.3. Redemption

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at 100 per cent. of its principal amount together with unpaid accrued interest thereon on 23 August 2017 (the "**Maturity Date**").

Pursuant to the Terms and Conditions, the Bonds will be redeemed if any of the following events shall occur:

- (a) *Redemption at the Option of the Issuer:* The Company will have the option to redeem such outstanding Bonds after the first anniversary of the Closing Date, in each case, together with accrued, but unpaid, interest (calculated up to, but excluding, the date fixed for such redemption). The Company will give at least three (3) months' prior notice to the holders for such redemption to the Bondholder (which notice will be irrevocable);
- (b) *Redemption upon Event of Default:* The Bondholder may give notice to the Company that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount plus accrued interest (subject as provided below and without prejudice to the right of Bondholder to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if any of the events set out in Condition 10 of the Terms and Conditions has occurred;
- (c) *Redemption in the event of Change in Control:* The Bondholder has the option to redeem the Bonds under Condition 8D of Terms and Conditions in the event of a "Change of Control" (as defined in the Terms and Conditions) and under Condition 8D of Terms and Conditions where the Shares of the Company cease to be listed or admitted to trading on the SGX-ST or halted or suspended for a period exceeding 30 consecutive trading days; and
- (d) *Redemption for taxation reasons:* Under Condition 8C, the Company has the option to redeem the Bonds if (i) the Company has or will become obliged to pay additional taxes as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the Agreement, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it. Save as set out above, the Company has no right to redeem the Bonds prior to the Maturity Date.

3.2.4. Events of Default under the Bonds

- (a) Non-Payment: a default is made in the payment of any principal or interest due in respect of the Bonds and such default is subsisting for a period of more than 5 business days;
- (b) Breach of Other Obligations: the Company does not perform or comply with one or more of its other obligations in the Bonds (other than Condition 10A(i) and 10A(iii)) which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Company by the Bondholder;
- (c) Failure to deliver Shares: any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds and such failure continues for more than 3 trading days;
- (d) Insolvency: the Company or any of its Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Company or any of its Subsidiaries; an administrator or liquidator of the Company or any of its Subsidiaries or the whole or any material part of the assets and turnover of the Issuer or any its Subsidiaries is appointed (or application for any such appointment is made);
- (e) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Company or any of its Subsidiaries (except for a members' voluntary solvent winding up of a Subsidiary), or the Company or any of its Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) permitted under the Terms and Conditions, or (b) in the case of a Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Company or another of its Subsidiaries, or (c) on terms approved by the Bondholder;
- (f) Nationalisation: (a) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of its Subsidiaries or (b) the Company, or any of its Subsidiaries is prevented from exercising normal control over all or a material part of its property, assets and turnover;
- (g) Analogous Events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

3.2.5. Termination

The Subscriber may, by notice to the Company given at any time prior to settlement of the subscription consideration for the Bonds to the Company, terminate the Bond Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Subscriber any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Bond Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Bond Subscription Agreement;
- (b) if there shall have occurred any new law or regulation or any change or development involving a prospective change in existing laws or regulations which, in the Subscriber's view (after consultation with the Company), would or would likely have a material adverse effect on the financial position of the Group;
- (c) if the trading of the Shares on the SGX-ST was suspended for a period equal to or exceeding twenty (20) business days (on a continuous basis);
- (d) if any of the Conditions Precedent has not been satisfied or waived by the Subscriber on the Closing Date; or
- (e) if there is any material adverse effect on the financial position of the Company or the Group (as a whole).

3.2.6. Purchase

The Company or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise. Such Bonds may, at the option of the Company or the relevant Subsidiary, be held, resold or cancelled. The Bonds so acquired, while beneficially held by or on behalf of the Company or any Subsidiary, shall not entitle the holders thereof to convert the Bonds in accordance with the Terms and Conditions nor exercise any voting rights with respect to such Bonds. Such Bonds will also not be considered outstanding for certain purposes.

3.2.7. Cancellation

All Bonds which are redeemed or converted by the Company or any of its Subsidiaries, will forthwith be, and Bonds purchased by or on behalf of the Company or any of its Subsidiaries may be, cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Company and such Bonds may not be reissued or resold.

3.2.8. Anti-dilution Adjustments

The Conversion Price shall be adjusted in certain circumstances affecting the Company, including inter alia share consolidation, share splits, rights issue or otherwise.

3.2.9. Listing

Application will be made to list the New Shares on the SGX-ST in due course.

4. RATIONALE FOR THE BOND ISSUE AND INTENDED USE OF PROCEEDS

The Group intends to use the proceeds from the proposed Bond Issue to raise the required working capital for our copper business to a healthy level and for general working capital purpose.

Use of Proceeds

Based on the proceeds of S\$1.5 million raised from the Bond Issue, the Directors expect the allocation to be as follows:

Use of Proceeds	Amount (S\$)	Allocation (%)
Working Capital	1,470,000	98
Estimated expenses pertaining to the Bond Issue	30,000	2
Total	1,500,000	100

Pending the deployment of the net proceeds from the Bond Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

The Directors are of the opinion that after taking into consideration the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. Nevertheless, the Company is undertaking the Bond Issue to strengthen its financial position.

The Company will make periodic announcements on the utilisation of the proceeds of the Bond Issue, as and when the funds from the Bond Issue are disbursed or utilized.

5. FINANCIAL EFFECTS

The financial effects of the Bond Issue on the Group are set forth below and were prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("FY2014"), subject to the following assumptions:

- (a) the expenses incurred by the Company in connection with the Bond Issue are approximately S\$30,000;
- (b) for the purpose of computing the financial effects on the earnings per share of the Group after the Bond Issue and/or the conversion of the Bonds, it is assumed that the Bond Issue and/or the conversion of the Bonds (as the case may be) was completed on 1 January 2014 (being the beginning of the most recently completed financial period); and
- (c) for the purpose of computing the financial effects on the net tangible assets per share of the Group after the Bond Issue and/or the conversion of the Bonds, it is assumed that the Bond Issue and/or the conversion of the Bonds (as the case may be) was completed on 31 December 2014 (being the end of the most recently completed financial period).

It should be noted that the financial effects have been calculated for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Bond Issue.

5.1 Share Capital

	As at 31 December 2014	After Bond Issue	After Bond Issue and conversion of the Bonds
Issued and fully paid-up share capital (S\$'000)	195,155	195,155	196,655
Number of shares	13,738,295,734	13,738,295,734	15,238,295,734

5.2 Net Tangible Assets (“NTA”) / Net Tangible Liabilities (“NTL”)

	As at 31 December 2014	After Bond Issue	After Bond Issue and conversion of the Bonds
NTA (S\$'000)	9,440	9,440	10,940
NTA per share (cents)	0.069	0.069	0.072

5.3 Earnings Per Share (“EPS”) / Loss Per Share (“LPS”)

	As at 31 December 2014	After Bond Issue	After Bond Issue and conversion of the Bonds
Earnings after tax (S\$'000)	2,148	2,148	2,148
EPS (cents)	0.02	0.02	0.018
Diluted EPS (cents)	0.018	0.018	0.016

5.4 Gearing

	As at 31 December 2014	After Bond Issue	After Bond Issue and conversion of the Bonds
Total borrowings (S\$'000)	20,266	21,766	20,266
Shareholders' Funds (S\$'000)	9,440	9,440	10,940
Gearing ratio (times)	2.15	2.31	1.85

6. OTHER MATTERS

6.1 Approvals

The Bond Issue is subject to, amongst others, all requisite approvals from the SGX-ST for the listing and quotation of the New Shares, including without limitation the issuance of the relevant listing and quotation notice by the SGX-ST being obtained by the Company.

6.2 Interests of Directors and Substantial Shareholders

Save as disclosed in this Announcement, none of the Directors nor (in so far as the Directors are aware) any substantial shareholders of the Company has any interest, direct or indirect, in the Bond Issue, save through their respective shareholdings in the Company (if any). None of the Directors nor (in so far as the Directors are aware) any substantial Shareholder of the Company or their respective associates have any connection (including business relationship) with the Subscriber and/or his affiliates or associates.

7. DOCUMENT FOR INSPECTION

A copy of the Bond Subscription Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

8. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares in the Company as the proposed Bond Issue is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the Conditions Precedent will be satisfied (or waived, as the case may be) or that the Bond Issue will be completed. The Company will make the necessary announcements when there are further developments on the Bond Issue. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

9. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) 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, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

BY ORDER OF THE BOARD
ADVANCE SCT LIMITED

Benny Lim
Group President
25 August 2015

APPENDIX A
CONDITIONS PRECEDENT

The obligations of the Subscriber to subscribe and settle the consideration payable for the Bonds are subject to the following conditions precedent:

- (a) the SGX-ST having granted approval in-principle for listing of the New Shares issuable upon conversion of the Bonds;
- (b) on or prior to the Closing Date, there shall have been delivered to the Subscriber, each in a form reasonably satisfactory to the Subscriber, any additional documents required by the Subscriber, which is necessary for the completion of the issue (specifically, the settlement of the subscription consideration for the Bonds); and
- (c) on the Closing Date, the issuance and sale of the Bonds to the Subscriber shall not be prohibited by the laws and regulations of any jurisdiction to which the Subscriber or the Company is subject.

The Subscriber may at his discretion, waive compliance with the whole or any part of the above Conditions Precedent.