

**ADVANCED HOLDINGS LTD.**  
(Incorporated in the Republic of Singapore)  
(Registration No. 200401856N)

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**ENTRY INTO NON-BINDING TERM SHEETS IN RELATION TO THE PROPOSED DISPOSALS OF  
TWO WHOLLY-OWNED SUBSIDIARIES OF THE COMPANY**

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**1. INTRODUCTION**

1.1 Background information

The Board of Directors of Advanced Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Advanced Engineering Holdings Pte. Ltd. (the "**Seller**"), had on 14 October 2022 entered into a non-binding term sheet (the "**CAE SG Term Sheet**") with Control and Application Pte. Ltd. (the "**SG Purchaser**"), pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase the entire issued and paid-up share capital of Advanced CAE Pte. Ltd. ("**CAE SG**").

The Company has also on 14 October 2022 entered into a non-binding term sheet (the "**CAE CN Term Sheet**", together with the CAE SG Term Sheet, the "**Term Sheets**"), with Control and Application Ltd. (the "**CN Purchaser**"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the entire issued and paid-up share capital of Advanced CAE Ltd ("**CAE CN**"). The proposed disposals of CAE SG and CAE CN shall be referred to as the "**Proposed Disposals**".

The SG Purchaser and CN Purchaser, collectively referred to as the Purchasers.

1.2 Chapter 10 of the Catalist Rules

The Proposed Disposals constitute a "major transaction" under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is subject to the approval of the shareholders of the Company (the "**Shareholders**") being obtained at an extraordinary general meeting to be convened ("**EGM**"). For further details on the relative figures in respect of the Proposed Disposals computed on the bases set out in Rule 1006 of the Catalist Rules, please refer to Section 6 of this Announcement.

1.3 Chapter 704(18) of the Catalist Rules

Upon the completion of the Proposed Disposals, CAE SG and CAE CN will cease to be subsidiaries of the Group.

## 2. INFORMATION ON THE PURCHASER, CAE SG AND CAE CN

### 2.1 Purchasers

The SG Purchaser, Control and Application Pte. Ltd., is a private company limited by shares incorporated in Singapore. The SG Purchaser is involved in the business of whole trade of a variety of goods without a dominant product and investment holding. At the date of this announcement, the shareholder of the SG Purchaser is Ms Yang Xiao Fei and the directors are Ms Yang Xiao Fei and Ms Chen Yen Ling. At the date of completion of the proposed disposal of CAE SG, the SG Purchaser's shareholders will be Mr Liu Xian Kai and Ms Yang Xiao Fei and the directors of the SG Purchaser will be Mr Liu Xian Kai, Ms Yang Xiao Fei and Ms Chen Yen Ling. Ms Yang Xiao Fei is the General Manager of CAE CN.

The CN Purchaser, Control and Application Ltd., is a private company incorporated in the People's Republic of China ("PRC"). The CN Purchaser is involved in the business of providing technical service, technical development, technical consultation, technical exchange, technology transfer and technology promotion. At the date of this announcement, the CN Purchaser's shareholders are Ms Yang Xiao Fei and Mr Xie Ru Song. At the date of completion of the proposed disposal of CAE CN, the CN Purchaser's shareholders will be Mr Liu Xian Kai, Mr Xie Ru Song and Ms Yang Xiao Fei. The legal representative of the CN Purchaser is Ms Yang Xiao Fei.

As at the date of this announcement, Ms Yang Xiao Fei owns 2,690,000 shares of the Company (or 2.66% of the total number of issued ordinary shares excluding treasury shares). Saved as disclosed, the Purchasers (and its ultimate beneficial shareholders) do not have any shareholding interest, direct or indirect in the Company, nor are the Purchasers (and its ultimate beneficial shareholders) related to any of the Directors, Substantial Shareholders, or their respective associates of the Company. None of the Directors or Substantial Shareholders of the Company or their respective associates has any shareholding interests, direct or indirect, in the Purchasers, nor are any of the Directors, Controlling Shareholders and their respective associates related to the Purchasers' directors, controlling shareholders or their respective associates.

### 2.2 CAE SG and its subsidiary

CAE SG, a private company limited by shares incorporated in Singapore, is a wholly-owned subsidiary of the Company through the Seller. CAE SG designs and provides process analyser systems, metering skids and related services to the oil and gas, petrochemical, pharmaceutical and semiconductor industries.

Advanced CAE, Inc., a wholly-owned subsidiary of CAE SG, will also cease to be a subsidiary of the Company following the Proposed Disposals. Advanced CAE, Inc.'s principal activities are the design, fabrication, installation and maintenance of measurement and control instruments.

Based on the unaudited financial statements of CAE SG, the net tangible assets of CAE SG is S\$9.8 million as at 30 June 2022 and the profit before tax of CAE SG is S\$0.3 million for the financial period ended 30 June 2022 ("**1H2022**").

### 2.3 CAE CN

CAE CN, a private company incorporated based on the Foreign Investment Law of the PRC, is a wholly-owned subsidiary of the Company. CAE CN designs and provides process analyser systems, metering skids and related services to the oil and gas, petrochemical, pharmaceutical and semiconductor industries.

Based on the unaudited financial statements of CAE CN, the net tangible assets of CAE CN is S\$14.0 million as at 30 June 2022 and the loss before tax of CAE CN is S\$0.7 million for 1H2022.

## 3. **PRINCIPAL TERMS OF THE PROPOSED DISPOSAL OF CAE SG**

### 3.1 Proposed Disposal of CAE SG

Pursuant to the terms and subject to the conditions of the CAE SG Term Sheet, the Seller shall sell to the Purchaser and the Purchaser shall purchase such number of ordinary shares in CAE SG which constitutes the whole of the issued and paid-up share capital of CAE SG (the “**CAE SG Disposal Shares**”).

### 3.2 Consideration

The consideration for the proposed disposal of CAE SG is S\$3.2 million in cash (the “**CAE SG Consideration**”). The CAE SG Consideration was arrived at by agreement between the Company and the Purchaser at arm’s length, on a “willing-buyer, willing-seller” basis after taking into account the net asset value of the CAE SG Disposal Shares, the distribution of dividends of S\$6.0 million, the preliminary independent business valuation on CAE SG as well as the financial position and business prospects of CAE SG as at 30 June 2022.

### 3.3 Conditions Precedent

The completion of the proposed disposal of CAE SG is subject to the customary conditions, including, *inter alia*, the following:

- (a) the completion of legal, financial, tax and business due diligence by the Purchaser on CAE SG, the results of which are satisfactory to the Purchaser;
- (b) the disposal of CAE SG’s factory premises located at 30 Woodlands Loop, Singapore 738319;
- (c) CAE SG’s repayment of all its bank loans;
- (d) CAE SG’s settlement of all its outstanding inter-company non-trade balances;
- (e) CAE SG’s declaration and distribution of dividends of S\$6.0 million to the Seller;
- (f) the Company’s procurement of approvals from its shareholders and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to the Proposed Disposals; and

- (g) the signing of the Sales Purchase Agreement between the Company and CN Purchaser on the proposed disposal of CAE CN.

#### 3.4 Loss from the Proposed Disposal of CAE SG

Based on the unaudited consolidated financial statements of the Company for 1H2022, the total estimated CAE SG Consideration of S\$3.2 million (after the dividends distribution of S\$6.0 million represents a loss of S\$0.6 million over the net book value of the CAE SG Disposal Shares of S\$9.8 million. The net proceeds from the Proposed Disposal will be divested into the Group's other businesses, including agri-technology and clean energy.

An independent valuer has been commissioned and the valuation report prepared by such independent valuer will be included in the Circular (as defined below).

#### 3.5 Exclusivity Period

The parties have agreed upon an exclusivity period from the date of the execution of the CAE SG Term Sheet to 31 December 2022 (the "**SG Exclusivity Period**"). The parties shall endeavour to enter into definitive agreements by 31 December 2022 or any extension thereof as amended or extended by mutual written agreement of the parties. In the event that the SG Exclusivity Period is not extended for any reason whatsoever, the SG Term Sheet shall lapse and shall not be valid with effect from 1 January 2023.

### 4. **PRINCIPAL TERMS OF THE PROPOSED DISPOSAL OF CAE CN**

#### 4.1 Proposed Disposal of CAE CN

Pursuant to the terms and subject to the conditions of the CAE CN Term Sheet, the Company shall sell to the Purchaser and the Purchaser shall purchase such number of ordinary shares in CAE CN which constitutes the whole of the issued and paid-up share capital of CAE CN (the "**CAE CN Disposal Shares**").

#### 4.2 Consideration

The consideration for the proposed disposal of CAE CN is S\$10.6 million in cash (the "**CAE CN Consideration**"), assuming that the definitive sale and purchase agreement ("**CN SPA**") for the sale and purchase of the CAE CN Disposal Shares is entered into between the Company and the CN Purchaser by 31 December 2022. The CN Purchaser will bear all applicable taxes and stamp duties levied by relevant competent authorities of the PRC in connection with the proposed disposal of CAE CN. The CAE CN Consideration was arrived at by agreement between the Company and the Purchaser at arm's length, on a "willing-buyer, willing-seller" basis after taking into account the net asset value of the CAE CN Disposal Shares, the preliminary independent business valuation on CAE CN as well as the financial position and business prospects of CAE CN as at 30 June 2022.

#### 4.3 Conditions Precedent

The completion of the proposed disposal of CAE CN is subject to the customary conditions, including, *inter alia*, the following:

- (a) the completion of legal, financial, tax and business due diligence by the Purchaser on CAE CN, the results of which are satisfactory to the Purchaser;
- (b) CAE CN's settlement of all its outstanding inter-company non-trade balances;
- (c) the maintenance of and no material adverse change in CAE CN's business, operations or financial conditions, and in a manner consistent with its ordinary course and past practices after 30 June 2022;
- (d) the Company's procurement of approvals from its shareholders and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Proposed Disposals;
- (e) save for item (b) above, all assets and liabilities of CAE CN are retained in CAE CN and transferred to the Buyer upon the date on which the CN SPA is signed;
- (f) CAE CN shall, with respect to the Proposed Disposal of CAE CN, complete the change registration process in the relevant enterprise registration authority of the PRC, and in the Bank authorised by the Shanghai Branch of the State Administration of Foreign Exchange;
- (g) the Purchaser obtaining all necessary clearances and approvals from the relevant competent authorities of the PRC for the purposes of enabling the payment of the CAE CN Consideration by the Purchaser; and
- (h) the completion of the proposed disposal of CAE SG.

#### 4.4 Loss from the Proposed Disposal

Based on the unaudited consolidated financial statements of the Company for 1H2022, the total estimated CAE CN Consideration of S\$10.6 million represents a loss of S\$3.4 million over the net book value of the CAE CN Disposal Shares of S\$14.0 million. The net proceeds from the Proposed Disposal will be divested into the Group's other businesses agri-technology and clean energy.

An independent valuer has been commissioned and the valuation report prepared by such independent valuer will be included in the Circular (as defined below).

#### 4.5 Exclusivity Period

The parties have agreed upon an exclusivity period from the date of the execution of the CAE CN Term Sheet to 31 December 2022 (the "**CN Exclusivity Period**"). The parties shall endeavour to enter into definitive agreements (including but not limited to the CN SPA) by 31 December 2022 or any extension thereof as amended or extended by mutual written agreement of the parties. In the event that the CN Exclusivity Period is not extended for any reason whatsoever, the CN Term Sheet shall lapse and shall not be valid with effect from 1 January 2023.

## 5. RATIONALE FOR THE PROPOSED DISPOSALS

The Proposed Disposals allow the Company to divest its underperforming businesses and limit its risks to the prolonged uncertainty of external economic factors. Upon the completion of the Proposed Disposals, the Company will improve its cash reserves and will be able to redirect its managerial efforts into existing operations, expand into other businesses and undertake new investment opportunities that may arise in future.

In line with the above and having regard to the terms and timing of the Proposed Disposals, the Board is of the view that the Proposed Disposals are in the best interests of the Company, and that the Company would benefit from the Proposed Disposals as it is an opportune and appropriate time for the Company to dispose of its existing business for a satisfactory consideration and have a healthier cash reserves.

## 6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

6.1 The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposals and based on the unaudited financial statements of the Group for 1H2022 are as follows:

Rule 1006	Base	Relative figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	40.4% <sup>(1)</sup>
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net profit. <sup>(2)</sup>	-234% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	203% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate	Not applicable <sup>(5)</sup>

	<p>of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.</p>	
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**Notes:**

- (1) Based on the aggregated net asset value of S\$17,743,591 (which comprised of the unaudited net asset value of CAE SG of S\$3,749,690 (after adjustment for the S\$6.0 million dividends distribution), Advanced CAE, Inc. of S\$13,625 and CAE CN of S\$13,980,276) and the unaudited net asset value of the Group of S\$43,887,000 as at 30 June 2022.
- (2) Based on the aggregated unaudited loss of S\$410,088 (which comprised of the unaudited profits before tax of CAE SG of S\$342,044 and Advanced CAE, Inc. of S\$3,432, unaudited loss before tax of CAE CN of S\$755,564) and unaudited profits before tax of the Group of approximately S\$175,000 for 1H2022.
- (3) Based on (i) the aggregated Consideration of S\$13,800,000 which comprised of the CAE SG Consideration of S\$3,200,000 and the CAE CN Consideration of S\$10,600,000; and (ii) the Company's market capitalisation of approximately S\$6,784,981. The market capitalisation of the Company was computed based on the issued Shares of 101,268,367 Shares (excluding treasury shares) and the volume weighted average price of S\$0.067 per Share on 11 October 2022 (being the last day on which the Shares were traded prior to the entry of the Term Sheets).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

6.2 Pursuant to Practice Note 10A of the Catalist Rules, in view of paragraphs 4.4(c) and 4.4(e) read with paragraph 4.6, the absolute figures computed on the basis of each of Rules 1006 (b) and (c) exceeds 50%, the Proposed Disposals therefore constitutes a "major transaction" under Chapter 10 of the Catalist Rules. Accordingly, Catalist Rule 1014 apply to the Proposed Disposals and the Proposed Disposals are subject to the approval of Shareholders at the EGM.

**7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSALS**

**7.1 Bases and Assumptions**

For the purposes of illustration only, the pro forma financial effects of the Proposed Disposals taken as a whole are set out below. The pro forma financial effects have been prepared based on (i) the audited consolidated financial statements of the Group for FY2021, and (ii) the audited consolidated financial statements of CAE SG and CAE CN for FY2021, and assuming the completion of the Proposed Disposals of both CAE SG and CAE CN, as set out below. The pro forma financial effects are only presented for illustration purposes and are not intended to reflect the actual future financial position and performance of the Company or the Group after the Proposed Disposals.

## 7.2 Net Tangible Assets (“NTA”)

Assuming that the Proposed Disposals were completed on 31 December 2021, the *pro forma* financial effects of the Proposed Disposals on the consolidated NTA of the Group are as follows:

	<b>As at 31 December 2021</b>	
	<b>Before the Proposed Disposals</b>	<b>After the Proposed Disposals</b>
<b>NTA of the Group (S\$’000)</b>	43,988	39,351
<b>Number of issued ordinary shares in the capital of the Group</b>	101,268,367	101,268,367
<b>NTA per share (cents)</b>	43.44	38.86

## 7.3 Earnings Per Share (“EPS”)

Assuming that the Proposed Disposals had been completed on 1 January 2021, the *pro forma* financial effects of the Proposed Disposals on the consolidated EPS of the Group are as follows:

	<b>FY2021</b>	
	<b>Before the Proposed Disposals</b>	<b>After the Proposed Disposals</b>
<b>Loss attributable to owners of the Company (S\$’000)</b>	2,339	6,355
<b>Weighted average number of Shares</b>	101,268,367	101,268,367
<b>Loss per share (cents)</b>	2.31	6.27

## 8. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Disposals, other than through their respective shareholdings in the Company.



**9. DIRECTORS' SERVICE CONTRACTS**

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

**10. EGM AND CIRCULAR TO SHAREHOLDERS**

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposals and a circular (the "**Circular**") containing, inter alia, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the CAE SG Term Sheet and the CAE CN Term Sheet will be available for inspection during normal business hours at the Company's registered office at 30 Woodlands Loop, Singapore 738319 for a period of three (3) months from the date of this Announcement.

**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 Disposals 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. FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the Proposed Disposals as appropriate or when there are further developments on the same.

#### 14. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Disposals will proceed to completion, as the CAE SG Term Sheet and CAE CN Term Sheet are not legally binding on the parties relating to the respective transaction. Shareholders are advised to read this Announcement and any further announcements and the Circular by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

#### BY ORDER OF THE BOARD

Dr Wong Kar King  
Managing Director

14 October 2022

*This announcement has been prepared by Advanced Holdings Ltd. (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness or any of the information, statements or opinions made, or reports contained in this announcement.*

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