ADVANCE SCT LIMITED

(Company Registration Number: 200404283C)

DISPOSAL OF EVERGLORY COOLING SYSTEMS PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of Advance SCT Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 9 November 2017 entered into a sale and purchase agreement (the "**Agreement**") with Saffron Elite Limited ("**Saffron**"), for a disposal by the Company of 200,000 issued and paid-up ordinary shares ("**Sale Shares**") in the share capital of Everglory Cooling Systems Pte. Ltd. ("**ECS**"), representing 100% of the issued and paid-up capital of ECS, to Saffron ("**Disposal**") for a nominal consideration of S$1. ECS and its wholly-owned subsidiary, Everglory Radiators (Shenyang) Co. Ltd. ("**ERS**"), will cease to be subsidiaries of the Company following completion of the Disposal.

2. INFORMATION ON ECS AND ERS

ECS was incorporated on 15 May 2013 in Singapore, with the Company owning 50% of its issued shares. On 26 May 2016, the Company took over the remaining 50% for a nominal consideration of $1 and upon which the Company became a 100% shareholder of ECS. ECS is engaged in advance development and commercialisation of a high-technology copper-based heat exchanger in a technology alliance with a Swedish company.

In September 2014, ECS incorporated a wholly-owned subsidiary in Shenyang, China, for the purpose of manufacturing the new radiators. ERS has leased a factory in the Free Trade Zone in Shenyang and installed the necessary facilities. By the middle of 2015, ERS had completed various trial runs and been successful in making the new radiators. However, the process of establishing contract relationships with major power generator companies in the world proved to be tedious and costly. Seeing that it would take longer to reach profitability than expected, the Company decided to cease operation in the middle of 2016 as part of a major restructuring exercise.

3. INFORMATION ON SAFFRON

Saffron is a company incorporated in the British Virgin Island with its principal activity being investment holding. Saffron is one of the larger creditors of the Company. Saffron's shareholder and director is an individual of Singaporean nationality who is independent of the Company.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The proposed Disposal will reduce the Group's monthly operating expenditure, shield the Company from further market exposure in China and also contribute to a reduction in the Group's operating loss

for FY2017. The Board is of the view that given the longer-than-expected run-up period to achieve profitability in the high-tech products industry, it is in the best interests of the Company and its shareholders to dispose of ECS and ERS.

The proposed Disposal is not expected to have a material effect on the net tangible assets per share or earnings per share of the Company for the current financial year.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

A summary of the principal terms of the Agreement is provided below.

5.1 Consideration

The consideration payable by Saffron to the Company for the Sale Shares is S$1 ("**Sale Consideration**"). The Sale Consideration will be fully satisfied in cash. The Sale Consideration was arrived at on a willing-buyer and willing-seller basis taking into account, *inter alia*, that ECS is as at 30 September 2017 in net liability of S$137,000. There is no open market value for the Sale Shares as the shares of ECS and ERS are not publicly traded. No valuation on the Sale Shares was carried out in connection with the proposed Disposal.

The Disposal of the Sale Shares will result in the Company achieving a net gain on disposal of S$137,000. The proceeds from the sale represents an excess of S$137,000 over the book value. As the Sale Consideration is insignificant, the use of proceeds is not meaningful.

5.2 Conditions Precedent

Pursuant to the terms of the Agreement, the proposed Disposal is conditional upon:

a) all necessary authorisations, consents, approvals, resolutions, licences, exemptions, filings, notarisations, lodgements and regulations, including any board and shareholders' approvals, required to enable each of the parties to lawfully enter into, exercise its rights and comply with its obligations in the Agreement and effect all transactions contemplated under the Agreement;

b) all other necessary consents, approvals and waivers being granted for all transactions contemplated under the Agreement, not being withdrawn or revoked by third parties (including without limitation, government bodies, any stock exchange, including the Singapore Exchange Securities Trading Limited, and other relevant authorities having jurisdiction over the transactions contemplated under the Agreement), and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before completion, such conditions being fulfilled before completion; and

c) each of the warranties and undertakings remaining true and not misleading in any respect at completion.

5.3 Long Stop Date

The date of completion will be one business day after the conditions precedent to the Agreement have been fulfilled, or such other time and place as may be mutually agreed between the Company and the Purchaser but shall in any event be no later than 30 November 2017.

6. RULE 1006 FIGURES

6.1 Relative Figures

The relative figures of the proposed Disposal computed on the bases set out in Rule 1006 (a) to (d) of the Listing Manual of the SGX-ST are based on the Group's unaudited consolidated financial statements for the third quarter ended 30 September 2017, being the latest announced unaudited consolidated financial statements of the Group, and are as follows:

1006(a)	
The net asset value of the assets to be disposed of, compared with the group's net asset value.	Not meaningful(1)
1006(b)	
The net profits attributable to the assets disposed of, compared with the group's net profits.	Not meaningful2)
1006(c)	
The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	Not meaningful(3)
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.
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) Not meaningful. The Sale Shares being disposed of has a net liability value as at 30 September 2017 of S$137,000, compared with the Group's net liability value as at 30 September 2017 of S$12,971,000. The relative figure of 1.06% expresses the percentage of two negative figures.

(2) Not meaningful. A net loss of S$68,000 is associated with the Sale Shares being disposed of as at 30 September 2017, compared with the Group's net profit as at 30 September 2017 of S$1,293,000. The relative figure of negative 5.27% is a percentage gain to the net profit.

(3) Not meaningful, given the consideration of S$1 compared to the company's Market capitalization of S$14,942,564.

6.2 The Board notes that the relative figures under Rule 1006(a),(b) and (c) of the Listing Manual are not meaningful. Both ECS and ERS as well as the Group are in net liability positions and have incurred losses as at 30 September 2017.

6.3 The proposed Disposal constitutes a discloseable transaction pursuant to Rule 1010 of the Listing Manual as the relative figures under Rule 1006 exceeds 5% but does not exceed 20%. Further, as none of the relative figures for the proposed Disposal calculated under Rule 1006 exceeds 20%, the proposed Disposal does not require shareholders' approval.

6.4 The Company is also making this announcement pursuant to Rule 704(18)(c) of the Listing Manual as the proposed Disposal involves a disposal of shares in ECS and ERS resulting in both ceasing to be subsidiaries of the Group.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Bases and Assumptions

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

- for the purposes of computing the net tangible asset ("**NTA**") per Share, it is assumed that the proposed Disposal had been completed on 31 December 2016, being the end of FY2016;
- for the purposes of computing the earnings per Share ("**EPS**"), it is assumed that the proposed Disposal had been completed on 1 January 2016, being the start of FY2016; and
- all expenses in connection with the proposed Disposal are disregarded.

The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial position and performance of the Group following completion of the proposed Disposal.

7.2 NTA per Share

	As at 31 December 2016	
	Before the Proposed Disposal	**After the Proposed Disposal**
NTL ('000)	(14,281)	(13,764)
Number of Shares ('000)	14,942,564	14,942,564
NTL per Share (cents)	(0.10)	(0.09)

7.3 Earnings per Share ("EPS")

	As at 1 January 2016	
	Before the Proposed Disposal	**After the Proposed Disposal**
Loss attributable to Shareholders ('000)	(7,698)	(7,181)
Number of Shares ('000)	14,942,564	14,942,564
Loss per Share (cents)	(0.05)	(0.05)

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal other than through their shareholding interests (if any) in the Company.

9. SERVICE AGREEMENTS

No person will be appointed as a Director of the Company in connection with the proposed Disposal and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

10. DOCUMENT FOR INSPECTION

A copy of the Agreement 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.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares in the Company as the Proposed Disposal is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the conditions precedent will be satisfied (or waived, as the case may be) or that the proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments on the proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

12. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) 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, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

BY ORDER OF THE BOARD
ADVANCE SCT LIMITED

Simon Eng
Chief Executive Officer
9 November 2017