

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

PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

1. INTRODUCTION

The Board of Directors ("**Board**" or "**Directors**") of Advanced Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company proposes to undertake a capital reduction exercise ("**Capital Reduction**") to (i) write off accumulated losses of the Company amounting to S\$15,182,950 as at 31 December 2022 (the "**Accumulated Losses**") and (ii) return to Shareholders surplus capital of the Company in excess of its needs by way of a cash distribution ("**Cash Distribution**") of approximately 23.20 cents for each ordinary share ("**Share**") of the Company.

The purpose of the proposed Capital Reduction is partly to cancel issued and paid-up share capital of the Company no longer represented by available assets due to the Accumulated Losses.

The books of the Company will be closed at a record date (the "**Record Date**") to be determined by the Board to determine the entitlement of the Shareholders to the payment of the proposed Cash Distribution.

The Company will be seeking approval from the shareholders of the Company ("**Shareholders**") at the forthcoming extraordinary general meeting ("**EGM**") for the Capital Reduction and Cash Distribution.

2. CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Details of the Capital Reduction and Cash Distribution

The Company proposes to undertake the Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act 1967 ("**Companies Act**").

In connection with the Capital Reduction, the Company intends to make a Cash Distribution to Shareholders of approximately 23.20 cents for each Share held as at the Record Date.

The Capital Reduction and Cash Distribution will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by S\$38,677,211 from S\$47,432,531 (as at the date of this announcement) to S\$8,755,320;
- (b) an amount equal to S\$15,182,950 being part of the credit arising from the cancellation of the issued and paid-up share capital of the Company will be applied to write off the Accumulated Losses; and
- (c) the Cash Distribution of the sum of S\$23,494,261 (equal to approximately 23.20 cents per Share to Shareholders), based on the issued and paid-up share capital of the

Company of S\$47,432,531 comprising 101,268,367 Shares (excluding 2,253,333 shares held as treasury shares) as at the date of this announcement, will be paid out to the Shareholders.

The amount of S\$15,182,950 to be applied to write off the Accumulated Losses comprises the issued and paid-up share capital of the Company which has been lost or is unrepresented by available assets while the proposed Cash Distribution amount of S\$23,494,261 comprises the issued and paid-up share capital in excess of the immediate requirements of the Company.

The aggregate amount of cash to be paid to each Shareholder pursuant to the Capital Reduction and Cash Distribution will be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

The proposed Capital Reduction, if effected, will eliminate in its entirety the Accumulated Losses.

The Capital Reduction will not result in any change in the number of Shares held by any Shareholder. Each Shareholder will hold the same number of Shares before and immediately after the Capital Reduction.

2.2 Rationale of the Capital Reduction and Cash Distribution

The Directors are of the view that the Capital Reduction would serve to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company.

The Company refers to (i) its announcements dated 14 October 2022, 31 October 2022, 30 November 2022, 1 December 2022 and 9 January 2023 and the circular dated 15 November 2022 in relation to the disposal of the entire issued and paid-up share capital of Advanced CAE Pte. Ltd. (“**CAE SG**”) and Advanced CAE Ltd. (“**CAE CN**”), and (ii) its announcements dated 21 March 2022, 26 April 2022 and 23 November 2022 in relation to the disposal of the property located at 30 Woodlands Loop, Singapore 738319 (the “**Property**”).

After considering the various options available to distribute some of the surplus cash to the Shareholders, the Board is of the view that the surplus cash capital should be returned to the Shareholders by way of Capital Reduction and Cash Distribution. In determining the level of capital to be returned to the Shareholders, the Company has ensured that it retains sufficient capital for the Group’s businesses and operational needs. The Board is of the view that taking into consideration, *inter alia*, the following:

- (a) cash consideration received upon completion of the disposals of CAE SG and CAE CN;
- (b) cash consideration received upon completion of the disposal of the Property; and
- (c) the estimated working capital needs of the Company for the next 12 months,

the Capital Reduction is in the best interests of the Company as the Cash Distribution comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

2.3 Financial Effects

For illustrative purposes only and based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“**FY2022**”), the pro forma financial effects of the Capital Reduction and Cash Distribution on the Group are set out below.

The pro forma financial effects are calculated based on the assumptions that:

- (i) the computation does not take into account any expenses that may be incurred in relation to the Capital Reduction and Cash Distribution;
- (ii) the Capital Reduction and Cash Distribution were completed on 31 December 2022, being the end of FY2022;
- (iii) the NAV per Share is computed based on the 101,268,367 Shares in issue, as at 31 December 2022; and
- (iv) the cash required for distribution will be generated through liquid cash resources on hand.

The Directors note that the pro forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company or the Group after the Capital Reduction and Cash Distribution have been effected.

(a) Share Capital

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by the Shareholders after the Capital Reduction and Cash Distribution. The pro forma financial effects of the Capital Reduction and Cash Distribution on the share capital of the Company for FY2022 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Number of issued Shares including treasury shares	103,521,700	103,521,700
Number of treasury shares	2,253,333	2,253,333
Number of issued Shares (excluding treasury shares)	101,268,367	101,268,367
Amount of share capital (S\$)	47,432,531	8,755,320

(b) Earnings per Share (“EPS”)

The Capital Reduction and Cash Distribution will have no impact on the EPS of the Group.

(c) Net Asset Value (“NAV”)

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Group for FY2022 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Net asset attributable to owners of the Company (S\$’000)	36,791	13,297
Number of issued Shares (excluding treasury shares)	101,268,367	101,268,367
NAV per Share (Cents)	36.33	13.13

(d) Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Group for FY2022 are as follows:

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Total Group borrowings (S\$’000)	3,016	3,016
Net assets attributable to owners of the Company (S\$’000)	36,791	13,297
Gearing (%)	8.20	22.68

3. CONDITIONS OF THE CAPITAL REDUCTION AND CASH DISTRIBUTION

3.1 The Capital Reduction and Cash Distribution are subject to, *inter alia*, the following conditions:

- (a) the approval of the Shareholders by way of the special resolution for the Capital Reduction at the EGM to be convened (the “**Special Resolution**”);

- (b) the Board making a solvency statement in relation to the Capital Reduction and compliance with other relevant solvency requirements as required by the Companies Act ("**Solvency Statements**");
- (c) compliance with the relevant publicity requirements as prescribed in the Companies Act;
- (d) lodgment with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") of copies of the Solvency Statements and the Special Resolution, within 15 days beginning with the date of the Special Resolution;
- (e) no application having been made for the cancellation of the Special Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act; and
- (f) the Company after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date that the Special Resolution is passed, lodging with the ACRA:
 - (i) a statement made by the Directors confirming that the publicity requirements under Section 78C(1)(c) of the Companies Act have been complied with, and that no application for cancellation of the resolution has been made; and
 - (ii) a notice containing information in relation to the Capital Reduction specified under the Companies Act.

3.2 In the event that during the six (6) weeks beginning with the date that the Special Resolution is passed, one or more applications for the cancellation of the Special Resolution has been made under Section 78D(2) of the Companies Act, for the Capital Reduction to take effect, the following conditions must be satisfied:

- (a) the Company must give ACRA notice of the application(s) for the cancellation of the Special Resolution as soon as possible after such application(s) have been served on the Company by the creditor(s);
- (b) the proceedings in relation to each application for the cancellation of the Special Resolution must be brought to an end by either (i) the dismissal of the application under Section 78F of the Companies Act; or (ii) without determination (for example, because the application has been withdrawn); and
- (c) the Company must within fifteen (15) days beginning with the date on which the last such proceedings were brought to an end in accordance with paragraph 3.2(b) above, lodge with ACRA:
 - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) and Section 78D(4) of the Companies Act have been complied with, and that the proceedings in relation to each such application have been brought to an end by the dismissal of the application or without determination;
 - (ii) in relation to each such application which has been dismissed by the Court, a copy of the order of the Court dismissing the application; and

- (iii) a notice containing information in relation to the Capital Reduction specified under the Companies Act.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders or their associates has any interest, direct or indirect, in the Capital Reduction and Cash Distribution, other than through their respective shareholdings in the Company.

5. CIRCULAR TO SHAREHOLDERS

A Circular containing further details of the Capital Reduction and Cash Distribution and the Notice of the EGM shall be despatched to the Shareholders in due course to seek the approval of Shareholders for the Capital Reduction and Cash Distribution.

6. 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 Capital Reduction and Cash Distribution 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.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The Capital Reduction and Cash Distribution are subject to certain conditions and as at the date of this announcement, there are no certainty or assurance that the Capital Reduction and Cash Distribution will be completed. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbroker, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr Wong Kar King
Managing Director

23 August 2023

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 Catalist.

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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