

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

**NON-BINDING LETTER OF INTENT IN RELATION TO THE PROPOSED DISPOSAL OF THE
PROPERTY LOCATED AT 30 WOODLANDS LOOP, SINGAPORE 738319**

1. INTRODUCTION

- 1.1 The Board of Directors of Advanced Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Advanced CAE Pte. Ltd. (the "**Vendor**"), had on 21 March 2022 accepted a non-binding letter of intent dated 21 March 2022 (the "**LOI**") from Yeo Eng Koon (S) Pte Ltd, an independent third-party purchaser (the "**Purchaser**", and together with the Vendor, the "**Parties**") in respect of the proposed sale of its property located at 30 Woodlands Loop, Singapore 738319 (the "**Property**") for a consideration of S\$13.2 million (the "**Consideration**") (the "**Proposed Disposal**").
- 1.2 The LOI is not intended to be a legally binding agreement.

2. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

2.1 Information on the Property

The Property is a 4-storey factory building under JTC Corporation ("**JTC**") with an approximate land area of 5,400 square metres and an approximate build-up area of 8,300 square metres. The Property has a leasehold tenure of approximately 60 years from 1 May 1995. The Property is currently used as the Group's headquarters and part of the excess space is leased out.

2.2 Information on the Purchaser

The Purchaser is a company incorporated in Singapore in the business of providing commercial kitchen solutions in Singapore and the region, including manufacture of kitchen and household equipment. The Purchaser's directors are Tay Boon Yong, Yeo Ji Wei and Yeo Eng Koon. The Purchaser's shareholders are Yeo Eng Koon and Tay Boon Yong.

The Purchaser does not have any shareholding interest, direct or indirect, in the Company, and the directors and shareholders of the Purchaser are not related to any of the directors, or substantial shareholders of the Company, or their respective associates.

2.3 Option to Purchase and Consideration

Pursuant to the LOI, the Parties shall act in good faith and best efforts to negotiate and enter in an Option to Purchase agreement (the "**OTP**") within 7 working days upon the acceptance of the LOI.

The Consideration of S\$13.2 million will be fully satisfied in cash and was arrived at by agreement between the Company and the Purchaser at arm's length, on a "willing-buyer,

willing-seller” basis, taking into account, amongst others the book value of the Property of approximately S\$12.4 million as at 31 December 2021, the market value of the Property of S\$13.5 million based on a desktop valuation report dated 5 January 2022 which the Group had commissioned for financial reporting purposes, and prevailing market conditions. The Company will be commissioning a new valuation on the Property for the purpose of the Proposed Disposal and will update the shareholders of the Company (“**Shareholders**”) in due course.

A sum of S\$132,000 (the “**Option Money**”) will be paid to the Vendor’s solicitors as option money for the Proposed Disposal upon the execution of the OTP. Upon the exercise of the OTP, an additional amount of S\$528,000, being the deposit of five percent (5%) of the Consideration thereon (less Option Money) will be paid to the Vendor’s solicitors as stakeholders pending completion of the Proposed Disposal. The remaining balance of the Consideration of S\$12,540,000 shall be payable on completion of the Transaction in accordance with the terms of the OTP.

2.4 Conditions Precedent

The Proposed Disposal is conditional upon and subject to:

- (a) the parties being able to obtain the consent of JTC and any other relevant competent authorities for the Vendor to sell and the Purchaser to purchase the Property and for the change in use for the Property;
- (b) such consent(s), approval(s) and/or waiver(s) as may be required by the Vendor or the Company from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in connection with the Proposed Disposal;
- (c) the approval of the Shareholders for the Proposed Disposal (if required) being obtained at an extraordinary general meeting to be convened by the Company (unless the requirement for such Shareholders’ approval is waived by the SGX-ST); and
- (d) all other approvals or consents as may be required or necessary.

3. **RATIONALE FOR THE PROPOSED DISPOSAL**

The Board is of the view that the Proposed Disposal is in the best interests of the Company for the following reasons:

- (a) Under-utilisation: business conditions are challenging and the Property has been and is currently under-utilised by the Group. The Group currently only uses or occupies approximately 54% of the Property and subletting approximately 30% of the Property. The continued under-utilisation of the Property has resulted in and will continue to result in substantially more costs incurred for the upkeep and maintenance of the Property, including compliance, utilities and security expenses, as compared to the benefits derived from the Property; and
- (b) Reducing liabilities: the Property is mortgaged to a financial institution and the Proposed Disposal will enable Group to realise the value of the Property and use the proceeds from the Proposed Disposal towards repayment of the amounts under the

mortgage, thereby reducing the liabilities of the Group and interests accrued thereunder.

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

4.1 The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal and based on the unaudited financial statements of the Group for financial year ended 31 December 2021 ("FY2021") are as follows:

Rule 1006	Base	Relative figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	28.3% ⁽¹⁾
(b)	The net profit attributable to the assets acquired or disposed of, compared with the Group's net profit.	-16.0 ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	183.8% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁴⁾

Notes:

- (1) Based on the unaudited net book value of the Property recognised in the Group's financial statement of S\$12,444,000 and the unaudited net asset value attributable to the owners of the Company of S\$43,908,000 as at 31 December 2021.

- (2) Based on the rental income generated from third parties on the Property of S\$391,000 and the unaudited loss before tax of the Group of S\$2,451,000 for the financial year ended 31 December 2021.
- (3) Based on the Company's market capitalisation of S\$7,179,927 on 14 March 2022 (being the last market day for which the Shares were traded prior to the acceptance of the LOI). The Company's market capitalisation of S\$7,179,927 on 14 March 2022 was determined by multiplying the number of shares in issue (excluding treasury shares) of 101,268,367 shares by the volume weighted average price of such shares transacted on 14 March 2022 of S\$0.0709.
- (4) Rules 1006(d) and (e) are not applicable as this relates to a disposal and the Company is not a mineral, oil and gas company.
- 4.2 As the relative figure under Rule 1006(c) exceeds 50%, the Proposed Disposal would constitute a "major transaction" under Chapter 10 of the Catalist Rules and is subject to the approval of the Shareholders, unless the requirement for such Shareholders' approval is waived by the SGX-ST. The Company intends to apply to the SGX-ST for a waiver to hold an extraordinary general meeting to seek Shareholders' approval for the Proposed Disposal (the "**Waiver**"). In the event that the Waiver is obtained, the Proposed Disposal will not be subject to Shareholders' approval.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

5.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Disposal taken as a whole are set out below. The pro forma financial effects have been prepared based on the unaudited consolidated financial statements of the Group for FY2021, and assuming the completion of the Proposed Disposal, as set out below. The pro forma financial effects are only presented for illustration purposes and are not intended to reflect the actual future financial position and performance of the Company or the Group after the Proposed Disposal.

5.2 Net Tangible Assets ("NTA")

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

	As at 31 December 2021	
	Before the Proposed Disposal	After the Proposed Disposal
NTA attributable to owners of the Company (S\$'000)	43,425	48,314
NTA per share (cents)	42.88	47.71

5.3 Earnings Per Share ("EPS")

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

	FY2021	
	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to owners of the Company (S\$'000)	(2,339)	(847)
Weighted average number of Shares ('000)	101,268	101,268
EPS (cents)	(2.31)	(0.84)

5.4 Gain on Proposed Disposal and Use of Proceeds

Based on the Group's latest unaudited financial statement for FY2021, the book value of the Property is approximately S\$12.4 million. Based on the book value of the Property as at 31 December 2021, the Consideration represents an excess of approximately S\$800,000 over the book value of the Property. The Proposed Disposal is expected to result in a gain on disposal of property, plant & equipment and gain on modification of lease of approximately S\$800,000 and S\$700,000 respectively (before deducting related expenses).

The proceeds from the Proposed Disposal will be used toward repaying the bank borrowings secured on the Property and used for the Group's other businesses.

6. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

7. **DIRECTORS' SERVICE CONTRACTS**

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

10. FURTHER ANNOUNCEMENTS

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

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that the OTP will be executed and the Proposed Disposal will proceed to completion, as the completion is subject to, inter alia, fulfilment of all the conditions precedent in the OTP. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD

Dr Wong Kar King
Managing Director

21 March 2022

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

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

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