



**ADVANCE SCT LIMITED**  
**(Company Registration Number: 200404283C)**

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- (I) **SETTLEMENT OF BULK SALE CLAIMS AND LITIGATION CLAIMS**
- (II) **ENTRY INTO CONDITIONAL SALE AND PURCHASE AGREEMENT FOR THE PROPOSED DISPOSAL OF THE GROUP'S ENTIRE EQUITY INTEREST IN NEW TSINGYI PTE LTD**
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The Board of Directors (the "**Board**") of Advance SCT Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to its announcements dated 10 September 2013, 25 August 2013, 20 August 2013, 31 July 2013, 23 July 2013 and 15 June 2013 (collectively, the "**Previous Announcements**") in relation to:

- (a) the Framework Agreement;
- (b) the Company's engagement of legal counsel to recover various expenses incurred on the bulk sale of goods and used equipment by one of its subsidiaries under the Framework Agreement (the "**Bulk Sale Claims**");
- (c) the writ of summons taken out by the Plaintiffs against the Company and its subsidiaries in relation to the Framework Agreement (the "**Writ**"), including the transfer of the Kadut Property to the Plaintiffs (the "**Land Sale**"); and
- (d) the derivative action brought against New Tsingyi Pte. Ltd. ("**NTY**") by Tan Seng Kiah, a director of NTY and the Managing Director of SKT Recycling Pte Ltd (the "**Derivative Action**" and together with the Writ, the "**Litigation Claims**").

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the Previous Announcements.

**1. PROPOSED SETTLEMENT OF THE LITIGATION CLAIMS AND BULK SALE CLAIMS**

**1.1. MATERIAL TERMS AND CONDITIONS OF THE SETTLEMENT**

The Board of the Company wishes to announce that the Company had entered into mediation with the parties of the Litigation Claims on 24 February 2014 (the "**Mediation**"), pursuant to which the parties have agreed to settle the Litigation Claims and the Bulk Sale Claims (the "**Settlement**") on, *inter alia*, the following terms:

- (a) the entry into the SPA (as defined below) for the sale of all the shares in the capital of NTY held by the Group to SKT Recycling Pte Ltd;
- (b) the entry into a deed of release ("**Deed of Release**") between (i) the Company, Mr. Weng Hua Yu @ Simon Eng, NTY, Tsingtech Recycling Pte Ltd, CNCM Capital Pte Ltd and TYE, and (ii) Mr. Wong Wee Keong, Mr. Lim Chwee Poh, Mr. Tan Wee Beng, Mr. Tan Siong Kern, Mr. Tan Seng Kiah, the Purchaser and New Tsingyi (Projects) Pte Ltd, on terms to be mutually agreed in relation to, *inter alia*, the withdrawal and discontinuance of the Litigation Claims and the termination of the Sungei Kadut SPA;

- (c) the payment of an aggregate sum of S\$117,000 to the Group by way of a cashier's order to be delivered to an escrow agent on a non-discretionary basis within five (5) business days on the earlier of the Cashier's Order Conditions (as defined below), to be released on Completion (as defined below). In the event the cashier's order is not delivered to the escrow agent in compliance with the terms, all obligations under the SPA and the Deed of Release shall terminate and all parties' respective rights shall remain as if no settlement has been effected;
- (d) the payment of an aggregate sum of S\$730,682.01 to the Group and to a third party in relation to services incurred by the Group (collectively, the "**B Payment**") to be made by way of respective cheques in four (4) equal monthly instalments, whereby the first instalment cheques are to be delivered within two (2) business days of the signing of the SPA and the remaining instalment cheques are to be delivered by the 26<sup>th</sup> day of each subsequent month;
- (e) upon receipt of the first instalment of the B Payment:
  - (i) Mr. Weng Hua Yu @ Simon Eng, Mr. Attlee Hue, Mr. Chan Meng Koo and Mr. Benjamin Kek shall resign as directors of NTY; and
  - (ii) the Company shall cooperate with Mr. Tan Seng Kiah to arrange for the transfer of all of the books and records of NTY to such place as Mr. Tan Seng Kiah may reasonably designate; and
- (f) the SPA and the Deed of Release will be conditional upon, *inter alia*, the compliance by the parties with the terms of the Settlement.

## 1.2. RATIONALE FOR THE SETTLEMENT

The Board believes that the Settlement will allow the Group to save on the costs and expenses which will be incurred in the event the Litigation Claims and the Bulk Sale Claims were to continue, as well as the recovery of an aggregate of approximately S\$0.85 million of expenses in relation to the Bulk Sale Claims. In connection with the entry into the SPA and the Deed of Release, the Sungei Kadut SPA will also be terminated.

## 1.3. FINANCIAL IMPACT OF THE SETTLEMENT

The Settlement is expected to have a material positive impact on the earnings per share and net tangible assets per share of the Group for the current financial year ending 31 December 2014.

## 2. PROPOSED DISPOSAL OF ENTIRE EQUITY INTEREST IN NTY

The Board of the Company wishes to announce that the Company and its wholly-owned subsidiary, Tsing Yi Enterprises Pte. Ltd. ("**TYE**" and together with the Company, the "**Vendors**"), had on 24 February 2014 entered into a conditional sale and purchase agreement (the "**SPA**") for the sale of all their shares in the capital of NTY to SKT Recycling Pte Ltd (the "**Purchaser**").

### 2.1. PURCHASE PRICE

The Company and TYE are the legal and beneficial owners of 30.03% and 64% of the shareholding interest of NTY respectively, amounting to an aggregate of 1,173,908 shares in the capital of NTY (the "**Sale Shares**"). Pursuant to the SPA, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares (the "**Disposal**") for an aggregate cash consideration of S\$1,500,000 (the "**Aggregate Consideration**").

After setting off the advance of S\$750,000 that was previously paid by the Purchaser on 28 December 2012 (the "**28 December Payment**"), the remaining amount is S\$750,000 (the "**Final Payment**"). The Purchaser shall deliver the Final Payment in the form of a cashier's order to an escrow agent to be held in escrow on behalf of the parties to the SPA on a non-discretionary basis within five (5) business days of the earlier of:

- (a) the confirmation to the Purchasers' solicitors from the Vendors' solicitors of the confirmation from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") that the approval of the shareholders of the Company (the "**Shareholders**") is not required for the sale of the Sale Shares to the Purchaser; or
- (b) the confirmation to the Purchasers' solicitors from the Vendors' solicitors of the SGX-ST's in-principle approval for the circular relating the proposed Disposal to be despatched to the Shareholders,

collectively, the "**Cashier's Order Conditions**".

The Purchaser and the Vendors irrevocably instruct the escrow agent to deliver the Final Payment to the Company on completion of the proposed Disposal ("**Completion**").

The Aggregate Consideration was arrived at after arm's length negotiations on a willing-buyer willing-seller basis based on the previously agreed consideration of S\$1,500,000 for the Sungei Kadut Property pursuant to the Sungei Kadut SPA..

## 2.2. INFORMATION ON NTY

NTY is a company incorporated in Singapore and is engaged in the business of dealing in recycling of various kinds of ferrous and non-ferrous metals and electrical, electronic and insulated cable scraps.

As at 30 June 2013, the net tangible liability value of NTY is S\$4,110,956. The Aggregate Consideration represents an excess of S\$4,957,642 over the book value of the Sale Shares. The net profit attributable to the Sale Shares is S\$1,597,682, and the gain on Disposal is S\$961,009, taking into the consideration of S\$2,811,826 debts and S\$ 1,694,381 rechargeable expenses waived, and transfer of land with a net book value of S\$1,411,756 as at 30 June 2013.

## 2.3. RATIONALE AND USE OF PROCEEDS

The Group is moving up-stream and would be focusing on manufacturing of copper ball and demolition works instead of dealing in recycling locally. It will be refocusing its resources overseas in China and Europe. The proposed Disposal allows the Group to unlock much needed cash for the Group's core businesses and the use of proceeds shall be for general working capital.

## 2.4. MATERIAL TERMS AND CONDITIONS OF THE SPA

### 2.4.1. Completion of the proposed Disposal is conditional on:

- (a) if necessary, the specific approval of the Shareholders having been obtained for the proposed Disposal, at an extraordinary general meeting to be convened for the purposes of, *inter alia*, obtaining such specific approval;
- (b) satisfactory completion of all regulatory requirements, including the receipt of all necessary approvals from the relevant authorities and compliance with all applicable laws and rules of the SGX-ST; and
- (c) entry into a Deed of Release by the relevant parties thereto.

Completion shall take place three (3) business days after the conditions set out above are satisfied or waived, provided that such date is no earlier than 1 June 2014 or such other date as may be agreed in writing. Upon Completion, NTY will cease to be a part of the Group.

### 2.4.2. Simultaneously, at the time of the receipt of the Final Payment, the Company shall agree and confirm that the Company will have no further claims against NTY and the Purchaser.

2.4.3. On Completion, the Vendors shall, *inter alia*, confirm that all the liabilities of NTY (whether direct or indirect) contained in the Company's accounting books and records as at the date of the SPA have been discharged (the "**Relevant Liabilities**"), other than such portion of the Relevant Liabilities that have been incurred by the Purchaser and/or by parties on the Purchaser's behalf (the "**Vendor's Claims Representations**"). The Vendors shall indemnify the Purchaser in respect of any breach of the Vendor's Claims Representations.

2.4.4. The Vendors agree and confirm that the Vendors will:

- (a) within one (1) week from the date of the SPA, consult the SGX-ST as to whether the approval of the Shareholders is required for the proposed Disposal; and
- (b) in the event that SGX-ST notifies the Vendors that the approval of the Shareholders is required for the proposed Disposal, within two (2) weeks from the date of such notification, submit the draft application to the SGX-ST for the clearance of the circular to be despatched to the Shareholders.

2.4.5. In the event where the confirmation or approval in-principle, as the case may be, of the SGX-ST is not obtained by 1 June 2014, the SPA will be treated as null and void. In the event the SPA is deemed null and void, all sums paid by the Purchaser (including the 28 December Payment and any other sums paid pursuant to the SPA and the Deed of Release) would be refunded to the respective parties within two (2) business days and without prejudice to any of their respective rights.

### **3. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

The *pro forma* financial effects of the proposed Disposal on the Group are set out below for illustrative purposes only. They do not represent the actual financial position and/or results of the Group's operations after the completion of the proposed Disposal and are not indicative of the future financial position and earnings of the Group.

For the purpose of illustration and based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2012, the financial effects of the proposed Disposal are set out below:

	<b>Before the Disposal (cents)</b>	<b>After the Disposal (cents)</b>
Net tangible liability per share in cents (assuming the proposed Disposal was completed as at 31 December 2012)	(2.42)	(2.38)
Loss per share in cents (assuming the proposed Disposal was completed as at 1 January 2012).	(0.84)	(0.69)

#### 4. **RULE 1006**

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

<b>Bases in Rule 1006</b>		
(a)	Net liability value of the Sale Shares to be disposed (S\$'000)	(4,111)
	Net liability value of the Group as at 30 June 2013 (S\$'000)	(24,726)
	<b>Size of relative figure</b>	<b>16.63%</b>
(b)	Net profits <sup>(1)</sup> attributable to the Sale Shares disposed (S\$'000)	516
	Adjustment due to waiver of rechargeable expenses from Purchaser (only S\$524,000 is recognised in half year) (S\$'000)	(524)
	<b>Adjusted net loss of NTY(S\$'000)</b>	<b>(8)</b>
	Net loss <sup>(1)</sup> of the Group as at 30 June 2013 (SS\$'000)	(2,078)
	Adjustment due to waive of rechargeable expenses from purchaser (only S\$524,000 is recognised in half year)	(524)
	<b>Adjusted loss<sup>(1)</sup> of the Group as at 30 June 2013 (SS\$'000)</b>	<b>(2,602)</b>
	<b>Size of relative figure</b>	<b>0.3%</b>
(c)	Aggregate value of the Aggregate Consideration (S\$'000)	1,597,682
	Market capitalisation <sup>(2)</sup> of the Company (S\$'000)	38,586,582
	<b>Size of relative figure</b>	<b>4.1%</b>
(d)	Number of equity securities issued for the Acquisition	Not applicable <sup>(3)</sup>
	Number of shares of the Company in issue	-
	<b>Size of relative figure</b>	<b>-</b>

**Notes:**

- (1) "Net profits" or "Net loss" means profit or loss before income tax, minority interests and extraordinary items.
- (2) "Market capitalisation" is determined by multiplying the number of shares of the Company in issue by the weighted average price of such shares transacted on 24 February 2013 (being the market day preceding the date of the SPA)
- (3) This is not applicable to disposal of assets.

Rule 1007(1) of the Listing Rules of the SGX-ST provides that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Rules may still be applicable to the issuer at the discretion of the Exchange. The Company will be consulting the SGX-ST as to whether the approval of the Shareholders is required for the proposed Disposal.

#### 5. **DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTEREST**

Mr. Weng Hua Yu @ Simon Eng is intended to be a party to the Deed of Release which forms part of the terms of the Settlement.

Save as disclosed, none of the directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

#### 6. **DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 65 Tech Park Crescent Singapore 637787 for a period of 3 months from the date of this announcement.

**7. UPDATE**

The Company will make appropriate announcements to keep shareholders updated on the proposed Disposal including the completion of the Proposed Sale.

In the meantime, shareholders of the Company and the public are advised to continue to exercise caution before making any decision in respect of their dealings in the Company's shares. When in doubt as to the action they should take, shareholders and potential investors should consult their legal, financial, tax or other advisors.

BY ORDER OF THE BOARD  
ADVANCE SCT LIMITED

Simon Eng  
Executive Chairman  
25 February 2014