

**RESTRUCTURING OF PROPOSED ACQUISITION – ENTRY INTO A SALE AND PURCHASE
AGREEMENT RELATING TO THE PROPOSED ACQUISITION OF 12.25% OF THE SHARES IN
AGRICORE GLOBAL PTE. LTD.**

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of Advanced Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcements dated 17 August 2017, 7 February 2018 and 13 August 2018 (the “**Previous Announcements**”) in relation to proposed acquisition by the Company of the entire issued and paid-up share capital of Agricore Global Pte. Ltd. (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”, and “**Target Group Company**” means each of them) from the Sellers (as defined in the Previous Announcements) pursuant to the sale and purchase agreement between the Company and the Sellers dated 15 August 2017 (the “**Original SPA**”).
- 1.2. On 18 October 2018, the Company had entered into a conditional share purchase agreement (the “**SPA**”) with Vertex DG. Pte. Ltd. (the “**Seller**”) in relation to the proposed acquisition (“**Restructured Acquisition**”) by the Company of 12.25% of the issued and paid-up share capital of the Target Company (“**Sale Shares**”) from the Seller, as opposed to acquisition of the entire equity interest of the Target Company under the Original SPA. Following the Restructured Acquisition, the Board has allowed the Original SPA to lapse on 12 October 2018, being the longstop date under the Original SPA.
- 1.3. The Restructured Acquisition constitutes a major transaction under Rule 1014 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, amongst other things, the approval of the SGX-ST and the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened. Further information on, inter alia, the Restructured Acquisition will be provided in a circular to be despatched to Shareholders in due course (the “**Circular**”).

2. RATIONALE FOR THE RESTRUCTURED ACQUISITION

- 2.1. In view of commercial considerations, the Company has decided that it would be in their best interests to downsize the acquisition of the Target Company from 100% (under the Original SPA) to 12.25% (under the Restructured Acquisition) and to continue to focus on its existing core business in the provision of engineering services and equipment. Accordingly, the Company successfully negotiated with the Sellers to restructure the transaction to acquire a minority stake of 12.25% of the issued and paid-up share capital of the Target Company under the Restructured Acquisition.
- 2.2. The Board believes that the Restructured Acquisition will provide an opportunity for the Company to venture into a new business area that has good potential for growth. Accordingly, the Restructured Acquisition would allow the Company to diversify from the existing industries that it serves and will therefore limit its exposure to risks relating to the prolonged uncertainty of external economic factors affecting its industry and help to diversify its revenue streams. The Proposed Acquisition will enable the Company to substantially increase its asset base and the scale of its business operations.
- 2.3. The Company will also look towards other forms of long term collaboration with the Target Group in the future. The Board is of the opinion that the Target Group will be able to leverage off and benefit from the technological expertise of the Company, particularly in the design and manufacture of processing facilities and equipment. Over time the Company will benefit from potential commercial, operational and costs synergies between the Company and the Target Group.

- 2.4. Given the potential synergy and efficiencies which will be created by the Company's strategic investment in and long-term collaboration with the Target Group, the Board believes that the Restructured Acquisition will not only enhance the long-term interests of the Company and its Shareholders but that there is good potential for its investment in the Target and the Target Group's assets to appreciate in value over a medium to long term horizon as well. The Seller has also provided a representation that the Target will explore the possibility of listing on a stock exchange within the next five years, whether in Singapore or elsewhere, which will allow the Company to unlock the value of its investment into the Target should it wish to do so.

3. INFORMATION RELATING TO THE SELLER AND THE TARGET GROUP

- 3.1. The information on the Seller and the Target Group in this announcement ("**Announcement**") was provided by the Seller, and has been extracted and reproduced in this Announcement.

3.2. The Seller

- (a) As at the date of this Announcement, the Seller is the legal and beneficial owner of 30% equity interest of the Target Company.
- (b) The Seller is an exempt private company limited by shares incorporated in Singapore on 15 April 2009. The main business of the Seller is general business and management consultancy services. The directors of the Seller are Pang Teck Huat and Pang Gerald, who collectively hold the entire equity interest in the Seller.
- (c) The Seller is not related to any of the Company's Directors, controlling Shareholders, chief executive officer or their respective associates. As at the date of this Announcement, the Seller does not hold shares in the Company ("**Shares**").

3.3. The Target Group

- (a) The Target Company is a private company limited by shares incorporated in Singapore on 9 March 2016. As at the date of this Announcement, the directors of the Target Company are Dr Ho Choon Hou, Pang Teck Huat and Hery Hermawan Herijanto.
- (b) The Target Group is principally engaged in the business of cultivating oil palm plantations located in Indonesia ("**Business**").
- (c) The Target Group will, prior to completion of the Restructured Acquisition ("**Completion**"), collectively own rights to develop approximately 169,293 hectares of plantation land in Sulawesi Island, Indonesia, comprising various Rights to Cultivate (*Hak Guna Usaha*) ("**HGU**"), Plantation Business Licenses (*Ijin Usaha Perkebunan*) ("**IUP**") and Location Permits (*Ijin Lokasi*) ("**Location Permits**") (collectively, the "**Target Assets**" or "**Concessions**"), which collectively permits the Target Group to conduct the Business. Since 2015, the Target Group has commenced land compensation of approximately 3,070 hectares and planting on approximately 271 hectares.
- (d) The Target Assets are held through Indonesian incorporated companies (the "**Indonesian Operating Companies**", and each an "**Indonesian Operating Company**") which are subsidiaries of the Target Company. The Target Assets are located on Sulawesi Island, Indonesia.

3.4. Historical Financial Information of The Target Group

- (a) Based on the unaudited pro forma financial statements of the Target Group for the financial year ended 31 December 2017, the net book value and the net tangible asset

value ¹ of the Target Group were approximately deficits of S\$3,586,487 and S\$4,464,565 respectively.

- (b) The Target Group recorded a net gain attributable to equity owners of approximately S\$935,643 for the financial year ended 31 December 2017.

4. KEY TERMS OF THE RESTRUCTURED ACQUISITION

4.1. Purchase Consideration

- (a) The aggregate consideration payable by the Company to the Seller for the Sale Shares is S\$15,000,000 (the “**Consideration**”). The Consideration was based on arm’s length negotiations and was arrived at after taking into account, inter alia:
 - (i) the proposed acquisition of a minority stake in the Target Company instead of the entire stake in the Target Company under the Original SPA;
 - (ii) the rights owned by the Target Group to develop plantation lands as described in paragraph 3.3(c);
 - (iii) the development of the assets held by the Target Group to date;
 - (iv) the future development potential of the assets held by the Target Group; and
 - (v) the potential synergies and efficiencies between the Company and the Target Group.
- (b) The Consideration shall be satisfied by the payment of S\$15,000,000 in cash from the Company to the Seller in the following manner:
 - (i) the first tranche of S\$7,500,000 to be paid at Completion; and
 - (ii) the second tranche of S\$7,500,000 to be paid within a period of four (4) months commencing from the Completion Date.
- (c) The Company intends to fund the Consideration through a combination of bank borrowings and internal cash resources.

4.2. Conditions

Completion is conditional upon, inter alia, the conditions set out in **Appendix A** to this Announcement (the “**Conditions**”) being satisfied or waived in accordance with the terms of the SPA.

4.3. Completion

- (a) Completion is expected to take place on the date no later than five (5) business days after the date on which all the Conditions are satisfied or waived by the Company or the Seller (as the case may be) in accordance with the terms of the SPA, or such other date as may be mutually agreed between the Parties in writing (the “**Completion Date**”).
- (b) If the Conditions are not satisfied or waived by the Company or the Seller (as the case may be) by 18 January 2019 (“**Longstop Date**”), being the expiry of three (3) months from the date of the SPA, or such other date as may be mutually agreed in writing between the Parties, the SPA shall terminate automatically with immediate effect and no party shall have any claim against any other party with respect to any fact, matter

¹ The land use rights owned by the Target Group amounting to S\$878,078 were omitted in the calculation of the net tangible assets value as such rights are intangible assets.

or circumstance that gave rise to such non-satisfaction of such Condition, provided that such other party had used reasonable endeavours to achieve satisfaction of each Condition.

4.4. **Cost and Expenses**

- (a) In the event that Completion takes place, all expenses incurred pursuant to the Original SPA and the SPA shall be borne by the Company.
- (b) The Company shall bear all relevant taxes and stamp duties (including penalties, if any) payable under or in connection with the Restructured Acquisition, including but not limited to stamp duty payable on the transfer of the Sale Shares.

4.5. **REPRESENTATIONS AND WARRANTIES**

The Restructured Acquisition is subject to such further undertakings, representations and warranties from the Company and the Seller ("**Seller's Warranties**") as are customary for transactions of similar nature and as provided in the SPA.

4.6. **UNDERTAKING TO VOTE**

As at the date of this Announcement, Dr Wong Kar King, the current Managing Director and Controlling Shareholder of the Company, has provided an undertaking to vote in favour of the Restructured Acquisition.

5. **RULE 1006 RELATIVE FIGURES FOR THE RESTRUCTURED ACQUISITION**

- 5.1. The relative figures of the Restructured Acquisition computed on the bases set out in Rule 1006(a) to 1006(e) of Listing Manual are as follows:

Rule	Basis of Calculation	Relative Figure
Rule 1006(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.	Not Applicable
Rule 1006(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss. ⁽¹⁾	3.8 ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Group's market capitalisation based on the total number of issued shares excluding treasury shares.	67.3 ⁽³⁾
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁴⁾
Rule 1006(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.	Not Applicable

Notes:

- (1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interests and extraordinary items.

- (2) The net losses proportional to the Sale Shares based on the unaudited pro forma consolidated financial statements of the Target Group for FY2017 and the Group's net losses based on the audited financial statements of the Group for FY2017 were S\$119,000 and S\$3,432,000 respectively..
- (3) The Company's market capitalisation of S\$22,279,040, which is determined by multiplying the issued share capital of the Company of 101,268,367 ordinary shares in issue (as at the date of this Announcement) with the close price of S\$0.22 (*Source: SGX-ST*) transacted on the Mainboard of SGX-ST on 15 October 2018 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).
- (4) Not applicable as the Consideration for the Restructured Acquisition will be satisfied wholly in cash and no equity securities will be issued as part of the Consideration.

5.2. As the relative figures under Rule 1006(c) of the Listing Manual exceeds 20%, the Restructured Acquisition constitutes a "Major Transaction" as defined under Chapter 10 of the Listing Manual and will be subject to, inter alia, the approval of the Shareholders at an EGM to be convened. Further information on, inter alia, the Restructured Acquisition will be provided in the Circular.

6. FINANCIAL EFFECTS OF THE RESTRUCTURED ACQUISITION

6.1. The financial effects of the Restructured Acquisition on the Group as set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Restructured Acquisition.

6.2. The following financial effects of the Restructured Acquisition are computed based on the Group's audited consolidated financial statements for the financial year ended 31 December 2017 and the following bases and assumptions:

- (a) the financial effects of the Restructured Acquisition on the earnings per Share ("**EPS**") of the Company are computed assuming that the Restructured Acquisition is completed on 1 January 2017; and
- (b) the financial effects of the Restructured Acquisition on the net tangible assets ("**NTA**") of the Company are computed assuming that the Restructured Acquisition is completed on 31 December 2017.

6.3. EPS

	For the financial period ended 31 December 2017	
	Net (Loss) after Tax (S\$'000)	EPS (cents) ⁽¹⁾
Before the Restructured Acquisition	(3,432)	(3.00)
After the Restructured Acquisition	(3,682) ⁽²⁾	(3.24)

Notes:

- (1) Based on 101,268,367 Shares as at 31 December 2017.
- (2) The EPS of the Group after the Restructured Acquisition is derived after including an estimated S\$250,000 of associated costs involved in the Restructured Acquisition.

6.4. NTA ⁽¹⁾

	NTA of the Group (S\$'000)	NTA per share (cents) ⁽¹⁾
Before the Restructured Acquisition	55,598	54.90

After the Restructured
Acquisition

55,348 ⁽²⁾

54.65

Notes:

(1) Based on 101,268,367 Shares as at 31 December 2017.

(2) The Net Tangible Assets ("**NTA**") of the Group is inclusive of non-controlling interest and is derived after excluding an estimate S\$250,000 from the NTA for associated costs relating to the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, chief executive officer or controlling Shareholders of the Company, and their respective associates, has any interest, direct or indirect, in the Restructured Acquisition other than through their direct or indirect shareholdings in the Company (if any).

8. SERVICE CONTRACTS

As at the date of this Announcement, the Company has not entered and does not intend to enter into any service contract with any person proposed to be appointed as a Director in connection with the Restructured Acquisition.

9. FURTHER INFORMATION AND DOCUMENTS AVAILABLE FOR INSPECTION

- 9.1. The Circular, together with a notice of the EGM of the Company, will be despatched by the Company to Shareholders in due course.
- 9.2. A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.
- 9.3. The Company will update Shareholders on any material developments and will make such announcements as and when appropriate.

10. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Seller and the Target Group) 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 Restructured Acquisition, the Company and its subsidiaries (and such other transactions as contemplated in the SPA), 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.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Restructured Acquisition is subject to the Conditions and due diligence. There is no certainty or assurance as at the date of this Announcement that the Restructured Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Restructured Acquisition and other matters contemplated by this Announcement. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the shares of the Company. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr Wong Kar King
Managing Director
18 October 2018

APPENDIX A

KEY CONDITIONS

The obligation of the parties under the SPA to complete the Restructured Acquisition are conditional upon, inter alia, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

Conditions to be satisfied by the Seller

1. each Target Group Company having obtained, and at all times materially having complied with, and having done all that is necessary to maintain in full force and effect, any authorisation required under any applicable law (including any environmental laws) to:
 - 1.1. enable the Company to be registered as holder of any and all of the Sale Shares;
 - 1.2. to give effect to all transactions contemplated under the SPA; and
 - 1.3. carry on its business activities and operations in the usual way so as to undertake and maintain its Business as a going concern;such authorisation not having been revoked, expired, amended or withdrawn on or before the Completion Date, and where any such authorisation is subject to conditions, such conditions being acceptable to the Company in its sole discretion and opinion and if required to be fulfilled by a particular date, being so fulfilled, and such authorisation remaining valid and in full force and effect, where applicable;
2. the rectification, or the procurement of such rectification, to the satisfaction of the Company, by the Seller, of all issues or irregularities uncovered by the Company and its representatives during the due diligence investigations on each Target Group Company;
3. the relevant Target Group Company having obtained written extensions for such extended period to the satisfaction of the Company, in respect of the IUP, Location Permit and HGU certificates held by the Target Group which have expired in 2017 or (as the case may be) are due to expire in 2018 from the relevant governmental agency;
4. the Seller having procured the passing of a special resolution by the shareholders of the Target adopting a new constitution on and with effect from the date of Completion which contains the key amendments to the Target's constitution as set out in Schedule 8 of the SPA; and
5. all such other necessary approvals, waivers and consents having been granted (and not having been withdrawn, suspended, amended or revoked) by any existing lenders of any member of the Target Group or any third party who is a contracting party to any agreement that is material to the Business of the Target Group in connection with the SPA, and where any approvals, waivers or consents are subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable.

Conditions to be satisfied by the Company

6. such necessary approval(s) in connection with the SPA having been obtained and not having been withdrawn, suspended, amended or revoked as at the Completion Date, including but not limited to approval of the Board and approval of the Shareholders in general meeting for the Proposed Acquisition;
7. the approval of the SGX-ST (where applicable) for the Restructured Acquisition having been obtained and not having been withdrawn, suspended, amended or revoked as at the Completion Date, and, where such approval is subject to any conditions, to the extent that such conditions are required to be fulfilled on or before Completion Date, they are so fulfilled; and

8. the Shares not having been suspended for a period longer than ten (10) market days or such other period as stipulated by SGX-ST (which for the avoidance of doubt, shall not include any trading halts of the shares of the Company on the SGX-ST made at the request of the Company) or being delisted or subject to any delisting procedures by SGX-ST.

Conditions to be satisfied by the Seller and the Company

9. the results of a due diligence exercise (including legal, accounting, financial, operational, business and tax due diligence, as would be required for transactions of such nature) on each Target Group Company not uncovering any issues or irregularities:
 - (i) which has not been rectified in accordance with paragraph 2; or
 - (ii) in respect of which the Seller has not provided a representation, warranty or indemnity to the Company in accordance with paragraph 2; and
10. the procurement of an assessment by an independent and qualified consultant or surveyor, to be appointed by the Purchaser, that the 2018 Sulawesi earthquake and tsunami has not, individually or in the aggregate, resulted in, or is reasonably be expected to result in, a material adverse effect on the lands for which the Target Group holds the rights to develop on and their related development infrastructure

Other Conditions

11. there not having occurred any matter, fact or circumstance which, in the reasonable opinion of the Company, results in, or is reasonably likely to result in:
 - (i) the revocation or cancellation of, or material amendment to the terms of any licence, permit or ruling held by any Target Group Company which is applicable or necessary to the relevant Target Group Company to conduct its Business or to own its assets or properties; or
 - (ii) a material adverse effect on the Business, operations, assets, financial condition and/or prospects of the Target Group taken as a whole;
12. no order being made, petition presented or meeting convened for the purpose of considering a resolution in relation to an insolvency event of any Target Group Company;
13. no governmental agencies taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might make any transaction contemplated in the SPA and all other transactions in connection therewith and incidental thereto void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, beyond the Longstop Date;
14. there not having occurred any event between the date of the SPA and Completion which would constitute a breach of any Seller's Warranty if each such warranty were to be repeated at Completion, and all Seller's Warranties being true, complete, accurate and correct in all material respects; and
15. no Target Group Company having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened, which cannot be resolved prior to the Longstop Date.