

**CIRCULAR DATED 12 FEBRUARY 2018**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of Advance SCT Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

**The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. The in-principle approval from the SGX-ST is not to be taken as an indication of the merits of the Debt Capitalisation Exercise (as defined herein), the Capitalisation Shares (as defined herein), the RCB Issuance (as defined herein), the Conversion Shares (as defined herein), the Shares, the Company and/or its subsidiaries.**



## **ADVANCE SCT LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404283C)

### **CIRCULAR TO SHAREHOLDERS**

**in relation to**

- (I) THE PROPOSED CAPITALISATION OF THE TOTAL DEBT OWING BY THE COMPANY TO THE SUBSCRIBERS INTO 22,374,343,660 CAPITALISATION SHARES, AT A CAPITALISATION PRICE OF S\$0.0005 PER CAPITALISATION SHARE, AND THE ALLOTMENT AND ISSUANCE OF UP TO 22,374,343,660 CAPITALISATION SHARES TO THE SUBSCRIBERS (THE “DEBT CAPITALISATION EXERCISE”);**
- (II) THE TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR. ZHANG BAOAN IN CONNECTION WITH THE DEBT CAPITALISATION EXERCISE (THE “TRANSFER OF CONTROLLING INTEREST”); AND**
- (III) THE PROPOSED ISSUANCE OF 3 PER CENT. REDEEMABLE CONVERTIBLE BONDS DUE 2021 BY THE COMPANY, HAVING AN AGGREGATE PRINCIPAL VALUE OF S\$2,000,000 TO BAYCREST INTERNATIONAL INC OR ITS NOMINEES AND THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 4,000,000,000 CONVERSION SHARES PURSUANT TO THE CONVERSION OF THE REDEEMABLE CONVERTIBLE BONDS (THE “RCB ISSUANCE”).**

#### **Important Dates and Times**

Last date and time for lodgement of Proxy Form	:	25 February 2018 at 10 a.m.
Date and time of Extraordinary General Meeting	:	27 February 2018 at 10 a.m.
Place of Extraordinary General Meeting	:	65 Tech Park Crescent, Singapore 637787

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions apply throughout this Circular:

- "9M2017"** : The Group's unaudited financial statements for the nine (9) months ended 30 September 2017;
- "Associates"** : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:–
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- "Baycrest"** : Baycrest International Inc;
- "Board"** : The board of directors of the Company as at the Latest Practicable Date;
- "Bondholder"** : The holder of the RCB, being Baycrest and/or its nominees (who shall be related parties of Baycrest);
- "Business Day"** : A day (other than a Saturday, a Sunday or a gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore;
- "Capitalisation Price"** : means S\$0.0005, being a 50% discount to the last traded price of the Shares on the Main Board of the SGX-ST of S\$0.001 immediately prior to the suspension of the Shares;
- "Capitalisation Shares"** : means the aggregate of 22,374,343,660 duly authorised, validly issued, and fully paid-up new ordinary Shares, free from Encumbrances, to be issued and allotted to the Subscribers in proportion to the respective Debt Owning pursuant to the Debt Capitalisation Exercise, in accordance with the terms of the Debt Capitalisation Set-off and Settlement Agreement and **"Capitalisation Share"** shall be construed accordingly;

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## DEFINITIONS

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<b>“CDP”</b>	:	The Central Depository (Pte) Limited;
<b>“Circular”</b>	:	This circular to Shareholders dated 12 February 2018 issued by the Company;
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time;
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time;
<b>“Completion”</b>	:	Completion of the Debt Capitalisation Exercise in accordance with the terms of the Debt Capitalisation Set-off and Settlement Agreement;
<b>“Completion Date”</b>	:	The date of Completion;
<b>“Conditions”</b>	:	Has the meaning ascribed to it in Section 3.5 of this Circular;
<b>“Constitution”</b>	:	The constitution of the Company, as amended, supplemented or modified from time to time;
<b>“Controlling Shareholder”</b>	:	As defined in the Listing Manual:  (a) a person who holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares and subsidiary holdings in the Company (unless otherwise determined by the SGX-ST); or  (b) a person who in fact exercises control over the Company;
<b>“Conversion Period”</b>	:	The period beginning from the RCB Issuance Date up till 5.00 p.m. on the Maturity Date;
<b>“Conversion Price”</b>	:	S\$0.0005 per Conversion Share, subject to adjustments in accordance with the provisions of the RCB Subscription Agreement;
<b>“Conversion Shares”</b>	:	means up to 4,000,000,000 new shares to be issued and allotted to Baycrest upon conversion of the RCB during the Conversion Period, determined by dividing the principal amount of RCB being converted over the Conversion Price, pursuant to the terms and subject to the conditions of the RCB Subscription Agreement and <b>“Conversion Share”</b> shall be construed accordingly;

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## DEFINITIONS

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<b>“Debt Capitalisation Exercise”</b>	:	The proposed debt capitalisation of the Total Debt Owing into 22,374,343,660 Capitalisation Shares, at the Issue Price, as full and final settlement of each of the Debt Owing to the respective Subscribers, pursuant to the terms and subject to the conditions of the Debt Capitalisation Set-off and Settlement Agreement;
<b>“Debt Capitalisation Set-off and Settlement Agreement”</b>	:	The debt capitalisation set-off and settlement agreement dated 18 December 2017, entered into between the Company and the Subscribers, in connection with the Debt Capitalisation Exercise;
<b>“Debt Owing”</b>	:	The amount that the Company owes each of the Subscribers, as set out next to each Subscribers’ respective name under the second column of the table in Appendix A of this Circular;
<b>“Directors”</b>	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date;
<b>“EPS”</b>	:	Earnings per Share;
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 27 February 2018 at 10 a.m. at 65 Tech Park Crescent, Singapore 637787;
<b>“Encumbrance”</b>	:	Any mortgage, charge, lien, pledge, option, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or any other security interest of any kind, including a retention of title arrangement;
<b>“Enlarged Share Capital”</b>	:	The enlarged share capital of the Company (excluding treasury shares) of approximately S\$209,641,289.10 comprising 41,316,907,761 Shares immediately following the allotment and issuance of the 22,374,343,660 Capitalisation Shares and 4,000,000,000 Conversion Shares;
<b>“Enlarged Share Capital Post Debt Capitalisation”</b>	:	The enlarged share capital of the Company (excluding treasury shares) of approximately S\$207,641,289.10 comprising 37,316,907,761 Shares immediately following the allotment and issuance of the 22,374,343,660 Capitalisation Shares;
<b>“Existing Share Capital”</b>	:	The issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of approximately S\$196,454,117.27 comprising 14,942,564,101 Shares;
<b>“FY”</b>	:	Financial year ended or ending (as the case may be) 31 December of a particular year as stated;

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## DEFINITIONS

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<b>“FY2016”</b>	:	The consolidated audited financial statements of the Group for the financial year ended 31 December 2016;
<b>“Fort Canning”</b>	:	Fort Canning (Asia) Pte. Ltd.;
<b>“Group”</b>	:	The Company and its subsidiaries;
<b>“KordaMentha”</b>	:	KordaMentha Pte. Ltd.;
<b>“Latest Practicable Date”</b>	:	31 January 2018, being the latest practicable date prior to the printing of this Circular;
<b>“Listing Manual”</b>	:	The SGX-ST Listing Manual, as amended, supplemented or modified from time to time;
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities;
<b>“Maturity Date”</b>	:	The date falling three (3) years from the RCB Issuance Date;
<b>“Maximum Conversion Shares”</b>	:	4,000,000,000 Conversion Shares, assuming the full conversion of the RCB at the Conversion Price;
<b>“Mr. Zhang”</b>	:	Mr. Zhang Baoan;
<b>“Notice of EGM”</b>	:	The notice of the EGM dated 12 February 2018 as set out on pages N-1 to N-3 of this Circular;
<b>“NTA”</b>	:	Net tangible assets of the Group attributable to Shareholders;
<b>“Ordinary Resolution(s)”</b>	:	The ordinary resolutions set out in the Notice of EGM;
<b>“Past Directors”</b>	:	Mr. Hue Kuan Yew Attlee, Mr. Chay Yiowmin, Mr. Choo Chee Kong Peter, Mr. Leong Kei Wei Mark, Mr. Ng Siew Hoong Linus, Mr. Loo Cheng Guan and Mr. Song Tang Yih;
<b>“Platon Resources”</b>	:	Platon Resources Pte. Ltd.;
<b>“Previous Announcements”</b>	:	Has the meaning ascribed to it in Section 3.1 of this Circular;
<b>“Proposed Transactions”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular;
<b>“QSCM”</b>	:	Qingyuan Shengli Copper Materials Co., Ltd.;
<b>“RCB”</b>	:	The 3 per cent. redeemable convertible bonds due 2021 with a principal value of S\$2,000,000, to be subscribed for by Baycrest and to be issued by the Company by the RCB Issuance Date, pursuant to the terms and subject to the conditions of the RCB Subscription Agreement;

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## DEFINITIONS

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<b>“RCB Subscription Agreement”</b>	:	The agreement between the Company and Baycrest dated 21 December 2017 containing the terms and conditions of the subscription of the RCB by Baycrest;
<b>“RCB Conditions”</b>	:	Has the meaning ascribed to it in Section 8.5 of this Circular;
<b>“RCB Issuance”</b>	:	The proposed issuance of 3 per cent. redeemable convertible bonds due 2021 by the Company, having an aggregate principal value of S\$2,000,000 to Baycrest and/or its nominees (who shall be related parties of Baycrest);
<b>“RCB Issuance Date”</b>	:	A date falling not later than three (3) Business Days after all the RCB Conditions have been fulfilled or waived, or such other date as may be agreed to in writing by the Company and Baycrest, on which the RCB will be allotted and issued to Baycrest by the Company in exchange for payment of the aggregate RCB principal amount by Baycrest to the Company;
<b>“Record Date”</b>	:	The date fixed by the Company for the purposes of determining entitlements to dividends, rights, allotment or other distribution to holders of Shares;
<b>“Register”</b>	:	The register of Shareholders of the Company;
<b>“Robert Wang &amp; Woo”</b>	:	Robert Wang & Woo LLP;
<b>“Securities and Futures Act”</b>	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time;
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited;
<b>“Saffron Elite”</b>	:	Saffron Elite Limited;
<b>“Shareholders”</b>	:	Registered holders of the Shares, including depositors whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST, and <b>“Shareholder”</b> shall be construed accordingly;
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company;
<b>“Subscribers”</b>	:	Parties who, as at the latest practicable date, are each a creditor of the Company and whose name appear in Appendix A to this Circular, and <b>“Subscriber”</b> shall be construed accordingly;
<b>“Terms and Conditions of the RCB”</b>	:	The terms and conditions governing the RCB, as appended as Schedule 1 to the RCB Subscription Agreement;
<b>“Transfer of Controlling Interest”</b>	:	The transfer of a controlling interest in the Company to Mr. Zhang as a result of the Debt Capitalisation Exercise;

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## DEFINITIONS

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“ <b>Total Debt Owing</b> ”	:	The aggregate sum of all the Debt Owing by the Company to each respective Subscriber;
“ <b>Toppan</b> ”	:	Toppan Vintage Pte. Ltd.;
“ <b>VWAP</b> ”	:	Volume weighted average price;

### Currencies and Units of Measurement

“ <b>RMB</b> ”	:	Renminbi, being the lawful currency of the People’s Republic of China;
“ <b>S\$</b> ” and “ <b>cents</b> ”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore;
“ <b>per cent.</b> ” or “ <b>%</b> ”	:	Per centum or percentage.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the Listing Manual or the Securities and Futures Act or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Listing Manual or the Securities and Futures Act, or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular. Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be arithmetic aggregations of the figures that precede them.



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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### ADVANCE SCT LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404283C)

**Directors:**

Simon Eng (Chairman of the Board)  
Lee Suan Hiang (Lead Independent Director)  
Chan Keng Ho (Independent Director)  
Paul Lim Choon Wui (Independent Director)

**Registered Office:**

65 Tech Park Crescent  
Singapore 637787

12 February 2018

To: The Shareholders of Advance SCT Limited

Dear Sir/Madam,

- (I) **THE PROPOSED CAPITALISATION OF THE TOTAL DEBT OWING BY THE COMPANY TO THE SUBSCRIBERS INTO NEW SHARES IN THE CAPITAL OF THE COMPANY (THE “CAPITALISATION SHARES”), AT A CAPITALISATION PRICE OF S\$0.0005 PER CAPITALISATION SHARE, AND THE ALLOTMENT AND ISSUANCE OF UP TO 22,374,343,660 CAPITALISATION SHARES TO THE SUBSCRIBERS (THE “DEBT CAPITALISATION EXERCISE”);**
- (II) **THE TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO MR. ZHANG BAOAN IN CONNECTION WITH THE DEBT CAPITALISATION EXERCISE (THE “TRANSFER OF CONTROLLING INTEREST”); AND**
- (III) **THE PROPOSED ISSUANCE OF 3 PER CENT. REDEEMABLE CONVERTIBLE BONDS DUE 2021 BY THE COMPANY, HAVING AN AGGREGATE PRINCIPAL VALUE OF S\$2,000,000 TO BAYCREST INTERNATIONAL INC OR ITS NOMINEES AND THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 4,000,000,000 CONVERSION SHARES PURSUANT TO THE CONVERSION OF THE REDEEMABLE CONVERTIBLE BONDS (THE “RCB ISSUANCE”).**

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## 1. INTRODUCTION

### 1.1 EGM

The Directors are convening an EGM to be held on Tuesday, 27 February 2018 at 10 a.m. at 65 Tech Park Crescent, Singapore 637787 to seek Shareholders' approval for:

- (a) the Debt Capitalisation Exercise and the allotment and issuance of up to 22,374,343,660 Capitalisation Shares to the Subscribers (“**Resolution 1**”);
- (b) the Transfer of Controlling Interest to Mr. Zhang Baoan in connection with the Debt Capitalisation Exercise (“**Resolution 2**”); and
- (c) the RCB Issuance and the allotment and issuance of up to 4,000,000,000 Conversion Shares pursuant to the conversion of the RCB (“**Resolution 3**”),

(collectively, the “**Proposed Transactions**”).

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions, and to seek Shareholders' approval in relation thereto at the EGM. The Notice of EGM is set out on pages N-1 to N-3 of this Circular.

### 1.3 Conditionality of the Ordinary Resolutions

In respect of the Ordinary Resolutions set out in the Notice of EGM, Shareholders should note that all the Ordinary Resolutions are part of and constitute the entire resumption proposal to the SGX-ST. As such, all the Ordinary Resolutions as set out in the Notice of EGM are inter-conditional. This means that if any one of the Ordinary Resolutions is not passed, all the Ordinary Resolutions will not be passed.

## 2. APPROVAL-IN PRINCIPLE FROM THE SGX-ST

In connection with the Debt Capitalisation Exercise and the RCB Issuance, the Company has made an addition listing application to the SGX-ST for the listing of and quotation for up to 22,374,343,660 Capitalisation Shares and up to 4,000,000,000 Conversion Shares.

On 5 February 2018, the Company announced that it had received the approval-in principle from the SGX-ST for the listing of and quotation for:

- (a) up to 22,374,343,660 Capitalisation Shares, subject to, *inter alia*, the following conditions:
  - (i) compliance with the SGX-ST's listing requirements;
  - (ii) the approval of Shareholders for the Proposed Transactions;
  - (iii) submission of a written confirmation from the Company that it will comply with Rule 803 of the Listing Manual in respect of the creditors of the Company under the Debt Capitalisation Exercise (other than Mr. Zhang);
  - (iv) submission of a written confirmation from the Company that it will not place the Capitalisation Shares to persons prohibited under Rule 812(1) of the Listing Manual without specific Shareholders' approval; and
  - (v) disclosure in the Circular the basis for the Board's opinion that the Debt Capitalisation Exercise (at an issue price of 50% discount to the last traded volume weighted average price of \$0.001 on 29 October 2015) is in the interest of the Company and the minority Shareholders;
- (b) up to 4,000,000,000 Conversion Shares, subject to, *inter alia*, the following conditions:
  - (i) compliance with the SGX-ST's listing requirements;
  - (ii) the approval of Shareholders for the Proposed Transactions;
  - (iii) submission of a written confirmation from the Company that the terms of the RCB comply with Rule 829(1) of the Listing Manual;
  - (iv) submission of a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the RCB and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report of the Company;

- (v) submission of a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual;
- (vi) submission of a written undertaking from the Company that it will not place the RCB to persons prohibited under Rule 812(1) of the Listing Manual;
- (vii) submission of a written undertaking from the Company to announce any adjustments made pursuant to Rule 829(1) of the Listing Manual; and
- (viii) disclosure in the Circular the basis for the Board's opinion that the RCB Issuance (at an issue price of 50% discount to the last traded volume weighted average price of \$0.001 on 29 October 2015) is in the interest of the Company and the minority Shareholders.

The approval-in principle granted by the SGX-ST for the listing of and quotation for the Capitalisation Shares and the Conversion Shares is not an indication of the merits of the Debt Capitalisation Exercise, the Capitalisation Shares, the RCB Issuance, the Conversion Shares, the Company and/or its subsidiaries. The Company will proceed to satisfy the conditions of the approval-in principle and provide the relevant disclosures, confirmations and undertakings as applicable, to the SGX-ST.

### 3. THE DEBT CAPITALISATION EXERCISE

#### 3.1 Background and Rationale of the Debt Capitalisation Exercise

The Board refers to the following previous announcements:

- (a) the announcement dated 9 July 2017, where the Company announced that the debt it owes to QSCM arising from the termination of a proposed partnership in the People's Republic of China has been assigned, on 7 July 2017, by QSCM to Mr. Zhang Baoan ("**Mr. Zhang**"), an independent third party Chinese national who has pledged his support to the Company for the proposed Debt Capitalisation Exercise (the "**9 July 2017 Announcement**");
- (b) the announcement dated 10 July 2017, where the Company announced that Saffron Elite, a creditor of the Company, agreed to capitalise the debts owing by the Company into Shares, as part of the Company's Debt Capitalisation Exercise which the Company is proposing to implement; and
- (c) the announcement dated 11 July 2017, where the Company announced the submission of a resumption proposal to the SGX-ST. The resumption proposal contains the Company's plans to turn around its business and solvency, with a view to resuming trading in the Company's shares;

(collectively, the "**Previous Announcements**").

Copies of the Previous Announcements are available on the website of the SGX-ST at <http://www.sgx.com>.

## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

As at the Latest Practicable Date, the Company owes Mr. Zhang RMB42,940,767 (equivalent to S\$8,695,455 at the exchange rate of 1 RMB to S\$4.9383) (the “ZBA Debt”). As announced on 7 February 2018, Mr. Zhang has entered into separate agreements (to which the Company was not a party) with the following assignees to assign the benefits of a portion of the ZBA Debt in the following proportions:

Assignees of the ZBA Debt	Amount of the ZBA Debt assigned (S\$)
Mr. Wang Daming	1,500,000.00
Ms. Zhang Yujuan	1,500,000.00
Ms. Du Fengyun	1,500,000.00

Mr. Zhang retains S\$4,195,455 of the remaining ZBA Debt. Further and separate from the above, as at the Latest Practicable Date, the Company owes (a) Saffron Elite S\$1,240,525.55; (b) Platon Resources S\$1,088,000.00; (c) Toppan S\$47,110.28; (d) KordaMentha S\$24,075.00; (e) Robert Wang & Woo S\$12,606.00; and (f) Past Directors S\$79,400.00.

As part of the Company’s plans to manage and reduce the debt burden of the Group, eliminate the need for any cash repayment in view of the current financial and cash position of the Group, and alleviate any pressures faced by the Group on its cash flow so as to turn around the solvency and profitability of the Group, the Company is proposing to undertake the Debt Capitalisation Exercise to capitalise the Debts Owing as at the Latest Practicable Date, in the following table below, into Capitalisation Shares at the Capitalisation Price;

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. Wang Daming	1,500,000.00	3,000,000,000
Ms. Zhang Yujuan	1,500,000.00	3,000,000,000
Ms. Du Fengyun	1,500,000.00	3,000,000,000
<b>TOTAL</b>	<b>11,187,171.83</b>	<b>22,374,343,660</b>

On 21 December 2017, the Company announced the entry into the Debt Capitalisation Set-off and Settlement Agreement with the Subscribers, pursuant to which parties agreed to the capitalisation of the Total Debt Owing into Capitalisation Shares at the Capitalisation Price and the allotment and issuance of the Capitalisation Shares to the Subscribers as full and final settlement for the respective Debt Owing by the Company to each Subscriber, on the terms and subject to the conditions of the Debt Capitalisation Set-off and Settlement

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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Agreement. The salient terms of the Debt Capitalisation Set-off and Settlement Agreement are set out below in Section 3.2 of this Circular.

Apart from the Total Debt Owing which will be converted into Capitalisation Shares pursuant to the Debt Capitalisation Exercise, the Company also owes Fort Canning S\$1,500,000 (the “**Term Loan**”), arising from a short term loan by Fort Canning to the Company. Please refer to the Company’s announcement on 16 August 2017 for further details. Under the terms of the Term Loan, the due date for repayment of the Term Loan is 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.

### **3.2 Salient terms of the Debt Capitalisation Set-off and Settlement Agreement**

Under the terms of the Debt Capitalisation Set-off and Settlement Agreement, the Subscribers have agreed to capitalise the Total Debt Owing into Capitalisation Shares at the Capitalisation Price and the Company has agreed, on Completion Date, to issue and allot up to 22,374,343,660 Capitalisation Shares in one (1) tranche to the Subscribers, in the proportions as stated in the third column of Appendix A to this Circular.

For the avoidance of doubt, there shall be no cash subscription by each of the Subscribers for the Capitalisation Shares. The aggregate of the Capitalisation Price payable by each of the Subscribers to the Company for their respective Capitalisation Shares shall be fully set-off and settled against each of the respective Debt Owing by the Company to the respective Subscribers.

Upon the allotment and issuance of the Capitalisation Shares, each of the Subscribers acknowledges the full repayment of the respective Debt Owing by the Company, and each of the Subscribers undertake that they shall have no right and/or claim whatsoever against the Group in respect of the respective Debt Owing, as the case may be.

The Subscribers have also provided a confirmation to the Company that the allotment and issuance of the Capitalisation Shares by the Company to them will not trigger, on the part of each of the Subscribers, or any of their respective concert parties, any obligation to make a mandatory general offer for the Company, under Rule 14 of the Code.

### **3.3 Capitalisation Price**

The Capitalisation Price of S\$0.0005 represents a 50% discount to the Company’s last traded VWAP of S\$0.001 on 29 October 2015, being the last market day with trades prior to the suspension of the trading of the Shares.

The Capitalisation Price was negotiated and agreed upon between the parties on a willing-buyer and willing-seller basis taking into consideration several factors such as (i) the last traded Share price of the Company of S\$0.001 before the suspension of the Shares, (ii) the challenging financial performance of the Company for the financial years ended 31 December 2015 and 31 December 2016, where the Company incurred a total net loss of S\$16.1 million and S\$8.5 million respectively, (iii) the total accumulated debt of S\$21.707 million (including trade payables of S\$8 million) and a negative NTA of the Company of S\$12.971 million based on the 9M2017 unaudited financial statements, and (iv) the amount of discount at which the Subscribers were willing to agree to, for the capitalisation of the Total Debts Owing into Capitalisation Shares.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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The Capitalisation Price was the best price that the Company could negotiate for with the Subscribers, to capitalise the Total Debt Owning. The Directors are of the view that although the Capitalisation Price agreed upon between the Company and the Subscribers is at a 50% discount, it is still in the best interest of the Company and minority Shareholders to proceed with the Debt Capitalisation Exercise at this price because in the event the Company is unable to reach an agreement with the Subscribers to capitalise the Total Debt Owning, the Company will remain in a negative liability position and continue to carry a large amount of liabilities on its balance sheet. This would result in the Company incurring a large interest expense on these liabilities and in turn, affect the Company's ability to operate as a going concern. Furthermore, having a large amount of liabilities on the Company's balance sheet would adversely affect the Company's ability to raise new funds to support its plans to turn around its business.

As the Capitalisation Price is more than a 10% discount to the VWAP of the Shares, the Company is seeking the approval of Shareholders for the allotment and issuance of the Capitalisation Shares pursuant to the Debt Capitalisation Exercise, in compliance with Rule 811(3) of the Listing Manual.

### 3.4 Capitalisation Shares

The Capitalisation Shares shall, when issued and allotted, be duly authorised, validly issued and credited as fully paid-up, be free from any and all Encumbrance, be fully transferable and shall rank *pari passu* in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the Record Date of which falls on or prior to the date of the allotment and issuance of the Capitalisation Shares.

As at the Latest Practicable Date, assuming that 22,374,343,660 Capitalisation Shares are issued and allotted for the full and final satisfaction of the Total Debt Owning, the Capitalisation Shares will represent, on completion, approximately 149.74% of the Existing Share Capital and approximately 59.96% of the Enlarged Share Capital Post Debt Capitalisation.

### 3.5 Conditions

3.5.1. Completion is conditional upon the following conditions precedent (the "**Conditions**") being fulfilled (or waived) on or before the Completion Date:

(a) Regulatory Approvals

All necessary consents, approvals and waivers from all relevant government bodies, stock exchange and other regulatory authority for or in connection with the Debt Capitalisation Set-off and Settlement Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the parties, including without limitation:

- (i) the approval-in principle from the SGX-ST in respect of the listing of and quotation for the Capitalisation Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to Completion), and if such consents, approvals or waivers are granted or obtained subject to any conditions, such conditions being reasonably acceptable to the parties, and if any conditions are required to be satisfied by Completion, such conditions being so satisfied; and

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- (ii) the allotment and issuance of the Capitalisation Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the parties.

(b) Shareholders' Approvals

The specific approval of the Shareholders at the EGM having been obtained for the following:

- (i) the Debt Capitalisation Exercise and the allotment and issuance of the Capitalisation Shares to the Subscribers;
- (ii) the Transfer of Controlling Interest in the Company to Mr. Zhang under Rule 803 of the Listing Manual following the completion of the Debt Capitalisation Exercise; and
- (iii) any additional items as may be agreed in writing between the parties or as may be required under applicable laws.

(c) Warranties remaining true and correct

There has been no occurrence of any event or discovery of any fact rendering any of the warranties in the Debt Capitalisation Set-off and Settlement Agreement untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date.

3.5.2. If any of the Conditions stated in Section 3.5.1(a), Section 3.5.1(b) and Section 3.5.1(c) of this Circular are not satisfied or waived by the parties by 3 March 2018 (or such other date as may be agreed in writing by the parties), the Debt Capitalisation Set-off and Settlement Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses as specified in the Debt Capitalisation Set-off and Settlement Agreement), and no party shall have any claim against any other parties for any costs, damages, losses or compensation, other than in respect of any antecedent breach of the Debt Capitalisation Set-off and Settlement Agreement. In the event of termination of the Debt Capitalisation Set-off and Settlement Agreement in accordance with this Section 3.5.2 of this Circular, the Total Debt Owning will continue to remain a debt owed by the Company to the Subscribers.

### 3.6 Completion

Completion shall take place at such date and place as may be decided by the Company, which shall in any event be no later than 10 Business Days after the Conditions have been satisfied or waived by the Company and/or the Subscribers.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 4. INFORMATION ON THE SUBSCRIBERS

*The information in this section of the Circular relating to the Subscribers is based on publicly available information or the information provided and/or representations made by the Subscribers to the Company. The Directors and the SGX-ST have not conducted an independent review or verification of the accuracy of the statements and information below.*

As at the date of this Circular, the Subscribers are all creditors of the Company and are not persons falling within the list of persons as stipulated in Rule 812(1) of the Listing Manual. To the best of the knowledge of the Directors, the Subscribers, and where applicable, its directors and its substantial shareholders do not have any connection (including other business dealings) with the Company, the Directors and the Company's substantial Shareholders.

#### Saffron Elite Limited

Saffron Elite is a company incorporated in the British Virgin Islands on 8 July 2013 and is involved in the principal business activity of investment holding. The sole shareholder of Saffron Elite is Mr. Lim Liang Meng, who is also a Shareholder of the Company holding presently 2.24% of the Existing Share Capital of the Company. As at the Latest Practicable Date, the Company owes Saffron Elite S\$1,240,525.55, which arose from a debt owed by to Saffron Elite, as one of the sole remaining creditor, under the 2011 Scheme of Arrangement, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise.

#### Platon Resources Pte. Ltd.

Platon Resources is a company incorporated in Singapore on 14 July 2003 and is involved in the principal business activity of general trading. The sole shareholder of Platon Resources is Mr. Tan Tian Hong Jeffrey, who presently holds a total of 4.90% (direct and deemed) of the Existing Share Capital of the Company. As at the Latest Practicable Date, the Company owes Platon Resources S\$1,088,000.00, which arose from working capital loan extended to the Company's subsidiary, Asiapac Recycling Pte. Ltd., and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise. Based on the 9M2017 unaudited financial accounts, the Group also owes Platon Resources S\$326,000, which will not be capitalised under the Debt Capitalisation Exercise.

#### Toppan Vintage Pte. Ltd.

Toppan Vintage is the global financial printing arm of Toppan Leefung. The company has an over 26-year history of providing security and confidential printing to customers in Singapore. It does not hold any shares of the Company. As at the Latest Practicable Date, the Company owes Toppan Vintage S\$47,110.28, which arose from the printing services extended to print the Company's 2016 and 2017 annual reports, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise.



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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### KordaMentha Pte. Ltd.

KordaMentha, is an Asia-Pacific company with a team of advisers specialising in forensic, real estate, corporate advisory and restructuring. The company was established in 2002 and provides a range of commercial advisory services to both the private and public sectors. As at the Latest Practicable Date, the Company owes KordaMentha S\$24,075.00, which arose from the 2011 Scheme of Arrangement, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise.

### Robert Wang & Woo LLP

Robert Wang & Woo, is a medium-sized law firm established in 1986. They focus on providing business-oriented solutions and practical legal advice across a wide spectrum of specific industries and an extensive working knowledge of local laws and regulations. As at the Latest Practicable Date, the Company owes Robert Wang & Woo S\$12,606.00, which arose from providing company secretariat services from 2016 to 2017, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise.

### Past Directors

As at the Latest Practicable Date, the Company owes the following Past Directors their Directors' Fees of an aggregate amount of S\$79,400.00 as set out in the table below, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise:

<b>Past Directors</b>	<b>2015/2016</b>	<b>2016/2017</b>
Mr. Hue Kuan Yew Attlee	S\$12,916.00	–
Mr. Chay Yiowmin	S\$13,333.00	–
Mr. Choo Chee Kong Peter	S\$5,000.00	–
Mr. Song Tang Yih	S\$4,359.00	–
Mr. Leong Kei Wei Mark	–	S\$10,125.00
Mr. Ng Siew Hoon Linus	–	S\$25,000.00
Mr. Loo Cheng Guan	–	S\$8,667.00

### Mr. Wang Daming

Mr. Wang Daming is an independent Chinese national and is presently not a Shareholder of the Company. As at the Latest Practicable Date, the Company owes Mr. Wang Daming S\$1,500,000, which arose from the assignment of the ZBA Debt by Mr. Zhang to Mr. Wang Daming, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise. Other than being a present creditor of the Company, Mr. Wang Daming has no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### Ms. Zhang Yujuan

Ms. Zhang Yujuan is an independent Chinese national and is presently not a Shareholder of the Company. As at the Latest Practicable Date, the Company owes Ms. Zhang Yujuan S\$1,500,000, which arose from the assignment of the ZBA Debt by Mr. Zhang to Ms. Zhang Yujuan, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise. Other than being a present creditor of the Company, Ms. Zhang Yujuan has no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

### Ms. Du Fengyun

Ms. Du Fengyun is an independent Chinese national and is presently not a Shareholder of the Company. As at the Latest Practicable Date, the Company owes Ms. Du Fengyun S\$1,500,000, which arose from the assignment of the ZBA Debt by Mr. Zhang to Ms. Du Fengyun, and which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise. Other than being a present creditor of the Company, Ms. Du Fengyun has no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

### Mr. Zhang

As mentioned in Section 3.1 above, Mr. Zhang is an independent Chinese national who was assigned the Company's debt owing to QSCM on 7 July 2017. As at the Latest Practicable Date, the Company owes Mr. Zhang S\$4,195,455, which the Company intends to capitalise pursuant to the Debt Capitalisation Exercise. Other than being a present creditor of the Company, Mr. Zhang has no other connections (including any business relationship) with the Company, the Directors and the Company's substantial Shareholders.

## 5. EFFECT OF THE DEBT CAPITALISATION EXERCISE ON THE SHARE CAPITAL, PUBLIC FLOAT AND THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that Shareholders approve Ordinary Resolution 1 pertaining to the Debt Capitalisation Exercise and Ordinary Resolution 2 pertaining to the Transfer of Controlling Interest to Mr. Zhang.

### Share Capital

	<b>Before completion of the Debt Capitalisation Exercise</b>	<b>After completion of the Debt Capitalisation Exercise<sup>(1)</sup></b>
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 allotted and issued to the Subscribers in full.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### Public float

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

### Change in Shareholding Structure

Please refer to Appendix C to this Circular for the changes to the shareholding structure of the Company.

## 6. 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 Latest Practicable Date, 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.

The Debt Capitalisation Exercise will therefore result in Mr. Zhang holding more than 15% of the Company's Enlarged Share Capital Post Debt Capitalisation, 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 as he is not appointing a nominee director to the Board.

Please refer to Section 5 above for further details on the effect of the Debt Capitalisation Exercise on the Shareholding structure of the Group.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 7. FINANCIAL EFFECTS OF THE DEBT CAPITALISATION EXERCISE

Assuming the Capitalisation Shares are allotted and issued 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 Owning. For the avoidance of doubt, there would be no cash proceeds raised from the allotment and issuance of the 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 recent announced completed financial year of the Group, subject to the following assumptions:

- (a) 22,374,343,660 Capitalisation Shares are fully allotted and issued 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<sup>(#)</sup>

	<b>Before completion of the Debt Capitalisation Exercise</b>	<b>After completion of the Debt Capitalisation Exercise<sup>(1)</sup></b>
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 <sup>(2)</sup> (cents)	(0.0956)	(0.0039)
Gearing Ratio <sup>(3)</sup> (times)	(0.30)	(1.38)

**Notes:**

- (#) Calculations as stated in Appendix B to this Circular.
- (1) Assuming that the Capitalisation Shares had been allotted and issued 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.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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EPS<sup>(#)</sup>

	Before completion of the Debt Capitalisation Exercise	After completion of the Debt Capitalisation Exercise <sup>(1)</sup>
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 <sup>(2)</sup> (cents)	(0.0461)	(0.0184)

**Notes:**

(#) Calculations as stated in Appendix B to this Circular.

(1) Assuming that the Capitalisation Shares had been allotted and issued 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.

## 8. THE RCB ISSUANCE

### 8.1 Details of the RCB Issuance

The Company is proposing to issue S\$2,000,000 worth of redeemable convertible bonds (“**RCB**”) to Baycrest. The RCB will have a maturity date of three (3) years (the “**Maturity Date**”) from the date of issuance of the RCB (the “**RCB Issuance Date**”) and carry a 3% coupon per annum.

The RCB may be converted, at the option of the Bondholder, during the Conversion Period, into 4,000,000,000 Conversion Shares at the Conversion Price of S\$0.0005, subject to the Terms and Conditions of the RCB. Notwithstanding the foregoing, the Company has obtained an undertaking by Baycrest that it will convert all the RCB into Conversion Shares upon the allotment and issuance of the RCB.

On 24 July 2017, the Company announced the signing of a memorandum of understanding with Baycrest for the RCB Issuance.

On 21 December 2017, the Company announced that it had entered into the RCB Subscription Agreement with Baycrest for the RCB Issuance, and which contains, *inter alia*, the Terms and Conditions of the RCB. Please refer to Section 8.3 below for the principal Terms and Conditions of the RCB.

The proposed RCB Issuance, including the allotment and issuance of the Conversion Shares, to Baycrest, is undertaken pursuant to Section 272B of the Securities and Futures Act, Chapter 289 of Singapore.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 8.2 Rationale for the RCB Issuance and the Use of Proceeds

#### Rationale

Notwithstanding that the Company made a profit of S\$300,000 for its 9M2017 (as announced on 19 October 2017), the Company has decided to undertake the RCB Issuance to strengthen its financial position and improve its working capital position.

Furthermore, the Board also believes that the issuance of the RCB to Baycrest would contribute towards establishing a good business relationship between the Company and Baycrest and given that Baycrest is principally involved in the recycling e-waste business, there could be potential collaborations and joint ventures between the Company and Baycrest in the future.

#### Use of Proceeds

The Company intends to use the net proceeds from the RCB Issuance for general working capital purposes.

Pending the deployment for the use identified above, the net proceeds may be deposited with banks and/or financial institutions or invested in 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.

The Company will make periodic announcements of the utilisation of the net proceeds from the RCB Issuance as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of the proceeds in the Company's interim and full year financial statements and the Company's annual report. The Company will disclose a breakdown with specific details on the use of proceeds for working capital in such announcements and annual reports. Where there is material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation.

### 8.3 Principal Terms and Conditions of the RCB

Form and denomination	:	The RCB will be issued in registered form in the denomination of S\$250,000 or integral multiples thereof without coupons attached and will be constituted by a bond certificate which will be numbered serially with an identifying number and recorded on the relevant Certificate and in the register of Bondholders as kept by the Company. Title to the RCB shall be evidence by registration in the Company's register of bondholders.
Principal amount	:	S\$2,000,000.
Issue price	:	100% of the aggregate principal amount of the RCB.
Maturity Date	:	The Date falling on the third anniversary of the RCB Issuance Date.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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Interest : The RCB will bear interest, calculated from the RCB Issuance Date at the rate of 3.00 per cent. per annum of the principal amount outstanding of the Bonds. Interest is non-compounded, payable in cash and quarterly in arrears in each calendar year commencing from the RCB Issuance Date.

Status of the RCB : The RCB will constitute senior, direct, unconditional and unsecured obligation of the Company and will at all times rank above all present and future obligations owing to the Shareholders and/or all future obligations owing to subsidiaries of the Company (save that such present and/or future obligations shall not have arose or arisen in the Company's or where relevant, the Company's subsidiaries' ordinary course of business), but rank *pari passu* without any preference among themselves and with all other present and future direct, senior, unsubordinated, unconditional and unsecured obligations of the Issuer (including present and future obligations owing to the shareholders of the Issuer and/or all future obligations owing to subsidiaries of the Issuer that arose or shall arise in the Issuer's or where relevant, the Issuer's subsidiaries' ordinary course of business) other than those preferred by statute or applicable law.

Conversion Price : S\$0.0005 per Conversion Share.

The Conversion Price was agreed on between the Company and Baycrest on an arm's length basis and it represents a 50% discount to the last traded VWAP per Share of S\$0.001. The Board is of the opinion that the Conversion Price of S\$0.0005 is in the best interest of the Company and minority Shareholders because the Company is looking to improve and expand its business operations and in order to do so, it would require fresh funding. Based on the Company's 9M2017 unaudited financial statements, the Company has a low cash and bank balance of S\$897,000, and without the introduction of fresh funding, it becomes challenging for the Board to implement its strategies to grow the business. In addition, without fresh funding from investors, the Company would have to be more dependent on short term financing such as factoring, which is costly. The ability to tap on new sources of funds would mean less reliance on short term margin financing and this in turn would reduce the operating expenses of the Company and improve the Company's net profits. The Company is therefore looking to potential investors who are willing to invest in the Company as the additional funding would provide the Board with flexibility in implementing its business strategies to turn around the Company's business operations and to ensure that the Company's profitability remains sustainable in the long run.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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However, taking into consideration the Company's challenging financial performance for the financial years ended 31 December 2015 and 31 December 2016, where the Company incurred a total net loss of S\$16.1 million and S\$8.5 million respectively, the high accumulated debt level of the Company of S\$21.971 million (including trade payables of S\$8 million) and a negative NTA of the Company of S\$12.971 million based on the 9M2017 unaudited financial statements, the last traded Share price of S\$0.001 before the suspension of the Shares, and the Capitalisation Price pursuant to the Debt Capitalisation Exercise being a 50% discount to the last traded Share price, new investors are unwilling to invest in the Company if there are no significant upside benefits that would justify the risk of their investment. As such, given the current position of the Company, the Board believes that it would need to offer a realistic deal so as to entice new investors to invest in the Company, without which, the Company would have no other access to alternate sources of funding. Hence based on the foregoing justifications, the Board believes that the Conversion price is still in the best interest of the Company and minority Shareholders.

The Conversion Price shall be adjusted accordingly should an adjustment event as stipulated in the Terms and Conditions of the RCB takes place and the Company will provide a notice of such adjustment to the Bondholder and announce any such adjustments if required by the Listing Manual.

Conversion Shares : Up to 4,000,000,000 Conversion Shares (assuming no adjustments to the Conversion Price) to be allotted and issued to the Bondholder upon conversion of the RCB, determined by dividing the principal amount of RCB converted over the Conversion Price.

The Conversion Shares, as when issued upon the conversion of the RCB by the Bondholder, shall be issued as fully paid and shall be free from any and all encumbrances whatsoever, and shall rank *pari passu* with, and shall carry all rights similar to, the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the Record Date for which falls on or before the date of issue of the Conversion Shares.



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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- Conversion Period** : The continuous period beginning on the Market Day immediately after the RCB Issuance Date up to the close of business of the Company on the date falling seven (7) Business Days prior to Maturity Date, or if the RCB shall have been called for redemption by the Company before the Maturity Date, then up to the close of business of the Company on the date no later than seven (7) Business Days prior to the date fixed for redemption thereof, or if a Relevant Event Redemption Notice (as defined in the Terms and Conditions of the RCB) has been given by the Bondholder to the Company, then up to the close of business of the Company on the day prior to the giving of such Relevant Event Redemption Notice, provided that the right of conversion during any Closed Period and Book Closure Period (both as defined in the Terms and Conditions of the Bonds) shall be suspended and the Conversion Period shall not include any such Closed Period and Book Closure Period.
- Conversion Right** : At any time during the Conversion Period (other than a Closed Period and Book Closure Period (both as defined in the Terms and Conditions of the RCB)), the Bondholder shall have the the option (but not the obligation), and provided that the aggregate value of each conversion tranche is at least S\$250,000, to convert the RCB into Conversion Shares, at the Conversion Price, by adhering to the conversion procedure as stipulated in the Terms and Conditions of the RCB.
- Notwithstanding the forgoing, the Bondholder shall not convert the RCB insofar as such conversion would (i) result in the Bondholder becoming a Controlling Shareholder in the Company and (ii) result in the Bondholder triggering a mandatory general offer obligation pursuant to Rule 14 of the Code.
- Adjustment to Conversion Price** : The Conversion Price will be subject to adjustments under certain events provided for in the RCB Subscription Agreement. The Company will make an appropriate announcement in relation to any adjustments.
- A list of adjustment events can be found in Appendix D to this Circular.
- Redemption** : Unless previously converted into Conversion Shares, redeemed, converted or purchased and cancelled in accordance with the terms of the RCB Subscription Agreement, the RCB shall be redeemed by the Company on the Maturity Date or at such other event or time as set out in the Terms and Conditions of the RCB by adhering to the procedure for redemption.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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- The terms applicable for redemption, purchase and cancellation can be found in Appendix E to this Circular.
- Assignability/Transferability : Baycrest may only assign or transfer all or any portion of its rights under the RCB Subscription Agreement to its designated nominee (as notified by Baycrest to the Company and only with consent of the Company for such assignment, such consent not to be unreasonably withheld). The Company shall have no right to assign or transfer any of its rights or obligations under the RCB Subscription Agreement and shall remain fully liable for all the obligations, covenants, duties and liabilities thereunder.
- Listing Status : The RCB shall not be listed on any stock exchange.
- Notice of Maturity : Unless all the RCB have been fully converted, redeemed, purchased and cancelled, the Company will make an announcement of the Maturity Date and/or send a notice of such Maturity Date to the Bondholder at least one (1) month before the Maturity Date.
- Modification to the Terms and Conditions of the RCB : Any material modification to the Terms and Conditions of the RCB which is for the benefit of the Bondholder but is materially prejudicial to the interests of the Shareholders shall not be effected without the prior approval of the Shareholders at a general meeting of the Company, unless such modification is made pursuant to the Terms and Conditions of the RCB.
- Termination of RCB Subscription Agreement : Notwithstanding any other provisions in the RCB Subscription Agreement, Baycrest may, by notice to the Company given at any time prior to settlement of the subscription consideration for the RCB to the Company, terminate the RCB Subscription Agreement in any of the following circumstances:
- (i) if there shall have come to the notice of Baycrest any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the RCB Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the RCB Subscription Agreement;
  - (ii) 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 Baycrest's view (after consultation with the Company), would or would likely have a material adverse effect on the financial position of the Group;

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- (iii) if the shares are delisted and removed from the official list of the SGX-ST;
- (iv) if any of the RCB Conditions not having been satisfied (or waived) on the Date of the Issuance of the RCB; or
- (v) if there is any Material Adverse Effect (as defined in the RCB Subscription Agreement) on the financial position of the Company or the Group (as a whole),

and upon such notice being given by Baycrest, the RCB Subscription Agreement shall terminate and be of no further effect and no party shall be under any liability to any other in respect of the RCB Subscription Agreement (except for their respective obligations, covenants or undertakings which, pursuant to the terms of the RCB Subscription Agreement, are expressed to survive such termination).

- Transfer : Subject to the Terms and Conditions of the RCB, the RCB may be transferred by delivery of the RCB Certificate issued in respect of that RCB, with the form of transfer on the back duly completed and signed by the holder or its attorney duly authorised in writing, to the specified office of the Company. No transfer of title to a RCB will be valid unless and until entered on the register of bondholders, as maintained by the Company.
- Liquidation/winding-up : On the occurrence of a Winding-Up (as defined in Clause 10(v) of the Terms and Conditions of the RCB), the Bondholder may give notice to the Company that the RCB shall become immediately due and repayable at their principal amount plus accrued interest, subject to the Terms and Conditions of the RCB.

### 8.4 Background of the Bondholder, Baycrest

Baycrest is a company incorporated in the United States of America as a California S Corp with Fed ID 770518279 and its principal registered address at 2055 Junction Ave. Ste. 228, San Jose, CA 95131. It is principally engaged in the scrap plastic and metal business. It specialises in the recycling of electronic waste plastic, metal and manganese steel and it exports various grades of scrap plastics and metals to China.

Baycrest has no connections or existing business relationships with the Company, its Directors and substantial Shareholders. It is legally and beneficially owned by Jim Fei and Helen Gan. Both Jim Fei and Helen Gan do not own any Shares in the Company and are unrelated to the Company, its Directors and substantial Shareholders.

Baycrest was introduced to the Company by Mr. Andrew Eng, the Chief Executive Officer of Metech International Limited (“**Metech**”) and the brother of Mr. Simon Eng, the chairman

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of the Board of the Company, and also an executive director of Metech. No introducer fee or commission was paid by the Company to Mr. Andrew Eng and/or Metech.

Baycrest is a willing investor who is willing to invest in Asia, and in connection therewith, it has decided to invest in the Company's business.

Baycrest has provided an undertaking to the Company *inter alia*, that neither itself, its directors, its substantial shareholders, nor any of its nominees (who shall be related parties of Baycrest) are persons falling within the list of persons as stipulated in Rule 812(1) of the Listing Manual.

Baycrest has further undertaken that it and/or its nominees (as bondholder) shall not convert the RCB into Conversion Shares insofar as such conversion would result in it or its nominees (who shall be related parties of Baycrest) becoming a Controlling Shareholder of the Company and/or resulting in it and/or its nominees (who shall be related parties of Baycrest) triggering a mandatory general offer obligation pursuant to Rule 14 of the Code.

### 8.5 Conditions precedent to the RCB Issuance

The Proposed RCB Issuance is conditional upon, among others, the following:

- (a) completion of the Debt Capitalisation Exercise;
- (b) the respective representations and warranties by the Company and Baycrest, being true and accurate in all material respects on and as of the RCB Issuance Date, with the same force and effect as though made on and as of the RCB Issuance Date, and each party to the RCB Subscription Agreement having performed and complied with all their respective undertakings, covenants and agreements set out in the RCB Subscription Agreement on or prior to the RCB Issuance Date;
- (c) all required consents and approvals for the transactions under the RCB Subscription Agreement having been obtained without restrictions or limitation whatsoever that are unacceptable to the Company and Baycrest, and being in full force and effect, in particular and without limitation:
  - (i) the approval of the Board for the entering into of the RCB Subscription Agreement and the transactions as contemplated pursuant to the RCB Subscription Agreement and any related transactions in relation thereto;
  - (ii) specific approval from the Shareholders to be obtained by the Company at the EGM for the RCB Issuance and for the allotment and issuance of up to the Maximum Conversion Shares to Baycrest and/or its nominees (who shall be related parties of Baycrest) in accordance with the terms and conditions of the RCB Subscription Agreement;
  - (iii) the approval in-principle of the SGX-ST for, among others, the listing and quotation of the Conversion Shares on the Main Board of the SGX-ST, having been obtained by the Company and such approval not having been withdrawn, revoked or amended and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and Baycrest, and to the extent that any conditions for the listing and quotation of the Conversion Shares

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on the Main Board of the SGX-ST are required to be fulfilled, they are so fulfilled prior to the RCB Issuance Date;

- (iv) all licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant government bodies, statutory authorities or regulatory, administrative or supervisory bodies (including, without limitation, the SGX-ST, the Monetary Authority of Singapore, the Singapore Industry Council, third party contractors, counterparties, financing or facility providers of the Company as may be required for or in connection with the entering into of the RCB Subscription Agreement by the Company, the transactions as contemplated by the RCB Subscription Agreement, and the allotment and issuance of and the listing and quotation for the Conversion Shares on the Main Board of the SGX-ST, all having been obtained and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the Company and the Bondholder and are fulfilled on or before the RCB Issuance Date;
- (d) on or prior to the RCB Issuance Date, there shall have been delivered to Baycrest, each in a form reasonably satisfactory to Baycrest, any additional documents which is necessary for the completion of the RCB Issuance (specifically, the settlement of the subscription consideration for the RCB); and
- (e) on the RCB Issuance Date, the issuance and sale of the RCB to Baycrest and/or its nominees (who shall be related parties of Baycrest) not being prohibited by the laws and regulations of any jurisdiction to which the Subscriber and/or its nominees (who shall be related parties of Baycrest) or the Issuer is subject.

(collectively the “**RCB Conditions**”)

Should the RCB Conditions not be satisfied or waived by the respective entitled party to the RCB Subscription Agreement on or before the RCB Issuance Date, the RCB Subscription Agreement may be terminated by Baycrest by written notice to the Company.

### 8.6 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;

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- (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<sup>(#)</sup>

	Before the RCB Issuance <sup>(1)</sup>	After the RCB Issuance <sup>(2)</sup>
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) <sup>(3)</sup>	(0.0039)	0.0013
Gearing Ratio <sup>(4)</sup> (times)	(1.38)	3.70

#### Notes:

- (#) Calculations as stated in Appendix B to this Circular.
- (1) Assuming the completion of the Debt Capitalisation Exercise and the full allotment and issuance of the Capitalisation Shares by 31 December 2016.
- (2) 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.
- (3) NTA per Share is computed based on the NTA of the Group attributable to Shareholders divided by the number of Shares.
- (4) Gearing ratio is computed based on total borrowings divided by total equity.

### EPS<sup>(#)</sup>

	Before the RCB Issuance <sup>(1)</sup>	After the RCB Issuance <sup>(2)</sup>
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 <sup>(3)</sup> (cents)	(0.0184)	(0.0167)

#### Notes:

- # Calculations as stated in Appendix B to this Circular.
- 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 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.
- 3 EPS is computed based on the net earnings of the Group attributable to Shareholders divided by the weighted average number of Shares.

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### 8.7 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 (the “**Enlarged Share Capital**”).

#### Public Float

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

#### Change in Shareholding Structure

Assuming the full allotment and issuance of the Maximum Conversion Shares, the change in the shareholding structure of the Company is as set out in Appendix C to this Circular.

### 9. PRO-FORMA FINANCIAL ACCOUNTS FOR 9M2017 AND FY2016

Please refer to Appendix B for the pro-forma financial statements for the Group’s 9M2017 and FY2016, assuming the Proposed Transactions have been completed as at 30 September 2017, and 31 December 2016 respectively.

### 10. REMAINING OUTSTANDING NON-TRADE DEBTS FOLLOWING THE COMPLETION OF THE PROPOSED TRANSACTIONS

Upon the completion of the Proposed Transactions, the Group will have the remaining non-trade debts on its Balance Sheet:

	<b>Non-Current</b>	<b>Current</b>
Borrowings	S\$1,500,000 term loan owing to Fort Canning, which falls due on 15 August 2019.	S\$326,000 term loan owing to Platon Resources Pte. Ltd., which falls due on 17 July 2018.
Non-Trade Payables	–	S\$1,437,000 (consisting of salaries, director fees, professional fees etc.) owing to various parties on an accrued basis.

The Group presently has no outstanding bank borrowings or term facilities.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Simon Eng	–	–	2,795,598,403 <sup>1</sup>	18.71
Lee Suan Hiang	–	–	–	–
Chan Keng Ho	–	–	–	–
Paul Lim Choon Wui	–	–	–	–
<b>Substantial/Controlling Shareholders</b>				
Hau Chan Yen	–	–	2,623,139,625 <sup>2</sup>	17.55
Fort Canning (Asia) Pte Ltd	1,348,495,104	9.02	–	–
Belle Forte Ltd	1,274,644,521	8.53	–	–

**Notes:**

- 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.
- 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.

Save for matters disclosed in this Circular, none of the Directors or Substantial Shareholders have any interest, direct or indirect, in the Debt Capitalisation Exercise and the RCB Issuance, save for their respective shareholdings in the Company.

### 12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held on 27 February 2018 at 10 a.m. at 65 Tech Park Crescent, Singapore 637787 for the purpose of considering, and if thought fit, passing (with or without any modifications), the Ordinary Resolutions set out in the Notice of EGM.

### 13. ACTIONS TO BE TAKEN BY SHAREHOLDER

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, may complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 65 Tech Park Crescent, Singapore 637787, not less than 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder does not preclude him from attending and voting at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.



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A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register at least 72 hours before the time fixed for the EGM.

### 14. DIRECTORS' RECOMMENDATIONS

#### 14.1. The Debt Capitalisation Exercise

Having considered, *inter alia*, the terms of the Debt Capitalisation Set-off and Settlement Agreement, and the rationale for and the terms of the Debt Capitalisation Exercise, the Directors are of the opinion that the Debt Capitalisation Exercise is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Debt Capitalisation Exercise as set out in the Notice of EGM.

#### 14.2. The Transfer of Controlling Interest to Mr. Zhang Baoan pursuant to the Debt Capitalisation Exercise

Having considered, *inter alia*, the rationale for and the terms of the Debt Capitalisation Exercise, the Directors are of the opinion that the Transfer of Controlling Interest to Mr. Zhang pursuant to the Debt Capitalisation Exercise is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the Transfer of Controlling Interest as set out in the Notice of EGM.

#### 14.3. The RCB Issuance

Having considered, *inter alia*, the terms of the RCB Subscription Agreement, and the rationale for and the terms of the RCB Issuance, the Directors are of the opinion that the RCB Issuance is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the RCB Issuance as set out in the Notice of EGM.

### 15. RESUMPTION OF TRADING

Following the completion of the Proposed Transactions, the Company will be applying to the SGX-ST for the resumption of the trading in the Shares on the Main Board of the SGX-ST.

### 16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular 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 Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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### 17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 65 Tech Park Crescent, Singapore 637787, during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Debt Capitalisation Set-off and Settlement Agreement;
- (b) the RCB Subscription Agreement;
- (c) the Constitution of the Company; and
- (d) the annual report of the Company for FY2016.

Yours faithfully,

For and on behalf of the Board of Directors of  
**ADVANCE SCT LIMITED**

Simon Eng  
Chairman of the Board  
12 February 2018

## APPENDIX A

### Details of the Subscribers and the Total Debt Owning

Subscribers undertaking the Debt Capitalisation Exercise	Debt Owning to be capitalised (\$S)	Number of Capitalisation Shares to be issued	Before Debt Capitalisation Exercise		After Debt Capitalisation Exercise	
			No. of Shares in the Company	% interest in the Company	No. of Shares in the Company	% interest in the Company
Saffron Elite Limited	1,240,525.55	2,481,051,100	-	-	2,481,051,100	6.65
Platon Resources Pte. Ltd.	1,088,000.00	2,176,000,000	-	-	2,176,000,000	5.83
Toppan Vintage Pte. Ltd.	47,110.28	94,220,560	-	-	94,220,560	0.25
KordaMentha Pte. Ltd.	24,075.00	48,150,000	-	-	48,150,000	0.13
Robert Wang & Woo LLP	12,606.00	25,212,000	-	-	25,212,000	0.07
Mr. Hue Kuan Yew Attlee	12,916.00	25,832,000	-	-	25,832,000	0.07
Mr. Chay Yiowmin	13,333.00	26,666,000	10,128,561	0.07	36,794,561	0.10
Mr. Choo Chee Kong Peter	5,000.00	10,000,000	150,941,008	1.01	160,941,008	0.40
Mr. Leong Kei Wei	10,125.00	20,250,000	-	-	20,250,000	0.06
Mr. Ng Siew Hoong Linus	25,000.00	50,000,000	-	-	50,000,000	0.14
Mr. Loo Cheng Guan	8,667.00	17,334,000	-	-	17,334,000	0.05
Mr. Song Tang Yih	4,359.00	8,718,000	408,543,086	2.73	417,261,086	1.12
Mr. Zhang Baoan	4,195,455.00	8,390,910,000	-	-	8,390,910,000	22.49
Mr. Wang Daming	1,500,000	3,000,000,000	-	-	3,000,000,000	8.04
Ms. Zhang Yujuan	1,500,000	3,000,000,000	-	-	3,000,000,000	8.04
Ms. Du Fengyun	1,500,000	3,000,000,000	-	-	3,000,000,000	8.04

## APPENDIX B

### PRO FORMA FINANCIAL STATEMENTS OF THE COMPANY FOR ITS NINE (9) MONTHS ENDED 30 SEPTEMBER 2017 ("9M2017") AND FULL YEAR ENDED 31 DECEMBER 2016 ("FY2016")

Assuming the completion of the Proposed Transactions as at 30 September 2017 and 31 December 2016.

#### Income Statement

	Group			
	9M FY2017 S\$'000	9M FY2017 S\$'000	9M FY2017 S\$'000	FY2016 S\$'000
Ref	Pre	Post Debt Capitalisation Exercise & RCB Issuance	Post Debt Capitalisation Exercise & RCB Issuance	FY2016 S\$'000
<b>Continued operations</b>				
Revenue	60,763	60,763	60,763	46,843
Cost of sales	(59,799)	(59,799)	(59,799)	(46,468)
<b>Gross profit</b>	<b>964</b>	<b>964</b>	<b>964</b>	<b>375</b>
Administrative expenses	(513)	(513)	(513)	(1,463)
<b>Profit/(Loss) from operations</b>	<b>451</b>	<b>451</b>	<b>451</b>	<b>(1,088)</b>
Other income/(expenses) – net	975	975	975	(4,838)
Finance costs	(133)	(133)	(133)	(134)
<b>Profit/(Loss) before income tax</b>	<b>1,293</b>	<b>1,293</b>	<b>1,293</b>	<b>(6,060)</b>
Income tax	–	–	–	–
<b>Profit/(Loss) from continued operation, net of tax</b>	<b>1,293</b>	<b>1,293</b>	<b>1,293</b>	<b>(6,060)</b>
<b>Discontinued operations</b>				
Loss for the year from discontinued operation	–	–	–	(824)
<b>Total profit/(loss) for the period</b>	<b>1,293</b>	<b>1,293</b>	<b>1,293</b>	<b>(6,884)</b>
Attributable to:				
Equity holders of the Company	1,293	1,293	1,293	(6,581)
Non-controlling interests ("NCI")	–	–	–	(303)
	1,293	1,293	1,293	(6,884)

#### Computation of Financial Effects:

Debt Capitalisation Exercise and RCB Issue	Before completion of the Debt Capitalisation Exercise and RCB Issue	After completion of the Debt Capitalisation Exercise and RCB Issue	After completion of the Debt Capitalisation Exercise and RCB Issue
Net earnings of the Group attributable to Shareholders (S\$'000)	A	(6,884)	(6,884)
Weighted average number of Shares	B1	14,942,564,101	41,316,907,761
EPS (cents)	A*1000/B1*100	(0.0461)	(0.0167)
		37,316,907,761	41,316,907,761

## APPENDIX B

### Balance Sheet

	Ref	Group			
		30-Sep-17 S\$'000	30-Sep-17 S\$'000	30-Sep-17 S\$'000	31-Dec-16 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries		–	–	–	–
<b>Current assets</b>					
Prepayments		15	15	5	5
Trade and other receivables		7,824	7,824	2,911	2,911
Cash and cash equivalents		897	897	68	2,068
<b>Current assets</b>		8,736	8,736	2,984	4,984
<b>Total Assets</b>		<b>8,736</b>	<b>8,736</b>	<b>2,984</b>	<b>4,984</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	A	196,454	207,641	196,454	209,641
Capital reserve		(654)	(654)	(654)	(654)
Share options reserve		–	–	544	544
Forex translation reserve		33	33	15	15
Accumulated losses		(208,804)	(208,804)	(210,640)	(209,002)
<b>Total Equity</b>	B1	<b>(12,971)</b>	<b>(1,784)</b>	<b>(14,281)</b>	<b>544</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	C1	1,500.00	1,500.00	1,500.00	1,500.00
<b>Current liabilities</b>					
Trade and other payables	C2	8,849	8,694	4,636	2,428
Borrowings		2,655	326	2,841	512
Provision		8,703	–	8,288	–
<b>Total Equity and Liabilities</b>		<b>8,736</b>	<b>8,736</b>	<b>2,984</b>	<b>4,984</b>

## APPENDIX B

### Computation of Financial Effects:

Debt Capitalisation Exercise and RCB Issue		Before completion of the Debt Capitalisation Exercise and RCB Issue	After completion of the Debt Capitalisation Exercise	After completion of the Debt Capitalisation Exercise and RCB Issue
NTA of the Group attributable to Shareholders (S\$'000)	B1	(14,281)	(1,456)	544
Number of Shares	D1	14,942,564,101	37,316,907,761	41,316,907,761
NTA per Share (cents)	B1*1000/D1*100	(0.0956)	(0.0039)	0.0013
Gearing Ratio (times)	(C1+C2)/B1	(0.30)	(1.38)	3.70

## APPENDIX B

	9M FY2017		9M FY2017		9M FY2017		FY2016		FY2016		FY2016	
	S\$'000	Pre	S\$'000	Post Debt Capitalisation Exercise	S\$'000	Post Debt Capitalisation Exercise & RCB Issuance	S\$'000	Pre	S\$'000	Post Debt Capitalisation Exercise	S\$'000	Post Debt Capitalisation Exercise & RCB Issuance
<b>Cash flows from operating activities</b>												
Profit/(Loss) before tax	1,293	—	1,293	—	1,293	—	(6,060)	(824)	(6,060)	(824)	(6,060)	(824)
Loss after tax from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—
Adjustments for:												
Allowance for stock obsolescence	—	—	—	—	—	—	146	—	146	—	146	—
Unrealised futures loss/(gain)	135	—	135	—	135	—	(107)	—	(107)	—	(107)	—
Unrealised foreign exchange loss/(gain)	52	—	52	—	52	—	(29)	—	(29)	—	(29)	—
Depreciation for plant and equipment	—	—	—	—	—	—	178	—	178	—	178	—
Finance cost	133	—	133	—	133	—	134	—	134	—	134	—
Impairment of plant and equipment	—	—	—	—	—	—	860	—	860	—	860	—
Loss on disposal of subsidiaries	—	—	—	—	—	—	824	—	824	—	824	—
Allowance for impairment of trade and other receivables, net	—	—	—	—	—	—	5	—	5	—	5	—
Loss on disposal of plant and equipment	—	—	—	—	—	—	3	—	3	—	3	—
Write off of plant and equipment	—	—	—	—	—	—	23	—	23	—	23	—
Provision for legal claims	—	—	—	—	—	—	4,864	—	4,864	—	4,864	—
Provision for penalty charge	415	—	415	—	415	—	—	—	—	—	—	—
Write off of trade and other payables	(1,638)	—	(1,638)	—	(1,638)	—	(1,717)	—	(1,717)	—	(1,717)	—
<b>Operating cash flow before working capital changes</b>	<b>390</b>	<b>—</b>	<b>390</b>	<b>—</b>	<b>390</b>	<b>—</b>	<b>(1,700)</b>	<b>(1,700)</b>	<b>(1,700)</b>	<b>(1,700)</b>	<b>(1,700)</b>	<b>(1,700)</b>

## APPENDIX B

	Group			Group		
	9M FY2017 S\$'000	9M FY2017 S\$'000	9M FY2017 S\$'000	FY2016 S\$'000	FY2016 S\$'000	FY2016 S\$'000
	Pre	Post Debt Capitalisation Exercise	Post Debt Capitalisation Exercise & RCB Issuance	Pre	Post Debt Capitalisation Exercise	Post Debt Capitalisation Exercise & RCB Issuance
Working capital changes						
Inventories	-	-	-	-	-	-
Trade and other receivables	(5,092)	(5,092)	(5,092)	(1,568)	(1,568)	(1,568)
Trade and other payables	5,850	5,850	5,850	374	374	374
Cash generated from operations	1,148	1,148	1,148	(2,894)	(2,894)	(2,894)
Interest paid	(133)	(133)	(133)	(134)	(134)	(134)
<b>Net cash generated from operating activities</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>	<b>(3,028)</b>	<b>(3,028)</b>	<b>(3,028)</b>
<b>Cash flows from investing activities</b>						
Proceeds from disposal of plant and equipment	-	-	-	30	30	30
Net cash outflows from disposal of subsidiaries	-	-	-	(189)	(189)	(189)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(159)</b>	<b>(159)</b>	<b>(159)</b>
<b>Cash flows from financing activities</b>						
Proceeds from/(Repayment of) borrowings, net	(186)	(186)	(186)	2,741	2,741	2,741
Issuance of RCB	-	-	2,000	-	-	2,000
<b>Net cash used in financing activities</b>	<b>(186)</b>	<b>(186)</b>	<b>1,814</b>	<b>2,741</b>	<b>2,741</b>	<b>4,741</b>
<b>Net change in cash and bank balances</b>	<b>829</b>	<b>829</b>	<b>2,829</b>	<b>(446)</b>	<b>(446)</b>	<b>1,554</b>
<b>Cash and bank balances at beginning of financial period</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>514</b>	<b>514</b>	<b>514</b>
<b>Cash and bank balances at end of financial period</b>	<b>897</b>	<b>897</b>	<b>2,897</b>	<b>68</b>	<b>68</b>	<b>2,068</b>



## APPENDIX C

### 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 (%) <sup>a</sup>			Shares		Percentage interest in the Company (%) <sup>a</sup>				
	Direct	Deemed	Total	Direct	Deemed	Total	Direct	Deemed	Total			
Mr. Simon Eng	-	2,795,598,403 <sup>1</sup>	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 <sup>2</sup>	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 Yowmin	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. Wang Daming	-	-	-	-	-	-	3,000,000,000	-	3,000,000,000	8.04	-	8.04
Ms. Zhang Yujuan	-	-	-	-	-	-	3,000,000,000	-	3,000,000,000	8.04	-	8.04

## APPENDIX C

Name of Shareholders	Before the Debt Capitalisation Exercise				After the Debt Capitalisation Exercise					
	Shares		Percentage interest in the Company (%) <sup>#</sup>		Shares		Percentage interest in the Company (%) <sup>*</sup>			
	Direct	Deemed	Total	Deemed	Direct	Deemed	Total	Deemed		
Ms. Du Fengyun	–	–	–	–	3,000,000,000	–	3,000,000,000	8.04	–	8.04
Mr. Tan Tian Hong Jeffrey	26,572,214	705,585,006 <sup>3</sup>	732,157,220	0.18	4.72	4.90	26,572,214	2,881,585,006 <sup>4</sup>	0.07	7.72
Mr. Lim Liang Meng	335,000,780	–	335,000,780	2.24	–	2.24	335,000,780	2,481,051,100 <sup>5</sup>	0.90	6.65

**Notes:**

- # Based on the Existing Share Capital.
- \* 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 through his 100% interest in Silveron Resources Ltd, and 570,249,540 Shares held through 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 through his 100% interest in Silveron Resources Ltd, 570,249,540 Shares held through 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 through his 100% interest in Safron Elite.

## APPENDIX C

### 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 (%) <sup>†</sup>		Shares		Percentage interest in the Company (%) <sup>††</sup>				
	Direct	Deemed	Total	Deemed	Direct	Deemed	Total				
Mr. Simon Eng	-	2,795,598,403 <sup>1</sup>	2,795,598,403	-	7.49	7.49	-	2,795,598,403	-	6.77	6.77
Ms. Hau Chan Yen	-	2,623,139,625 <sup>2</sup>	2,623,139,625	-	7.03	7.03	-	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	-	6.00	-	6.00
Platon Resources Pte. Ltd.	2,176,000,000	-	2,176,000,000	5.83	-	5.83	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	-	0.23	-	0.23
KordaMentha Pte. Ltd.	48,150,000	-	48,150,000	0.13	-	0.13	48,150,000	-	0.12	-	0.12
Robert Wang & Woo LLP	25,212,000	-	25,212,000	0.07	-	0.07	25,212,000	-	0.06	-	0.06
Mr. Hue Kuan Yew Atflee	25,832,000	-	25,832,000	0.07	-	0.07	25,832,000	-	0.06	-	0.06
Mr. Chay Yowmin	36,794,561	-	36,794,561	0.10	-	0.10	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	-	0.39	-	0.39
Mr. Leong Kei Wei Mark	20,250,000	-	20,250,000	0.06	-	0.06	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	-	0.12	-	0.12
Mr. Loo Cheng Guan	17,334,000	-	17,334,000	0.05	-	0.05	17,334,000	-	0.04	-	0.04
Mr. Song Tang Yih	417,261,086	-	417,261,086	1.12	-	1.12	417,261,086	-	1.01	-	1.01
Mr. Zhang Baocan	8,390,910,000	-	8,390,910,000	22.49	-	22.49	8,390,910,000	-	20.31	-	20.31

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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	Deemed	Direct	Deemed	Total	Deemed	Total			
Mr. Wang Daming	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. Zhang Yujuan	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. Du Fengyun	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 <sup>3</sup>	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 <sup>4</sup>	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	-	9.68

### 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 through his 100% interest in Silveron Resources Ltd, 570,249,540 Shares held through 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 through his 100% interest in Saffron Elite.

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## APPENDIX D

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### Adjustment Events

**A.** *Adjustments to Conversion Price.* The Conversion Price will be subject to adjustment in the following events (save and except that no adjustments will be made to the Conversion Price by virtue of the issue of any further Bonds in accordance with Condition 16):

(1) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the number of issued Shares as a result of consolidation, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such alteration; and

B is the aggregate number of issued Shares immediately after such alteration. Such adjustment shall become effective on the date the alteration takes effect.

(2) *Capitalisation of Profits or Reserves:*

(a) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves issued (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such issue;  
and

B is the aggregate number of issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

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- (b) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the last Trading Day preceding the date of announcement of the terms of the issue exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of issued Shares immediately before such issue;
- B is the aggregate number of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate number of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify to the Issuer is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) *Capital Distributions:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date. When the Capital Distribution is by means of distribution of cash dividend, only such portion of cash dividend or distribution which exceeds the amounts referred to in Condition 6(C)(11) shall be regarded as Capital Distribution and only the excess portion shall be taken into account in the determination of the Fair Market Value of the portion of the Capital Distribution attributable to one Share.

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- (4) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (5) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

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Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange.

- (6) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued prior to the Closing Date or on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 6(C)(4), Condition 6(C)(5) or Condition 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares at a consideration per Share which is less than the Current Market Price on the last Trading Day preceding the date of



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announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

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- (9) *Other Offers to Shareholders:* If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any of its Subsidiaries or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)) above), in such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share. Such adjustment shall become effective on the date of issue, sale or distribution of the securities.
- (10) *Other Events:* If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.

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## APPENDIX D

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(11) *Definitions:* For the purposes of these Conditions:

**“Alternative Stock Exchange”** means at any time, in the case of the Shares, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

**“Capital Distribution”** means: (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid by way of capitalisation of reserves)); and (ii) any dividend (including any cash or Scrip Dividend) or distribution of any kind by the Issuer for any financial period (whenever paid and however described), unless (and to the extent that) it does not exceed the lower of (a) the aggregate amount of S\$10 million or, (b) on a per Share basis, when taken together with the aggregate of any other dividend (including any cash or Scrip Dividend) or distribution previously made or paid in respect of the same financial year, the Reference Amount per Share for the relevant financial year as set out below:

In respect of the financial year ending	Reference Amount per Share (SGD)
31 December 2015	0.001
31 December 2016	0.001

**“Closing Price”** for the Shares for any Trading Day shall be the average closing market price quoted by the SGX-ST or, as the case may be, the Alternative Stock Exchange, for the last 5 Trading Days prior to such Trading Day.

**“Current Market Price”** means, in respect of a Share at a particular time on a – particular date, the average of the daily Volume Weighted Average Price for one Share (being a Share carrying full entitlement to dividend) for the period represented by the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

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## APPENDIX D

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**“Fair Market Value”** means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, acting as an expert, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of 5 Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

**“Independent Investment Bank”** means an independent investment bank of international repute (acting as an expert) selected by and at the expense of the Issuer.

If the Issuer fails to select an Independent Investment Bank when required in this Condition 6(C) within a period of 30 days, the Purchaser may (at its absolute discretion) select such an Independent Investment Bank.

**“Relevant Cash Dividend”** means any cash dividend specifically declared by the Issuer.

**“Relevant Stock Exchange”** means at any time, in respect of the Shares, the SGX-ST or the Alternative Stock Exchange.

**“Scrip Dividend”** means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Condition 6(C)(3) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under Condition 6(C)(2)(ii).

**“Trading Day”** means a day when the SGX-ST or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

**“Volume Weighted Average Price”** means, in respect of a Share on any Stock Exchange Business Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg (or any successor service) or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Stock Exchange Business Day, provided that on any such Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

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## APPENDIX D

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- (12) *Minor adjustments:* On any adjustment, the relevant Conversion Price, will be rounded upwards to the nearest S\$0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down by reason of this Condition 6(C)(12), shall be carried forward and taken into account in any subsequent adjustment (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 6(C)(12)). Notice of any adjustment shall be given to the Bondholder in accordance with Condition 17 as soon as practicable after the determination thereof.
- (13) *Cumulative adjustments:* Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.
- (14) *Upward adjustment:* No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(1) above.
- (15) *Excluded events:* No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are offered or issued, as applicable pursuant to (A) the Company's employee performance share and share option scheme approved on 2 July 2009 by the Company's shareholders at the Company's annual general meeting provided that (i) such scheme is in compliance with the listing rules of the SGX-ST or, if applicable, those of an Alternative Stock Exchange, and (ii) the aggregate number of Shares issued pursuant to such scheme does not exceed three (3) per cent. of the average number of issued and outstanding Shares in the capital of the Issuer during the 12-month period immediately preceding any issuance of such Shares, (B) the debt capitalisation exercise pursuant to the debt capitalisation set-off and settlement agreement dated 18 December 2017.
- (16) *Notice of Adjustment:* The Issuer shall, within 2 days of the adjustment event, send the Bondholder a notice setting out particulars relating to each adjustment of the Conversion Price. The Issuer will not be responsible to the Bondholder for any loss arising from any failure by it to do so.

The Issuer shall be under no obligation to verify the Independent Investment Bank's determination of such number of Shares or method used in such determination and the Issuer shall not be responsible to the Bondholder or any other person for any loss arising from any failure to do so or for any delay of the Independent Investment Bank in making such determination or any erroneous determination by the Independent Investment Bank.

- (17) *Minimum Conversion Price:* Notwithstanding the provisions of this Condition, the Issuer covenants that it will not take any corporate or other action pursuant to Condition 6(C) that would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law.

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## APPENDIX E

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### Redemption, Purchase and Cancellation

- A. *Redemption at Maturity.* Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100 per cent. of its principal amount together with unpaid accrued interest thereon on the date falling on the third anniversary of the Closing Date (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) and Condition 8(C) below (but without prejudice to Condition 10). The Issuer shall, at least one (1) month prior to the expiry of the Maturity Date give notice to the Bondholder of the Maturity Date in accordance with Condition 17.
- B. *Redemption at the Option of the Issuer.* The Issuer shall 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 Issuer will give at least three (3) months’ prior notice to the holders for such redemption to the Bondholder (which notice will be irrevocable).
- C. *Redemption for Taxation Reasons.* The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholder in accordance with Condition 17 (which notice shall be irrevocable) at their principal amount plus interest accrued at the rate of three (3) per cent. per annum from the date of issue of such Bonds up till the date of expiry of the aforesaid notice, in each case, together with accrued but unpaid interest (calculated up to, but excluding the date fixed for redemption), if (i) immediately prior to the giving of such notice the Issuer has or will become obliged to pay Additional Tax Amounts (as defined below) as provided or referred to in Condition 9 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 Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer shall deliver to the Bondholder (a) a certificate signed by 2 directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds at their principal amount plus interest accrued at the rate of three (3) per cent. per annum from the date of issue of such Bonds up till the date of expiry of the aforesaid notice (the “**Tax Redemption Date**”).
- D. *Redemption for Relevant Events.* Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date (as defined below) at the principal amount, together with accrued but unpaid interest (calculated up to, but excluding, the date fixed for such redemption). To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Issuer a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Issuer (“**Relevant Event Redemption Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a

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## APPENDIX E

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Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to the Bondholder by the Issuer in accordance with Condition 17. The “**Relevant Event Redemption Date**” shall be the 14th day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s written consent and the Issuer shall redeem the Bonds which form the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to the Bondholder in accordance with Condition 17 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify:

- (i) the Relevant Event Redemption Date;
- (ii) the date of such Relevant Event and briefly, the events causing the occurrence of such Relevant Event;
- (iii) the date by which the Relevant Event Redemption Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the specified office of the Issuer;
- (vi) briefly, the Conversion Right and the then Conversion Price; and
- (vii) the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(D) or their Conversion Right and shall give brief details of the Relevant Event.

A “**Relevant Event**” occurs when (i) the Shares cease to be listed on the SGX-ST or, if applicable, the Alternative Stock Exchange.

“**Capital Stock**” means, with respect to any person, any and all shares, ownership interests, participation or other equivalents (however designated), including all ordinary shares and all preferred shares which carry voting rights, of such person; and a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of Directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ADVANCE SCT LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404283C)

*Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 12 February 2018 issued by the Company (the "Circular").*

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting ("**EGM**") of Advance SCT Limited (the "**Company**") will be held on 27 February 2018 at 10 a.m. at 65 Tech Park Crescent, Singapore 637787 for the purpose of considering and, if thought fit, passing, with or without modifications, the Ordinary Resolutions set out below.

**SHAREHOLDERS SHOULD NOTE THAT ALL THE ORDINARY RESOLUTIONS ARE INTER-CONDITIONAL. THIS MEANS THAT IN THE EVENT ANY OF THE ORDINARY RESOLUTIONS IS NOT PASSED, ALL THE ORDINARY RESOLUTIONS WILL NOT PASS.**

#### **ORDINARY RESOLUTION 1: THE DEBT CAPITALISATION EXERCISE**

THAT the Debt Capitalisation Exercise be and is hereby approved and that approval is hereby given to the Directors of the Company to:

- (a) capitalise the Total Debt Owing into Capitalisation Shares at the Capitalisation Price of S\$0.0005 (being a 50% discount to the Company's last traded VWAP of S\$0.001 on 29 October 2015) and to issue and allot up to 22,374,343,660 Capitalisation Shares to the Subscribers, subject to and otherwise in accordance with the terms and conditions of the Debt Capitalisation Set-off and Settlement Agreement, whereby such Capitalisation Shares shall rank *pari passu* in all respects with the then existing Shares of the Company, except for any dividends, rights, allotments, distributions or entitlements, the Record Date of which falls on or prior to the date of the allotment and issuance of the Capitalisation Shares, and will be admitted for listing and quotation on the Main Board of the SGX-ST; and
- (b) that any Director be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Debt Capitalisation Exercise, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Debt Capitalisation Exercise.

#### **ORDINARY RESOLUTION 2: THE TRANSFER OF CONTROLLING INTEREST TO MR. ZHANG BAOAN**

THAT the Transfer of Controlling Interest to Mr. Zhang Baoan in connection with the Debt Capitalisation Exercise be and is hereby approved and that approval is hereby given to the Directors of the Company to:

- (a) allot and issue 8,390,910,000 Capitalisation Shares to Mr. Zhang Baoan resulting in a transfer of Controlling Interest in the Company pursuant to Rule 803 of the Listing Manual; and
- (b) that any Director be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Transfer of Controlling Interest, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Transfer of Controlling Interest.

### **ORDINARY RESOLUTION 3: THE RCB ISSUANCE**

THAT the RCB Issuance be and is hereby approved and that approval is hereby given to the Directors of the Company to:

- (a) to create and issue 3 per cent. redeemable convertible bonds due 2021 with a principal value of S\$2,000,000 (“**RCB**”) to Baycrest International Inc and/or its nominees, such RCB to be convertible at the option of the holder thereof, into up to 4,000,000,000 new ordinary shares in the capital of the Company (the “**Conversion Shares**”) at a conversion price of S\$0.0005 (being a 50% discount to the Company’s last traded VWAP of S\$0.001 on 29 October 2015) (the “**Conversion Price**”), in accordance with the terms and conditions of the RCB (the “**Terms and Conditions of the RCB**”) and subject to such adjustments as the Terms and Conditions of the RCB shall stipulate;
- (b) to allot and issue (notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company):
  - (i) such number of Conversion Shares as may be required or permitted to be allotted or issued on the Conversion of the RCB, to the holder of the RCB on the conversion thereof; subject to and otherwise in accordance with the Terms and Conditions of the RCB, whereby such Conversion Shares shall rank *pari passu* in all respects with the ten existing shares of the Company, except for any dividend, rights, allotment or other distributions the Record Date for which is before the relevant conversion date of the RCB;
  - (ii) on the same basis as paragraph (b)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the RCB upon the adjustment of the Conversion Price in accordance with the Terms and Conditions of the RCB; and
- (c) that any Director be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the RCB Issuance, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the RCB Issuance.

By Order of the Board  
**ADVANCE SCT LIMITED**

Simon Eng  
Chairman of the Board

12 February 2018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the registered office of the Company, at 65 Tech Park Crescent, Singapore 637787, not later than 48 hours before the time appointed for the holding the EGM.
5. The instrument appointing a proxy or proxies must be signed by the appointor or an attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such persons as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
8. The submission of an instrument or form appointing a proxy or proxies by a member does not preclude him from attending and voting in person at the EGM if he so wishes.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.
10. The Company shall be entitled to reject an instrument of proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

### PERSONAL DATA PRIVACY TERMS:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## ADVANCE SCT LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200404283C)

### IMPORTANT:

Pursuant to Section 181(1C) of the Companies Act (Chapter 50) of Singapore (the "Companies Act"), a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act may appoint more than two (2) proxies to attend, speak and vote at the extraordinary general meeting.

For investors who have used their CPF monies to buy shares in the Company, this Circular is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.

This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

### PERSONAL DATA PRIVACY TERMS

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 February 2018.

## PROXY FORM

(Please see Notes overleaf before completing this Proxy Form)

\*I/We (Name) \_\_\_\_\_

(NRIC/Passport/Co. Registration No.) \_\_\_\_\_

of (Address) \_\_\_\_\_

being a \*member/members of **ADVANCE SCT LIMITED** ("the **Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing \*him/her/them, the Chairman of the extraordinary general meeting of the Company (the "**EGM**"), as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the EGM to be held on 27 February 2018 at 10 a.m. at 65 Tech Park Crescent, Singapore 637787 or at any adjournment thereof.

As Ordinary Resolutions		For	Against
Ordinary Resolution 1	To approve the Debt Capitalisation Exercise		
Ordinary Resolution 2	To approve the Transfer of Controlling Interest		
Ordinary Resolution 3	To approve the RCB Issuance		

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with a "X" in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the relevant number of shares in the relevant boxes provided above. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the EGM.)

**Note:** Please note that the short descriptions given above of the Ordinary Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Ordinary Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of EGM for the full purpose and intent of the Ordinary Resolutions to be passed.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/  
Common Seal of Corporate Member

\*Delete as appropriate

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 65 Tech Park Crescent, Singapore 637787, not later than 48 hours before the time appointed for holding the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or an attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
9. The submission of an instrument or form appointing a proxy or proxies by a member does not preclude him from attending and voting in person at the EGM if he so wishes.
10. The Company shall be entitled to reject an instrument of proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
11. Investors who buy Shares in the Company using CPF monies and/or SRS monies (as may be applicable) ("**CPF/SRS Investors**") may attend and cast their vote at the EGM in person. CPF/SRS Investors who are unable to attend the EGM but would like to vote, may inform CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF/SRS Investors shall be precluded from attending the EGM.