ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

UPDATE ON THE DEBT CAPITALISATION EXERCISE AND THE RCB ISSUANCE

The board of directors ("**Board**") of Advance SCT Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to its previous announcement dated 21 December 2017 (the "**Previous Announcement**"). Unless otherwise defined, all capitalised terms herein shall have the same meaning as ascribed to them in the Previous Announcement.

A. UPDATE ON THE DEBT CAPITALISATION EXERCISE AND THE FORT CANNING DEBT CAPITALISATION

The Board would like to update shareholders on the new developments regarding the Debt Capitalisation Exercise and the Fort Canning Debt Capitalisation. As previously announced, the Company was proposing to undertake, *inter alia*, the Fort Canning Debt Capitalisation, pursuant to which the Company would be capitalising S$4,475,455.00 which it owes to Fort Canning (comprising S$2,975,455 which was assigned by Mr. Zhang to Fort Canning and S$1,500,000 short term loan ("**Term Loan**") by Fort Canning to the Company) into 8,950,910,000 Capitalisation Shares, to be issued and allotted to Fort Canning. Please refer to the Previous Announcement for more details.

Further to the Previous Announcement, the Company has been informed that Mr. Zhang had renegotiated with Fort Canning and both parties have agreed to terminate the assignment agreement in relation to the assignment of S$2,975,455. Instead, Mr. Zhang has entered into separate agreements (to which the Company was not a party) with Mr. Jin Ran, Ms. Niu Mi Na and Summit Systems (HK) Limited, to assign the benefits of S$4,500,000 of the ZBA Debt to them in equal proportions. Following the assignment, Mr. Zhang retains S$4,195,455 of the remaining ZBA Debt.

In addition, the Company has re-negotiated with Fort Canning in relation to the repayment date of the Term Loan. As announced on 16 August 2017, the Term Loan was originally due for repayment on 15 August 2018. However, the Company has re-negotiated with Fort Canning to extend the repayment date to 15 August 2019, with no additional interest being charged for this extended period.

With the new developments, the Company would like to update Shareholders that it would no longer be undertaking the Fort Canning Debt Capitalisation and instead the proposed Debt Captialisation Exercise would be amended as follows:

Debt Capitalisation Exercise	Debt Owing to be capitalised (S$)	Number of Capitalisation Shares to be issued
Saffron Elite Limited	1,240,525.55	2,481,051,100
Platon Resources Pte. Ltd.	1,088,000.00	2,176,000,000
Toppan Vintage Pte. Ltd.	47,110.28	94,220,560
KordaMentha Pte. Ltd.	24,075.00	48,150,000
Robert Wang & Woo LLP	12,606.00	25,212,000
Past Directors	79,400.00	158,800,000
Mr. Zhang	4,195,455.00	8,390,910,000
Mr. Jin Ran	1,500,000.00	3,000,000,000
Ms. Niu Mi Na	1,500,000.00	3,000,000,000
Summit Systems (HK) Limited	1,500,000.00	3,000,000,000
TOTAL	**11,187,171.83**	**22,374,343,660**

1. Information on the new Subscribers

Mr. Jin Ran

Mr. Jin Ran is an independent Chinese national and is presently not a Shareholder of the Company. As at the date of this announcement, the Company owes Mr. Jin Ran S$1,500,000, which arose from the assignment of the ZBA Debt by Mr. Zhang to Mr. Jin Ran. Other than being a present creditor of the Company, Mr. Jin Ran has no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

Ms. Niu Mi Na

Ms. Niu Mi Na is an independent Chinese national and is presently not a Shareholder of the Company. As at the date of this announcement, the Company owes Ms. Niu Mi Na S$1,500,000, which arose from the assignment of the ZBA Debt by Mr. Zhang to Ms. Niu Mi Na. Other than being a present creditor of the Company, Ms. Niu Mi Na has no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

Summit Systems (HK) Limited

Summit Systems was incorporated in Hong Kong in 1994 as a private company limited by shares. Its sole director and sole shareholder is Mr. Wong Chun Chong, a Chinese national, residing in Hong Kong. As at the date of this announcement, the Company owes Summit Systems S$1,500,000, which arose from the assignment of the ZBA Debt by Mr. Zhang to Summit Systems. Other than being a present creditor of the Company, Summit Systems, its director and substantial shareholder have no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

2. Effect of the Debt Capitalisation Exercise on the Share Capital, Public Float and the Shareholding Structure of the Company.

Share Capital

	Before completion of the Debt Capitalisation Exercise	After completion of the Debt Capitalisation Exercise (1)
Issued and paid-up share capital (S$)	196,454,117.27	207,641,289.10
Number of Shares	14,942,564,101	37,316,907,761

Note:

(1) Assuming that the 22,374,343,660 Capitalisation Shares are issued and allotted to the Subscribers in full.

Public Float

	Prior to the Debt Capitalisation Exercise	Post Debt Capitalisation Exercise and the Allotment and Issuance of the Capitalisation Shares
Public Float:	82.44%	30.57%

Shareholding structure before and after the Debt Capitalisation Exercise

Name of Shareholders	Before the Debt Capitalisation Exercise						After the Debt Capitalisation Exercise					
	Shares			Percentage interest in the Company (%)#			Shares			Percentage interest in the Company (%)^		
	Direct	Deemed	Total	Direct	Deemed	Total	Direct	Deemed	Total	Direct	Deemed	Total
Mr. Simon Eng	-	2,795,598,403 [1]	2,795,598,403	-	18.71	18.71	-	2,795,598,403	2,795,598,403	-	7.49	7.49
Ms. Hau Chan Yen	-	2,623,139,625 [2]	2,623,139,625	-	17.55	17.55	-	2,623,139,625	2,623,139,625	-	7.03	7.03
Saffron Elite Limited	-	-	-	-	-	-	2,481,051,100	-	2,481,051,100	6.65	-	6.65
Platon Resources Pte. Ltd.	-	-	-	-	-	-	2,176,000,000	-	2,176,000,000	5.83	-	5.83
Toppan Vintage Pte. Ltd.	-	-	-	-	-	-	94,220,560	-	94,220,560	0.25	-	0.25
KordaMentha Pte. Ltd.	-	-	-	-	-	-	48,150,000	-	48,150,000	0.13	-	0.13

Robert Wang & Woo LLP	-	-	-	-	-	-	25,212,000	-	25,212,000	0.07	-	0.07
Mr. Hue Kuan Yew Attlee	-	-	-	-	-	-	25,832,000	-	25,832,000	0.07	-	0.07
Mr. Chay Yiowmin	10,128,561	-	10,128,561	0.07	-	0.07	36,794,561	-	36,794,561	0.10	-	0.10
Mr. Choo Chee Kong Peter	150,941,008	-	150,941,008	1.01	-	1.01	160,941,008	-	160,941,008	0.40	-	0.40
Mr. Leong Kei Wei Mark	-	-	-	-	-	-	20,250,000	-	20,250,000	0.06	-	0.06
Mr. Ng Siew Hoong Linus	-	-	-	-	-	-	50,000,000	-	50,000,000	0.14	-	0.14
Mr. Loo Cheng Guan	-	-	-	-	-	-	17,334,000	-	17,334,000	0.05	-	0.05
Mr. Song Tang Yih	408,543,086	-	408,543,086	2.73	-	2.73	417,261,086	-	417,261,086	1.12	-	1.12
Mr. Zhang Baoan	-	-	-	-	-	-	8,390,910,000	-	8,390,910,000	22.49	-	22.49
Mr. Jin Ran	-	-	-	-	-	-	3,000,000,000	-	3,000,000,000	8.04	-	8.04

Ms. Niu Mi Na	-	-	-	-	-	-	3,000,000,000	-	3,000,000,000	8.04	-	8.04
Summit Systems (HK) Limited	-	-	-	-	-	-	3,000,000,000	-	3,000,000,000	8.04	-	8.04
Mr. Tan Tian Hong Jeffrey	26,572,214	705,585,006 [3]	732,157,220	0.18	4.72	4.90	26,572,214	2,881,585,006 [4]	2,908,157,220	0.07	7.72	7.79
Mr. Lim Liang Meng	335,000,780	-	-	2.24	-	2.24	335,000,780	2,481,051,100 [5]	2,816,051,880	0.90	6.65	7.55

Notes:

\# Based on the Existing Share Capital of the Company.

* Based on the Enlarged Share Capital Post Debt Capitalisation.

1 As at the Latest Practicable Date, pursuant to Section 4 of the Securities and Futures Act, Mr. Simon Eng is deemed interested in 1,348,495,104 Shares held through his 50% interest in Fort Canning, 1,274,644,521 Shares held through his 50% interest in Belle Forte Ltd and 172,458,778 Shares through his 21.3% interest in Metech International Limited.

2 As at the Latest Practicable Date, pursuant to Section 4 of the Securities and Futures Act, Ms. Hau Chan Yen, spouse of Mr. Simon Eng, is deemed interested in 1,348,495,104 Shares held through her 50% interest in Fort Canning and 1,274,644,521 Shares held through her 50% interest in Belle Forte Ltd.

3 As at the Latest Practicable Date and pursuant to Section 4 of the Securities and Futures Act, Mr. Tan Tian Hong Jeffrey is deemed interested in the 135,335,466 Shares held though his 100% interest in Silveron Resources Ltd, and 570,249,540 Shares held though his 49% interest in Sunrise Investors.

4 Following the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares and assuming that Mr. Tan Tian Hong Jeffrey continues to hold holds 26,572,214 Shares pursuant to Section 4 of the Securities and Futures Act, he is also deemed interested in the 135,335,466 Shares held though his 100% interest in Silveron Resources Ltd, 570,249,540 Shares held though his 49% interest in Sunrise Investors and 2,176,000,000 Shares held through his 100% interest in Platon Resources.

5 Following the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares and pursuant to Section 4 of the Securities and Futures Act, Mr. Lim Liang Meng is also deemed interested in the 2,481,051,100 Shares held though his 100% interest in Saffron Elite.

3. Transfer of Controlling Interest

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval by Shareholders in a general meeting. Under the Listing Manual, a Controlling Shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares) in the Company, or (b) in fact exercises control over the Company.

As at the date of this announcement, Mr. Zhang presently holds no Shares.

On the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares, Mr. Zhang will hold 8,390,910,000 Shares representing an approximate interest of 22.49% of the enlarged Share Capital post Debt Capitalisation Exercise.

The Debt Capitalisation Exercise will therefore result in Mr. Zhang holding more than 15% of the Company's enlarged Share Capital post debt capitalisation exercise, thereby causing a transfer in controlling interest. Accordingly, the Company is seeking the approval of Shareholders for the Transfer of Controlling Interest in accordance with Rule 803 of the Listing Manual.

However, notwithstanding the Transfer of Controlling Interest, Mr. Zhang is not seeking control of the Company.

4. Financial Effects of the Debt Capitalisation Exercise

Assuming the Capitalisation Shares are issued and allotted in full, the aggregate Capitalisation Price payable by each of the Subscriber to the Company will be fully set-off and settled against the Debt Owing. For the avoidance of doubt, there would be no cash proceeds raised from the allotment and issuance of the Debt Capitalisation Shares.

FOR ILLUSTRATIVE PURPOSES ONLY, the *pro forma* financial effects of the Debt Capitalisation Exercise on the Group are set forth below and were prepared based on the audited consolidated financial statements of the Group for FY2016, being the most recently completed financial year of the Group, subject to the following assumptions:

(a) 22,374,343,660 Capitalisation Shares are fully issued and allotted by the Company to the Subscribers;

(b) the expenses incurred by the Company in connection with the Debt Capitalisation Exercise are disregarded for the purposes of calculating the financial effects;

(c) for the purpose of computing the NTA per Share, it is assumed that the Debt Capitalisation Exercise was completed on 31 December 2016; and

(d) for the purpose of computing the EPS of the Group, it is assumed that the Debt Capitalisation Exercise was completed on 1 January 2016.

The *pro forma* financial effects are presented for illustration purposes only, and are not intended to reflect the actual or future financial situation of the Company or the Group.

NTA value per Share

	Before completion of the Debt Capitalisation Exercise	**After completion of the Debt Capitalisation Exercise (1)**
NTA of the Group attributable to Shareholders (S$'000)	(14,281)	(1,456)
Number of Shares	14,942,564,101	37,316,907,761

NTA per Share[(2)] (cents)	(0.0956)	(0.0039)
Gearing Ratio [(3)] (times)	(0.30)	(1.38)

Notes:

(1) Assuming that the Capitalisation Shares had been issued and allotted by the Company to the Subscribers in full as at 31 December 2016, being the end of FY2016, pursuant to the Debt Capitalisation Exercise.

(2) NTA per Share is computed based on the NTA of the Group attributable to Shareholders divided by the number of Shares.

(3) Gearing ratio is computed based on total borrowings divided by total equity.

EPS

	Before completion of the Debt Capitalisation Exercise	**After completion of the Debt Capitalisation Exercise [(1)]**
Net earnings of the Group attributable to Shareholders (S$'000)	(6,884)	(6,884)
Weighted average number of Shares	14,942,564,101	37,316,907,761
EPS[(2)] (cents)	(0.0461)	(0.0184)

Notes:

(1) Assuming that the Capitalisation Shares had been issued and allotted by the Company to the Subscribers in full as at 1 January 2016, being the beginning of FY2016, pursuant to the Debt Capitalisation Exercise.

(2) EPS is computed based on the net earnings of the Group attributable to Shareholders divided by the weighted average number of Shares.

B. UPDATE ON THE RCB ISSUANCE

Further to the Previous Announcement, the Company wishes to update shareholders that it has received an undertaking from Baycrest that it will convert all the RCB into Conversion Shares upon the allotment and issuance of the RCB. As such the RCB Issuance will be amended as follows:

1. Financial Effects of the RCB Issuance

The financial effects of the Proposed RCB Issuance on the NTA value per Share and the EPS of the Group have been prepared based on the financial results for the Group's FY2016. The pro forma financial effects of the RCB Issuance are for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the RCB Issuance.

For the purposes of illustrating the financial effects of the RCB Issuance, the financial effects have been prepared based on, among others, the following assumptions:

(a) the completion of the Debt Capitalisation Exercise and the full allotment and issuance of the Capitalisation Shares by 31 December 2016;

(b) the financial effects of the RCB Issuance on the NTA value per Share of the Group are computed assuming that the RCB Issuance and the full conversion of the RCB and the

allotment and issuance of the Maximum Conversion Shares had taken place on 31 December 2016;

(c) the financial effects of the RCB Issuance on the EPS of the Group are computed assuming that the RCB Issuance and the full conversion of the RCB and the allotment and issuance of the Maximum Conversion Shares had been completed on 1 January 2016; and

(d) the expenses in connection with the RCB Issuance are disregarded for the purposes of calculating the financial effects.

NTA value per Share

	Before the RCB Issuance	After the RCB Issuance
Consolidated NTA attributable to Shareholders (S$'000)	(1,456)	544
Number of Shares (excluding treasury Shares)	37,316,907,761	41,316,907,761
NTA value per Share (cents)	(0.0039)	0.0013
Gearing Ratio (times)	(1.38)	3.70

EPS

	Before the RCB Issuance	After the RCB Issuance
Consolidated net profits attributable to Shareholders (S$'000)	(6,884)	(6,884)
Number of Shares (excluding treasury Shares)	37,316,907,761	41,316,907,761
EPS (cents)	(0.0184)	(0.0167)

2. Effect of the RCB Issuance on the Share Capital, Public Float and the Shareholding Structure of the Company

Share capital

The Company will have 37,316,907,761 Shares in issue prior to the RCB Issuance (assuming the completion of the Debt Capitalisation Exercise and the full allotment and issuance of the Capitalisation Shares).

Following the completion of the RCB Issuance and assuming the full conversion of the RCB into Conversion Shares and the allotment and issuance of the Maximum Conversion Shares, the total issued and paid-up share capital of the Company will increase to 41,316,907,761 Shares

Public Float

	PRIOR TO THE RCB ISSUANCE (ASSUMING THE COMPLETION OF THE DEBT CAPITALISATION EXERCISE	POST RCB ISSUANCE AND FULL CONVERSION OF THE RCB INTO CONVERSION SHARES
Public Float:	30.57%	27.61%

Shareholding structure before the RCB Issuance and after the RCB Issuance (assuming the full conversion and issuance of the Conversion Shares)

Name of Shareholders	Before the RCB Issuance*						After the RCB Issuance**					
	Shares			Percentage interest in the Company (%)#			Shares			Percentage interest in the Company (%)##		
	Direct	Deemed	Total	Direct	Deemed	Total	Direct	Deemed	Total	Direct	Deemed	Total
Mr. Simon Eng	-	2,795,598,403 [1]	2,795,598,403	-	7.49	7.49	-	2,795,598,403	2,795,598,403	-	6.77	6.77
Ms. Hau Chan Yen	-	2,623,139,625 [2]	2,623,139,625	-	7.03	7.03	-	2,623,139,625	2,623,139,625	-	6.35	6.35
Saffron Elite Limited	2,481,051,100	-	2,481,051,100	6.65	-	6.65	2,481,051,100	-	2,481,051,100	6.00	-	6.00
Platon Resources Pte. Ltd.	2,176,000,000	-	2,176,000,000	5.83	-	5.83	2,176,000,000	-	2,176,000,000	5.27	-	5.27
Toppan Vintage Pte. Ltd.	94,220,560	-	94,220,560	0.25	-	0.25	94,220,560	-	94,220,560	0.23	-	0.23
Kordamentha Pte. Ltd.	48,150,000	-	48,150,000	0.13	-	0.13	48,150,000	-	48,150,000	0.12	-	0.12

Robert Wang & Woo LLP	25,212,000	-	25,212,000	0.07	-	0.07	25,212,000	-	25,212,000	0.06	-	0.06
Mr. Hue Kuan Yew Attlee	25,832,000	-	25,832,000	0.07	-	0.07	25,832,000	-	25,832,000	0.06	-	0.06
Mr. Chay Yiowmin	36,794,561	-	36,794,561	0.10	-	0.10	36,794,561	-	36,794,561	0.09	-	0.09
Mr. Choo Chee Kong Peter	160,941,008	-	160,941,008	0.40	-	0.40	160,941,008	-	160,941,008	0.39	-	0.39
Mr. Leong Kei Wei Mark	20,250,000	-	20,250,000	0.06	-	0.06	20,250,000	-	20,250,000	0.05	-	0.05
Mr. Ng Siew Hoong Linus	50,000,000	-	50,000,000	0.14	-	0.14	50,000,000	-	50,000,000	0.12	-	0.12
Mr. Loo Cheng Guan	17,334,000	-	17,334,000	0.05	-	0.05	17,334,000	-	17,334,000	0.04	-	0.04
Mr. Song Tang Yih	417,261,086	-	417,261,086	1.12	-	1.12	417,261,086	-	417,261,086	1.01	-	1.01
Mr. Zhang Baoan	8,390,910,000	-	8,390,910,000	22.49	-	22.49	8,390,910,000	-	8,390,910,000	20.31	-	20.31
Mr. Jin Ran	3,000,000,000	-	3,000,000,000	8.04	-	8.04	3,000,000,000	-	3,000,000,000	7.26	-	7.26

Ms. Niu Mi Na	3,000,000,000	-	3,000,000,000	8.04	-	8.04	3,000,000,000	-	3,000,000,000	7.26	-	7.26
Summit Systems (HK) Limited	3,000,000,000	-	3,000,000,000	8.04	-	8.04	3,000,000,000	-	3,000,000,000	7.26	-	7.26
Mr. Tan Tian Hong Jeffrey	26,572,214	2,881,585,006 [3]	2,908,157,220	0.07	7.72	7.79	26,572,214	2,881,585,006	2,908,157,220	0.07	6.97	7.04
Mr. Lim Liang Meng	335,000,780	2,481,051,100 [4]	2,816,051,880	0.90	6.65	7.55	335,000,780	2,481,051,100	2,816,051,880	0.90	5.92	6.82
Baycrest International Inc	-	-	-	-	-	-	4,000,000,000	-	4,000,000,000	10.72	-	10.72

Notes:

* Assuming the completion of the Debt Capitalisation Exercise and the full allotment and issuance of the Capitalisation Shares.

** Assuming the completion of the Debt Capitalisation Exercise, the full allotment and issuance of the Capitalisation Shares, the completion of the RCB Issuance, the full conversion of the RCB and the allotment and issuance of the Maximum Conversion Shares.

\# Based on the Enlarged Share Capital Post Debt Capitalisation.

\## Based on the Enlarged Share Capital.

1 Following the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares, pursuant to Section 4 of the Securities and Futures Act, Mr. Simon Eng is deemed interested in 10,299,405,104 Shares held through his 50% interest in Fort Canning, 1,274,644,521 Shares held through his 50% interest in Belle Forte Ltd and 172,458,778 Shares through his 21.3% interest in Metech International Limited.

2 Following the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares, pursuant to Section 4 of the Securities and Futures Act, Ms. Hau Chan Yen is deemed interested in 10,299,405,104 Shares held through her 50% interest in Fort Canning and 1,274,644,521 Shares held through her 50% interest in Belle Forte Ltd.

3 Following the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares and assuming that Mr. Tan Tian Hong Jeffrey continues to hold holds 26,572,214 Shares pursuant to Section 4 of the Securities and Futures Act, he is also deemed interested in the 135,335,466 Shares held though his 100% interest in Silveron Resources Ltd, 570,249,540 Shares held though his 49% interest in Sunrise Investors and 2,176,000,000 Shares held through his 100% interest in Platon Resources.

4 Following the completion of the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares and assuming that Mr. Lim Liang Meng continues to hold 335,000,780 Shares, pursuant to Section 4 of the Securities and Futures Act, he is also deemed interested in the 2,481,051,100 Shares held though his 100% interest in Saffron Elite.

Save for the changes as mentioned above, the other remaining terms of the Debt Capitalisation Exercise and the RCB Issuance remains unchanged.

C. MISCELLANEOUS

1. Extraordinary General Meeting and Circular to Shareholders

The Directors' are proposing to convene an EGM for Shareholders to consider and if thought fit, to approve the Debt Capitalisation Exercise, the Transfer of Controlling Interest to Mr. Zhang and the RCB Issuance. A circular containing, *inter alia*, further information regarding aforementioned proposed transactions, together with the notice of EGM will be sent to Shareholders in due course.

2. 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 Transactions, the Company and the Group, 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.

3. Trading Caution

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Shareholders and potential investors should note that the resumption of the trading of the shares of the Company are subject to numerous conditions precedent and there is no certainty or assurance that the shares of the Company will eventually resume trading on the SGX-ST. Shareholders and potential investors are advised to read all further announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
Advance SCT Limited

Simon Eng
Chief Executive Officer
5 February 2018