

ADVANCED HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 200401856N)

RESPONSE TO QUERIES FROM THE SGX-ST IN RESPECT OF THE ANNOUNCEMENT DATED 13 AUGUST 2019 ENTITLED "SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30/6/2019" (THE "13 AUGUST 2019 ANNOUNCEMENT")

The board of directors (the "**Board**") of Advanced Holdings Ltd. (the "**Company**"), and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company in relation to the 13 August 2019 Announcement.

SGX-ST's Query:

With reference to the consolidated statement of cash flows, under investing activities, loan receivable from a joint venture for the 3 months and 6 months ended is S\$820,000. Please disclose details of the following:

- (a) Which joint venture is this line item referring to?
- (b) What is the Company's equity interest in the JV?
- (c) Is the loan given to the JV on a pro rata basis in accordance with the Company's equity interest in the JV?
- (d) What are the terms of the loan repayment by the JV to the Company?
- (e) How are the loan proceeds used by the JV?

Company's response to Query:

- (a) The Group provided loans via a wholly-owned subsidiary to its joint venture company, Advanced CAE (ME) Control System LLC ("**Advanced CAE (ME)**").
- (b) The Group holds 49% shareholding interest in Advanced CAE (ME) via its wholly-owned subsidiary, Advanced Engineering Holdings Pte Ltd.
- (c) The loan is provided as working capital loan solely by a wholly-owned subsidiary that is jointly executing several projects with Advanced CAE (ME). As such, the loan is not given on a pro rata basis in accordance with the Company's equity interest.
- (d) The loan is interest free and repayable on demand by the lender.
- (e) The proceeds of the loan are intended to be used for the operation and execution of the joint projects as mentioned under response (c) above.

SGX-ST's Query:

On page 11 of the Announcement, we note that, "Order books have increased from S\$63.3 million to S\$77.8 million for the half year ended 30 June 2019." Please disclose when will the order books of S\$77.8 million be fulfilled by?

Company's response to Query:

The Group expects the majority of the order book to be fulfilled within 12 months of this announcement.

SGX-ST's Query:

On page 11 of the Announcement, we note that, "The increase in Trade and other payables is mainly attributed to the outstanding purchase consideration for the investment in an associated company". Please disclose details of the following:

- (a) Which associated company does this relate to?
- (b) When was the announcement of the outstanding purchase consideration made?

Company's response to Query:

The Group wishes to refer to the announcement made on 1 April 2019 in relation to the acquisition of 12.25% of the shares in Agricare Global Pte Ltd. As per paragraph 2.1 of the announcement regarding the consideration:

- (i) the first tranche of S\$3,000,000 to be paid by 31 May 2019; and
- (ii) the second tranche of S\$12,000,000 to be paid by 30 September 2019.

The first tranche of the consideration was settled during second quarter FY2019 while the second tranche, payable by 30 September 2019, remains outstanding and on the balance sheet of the Group as at 30 June 2019.

BY ORDER OF THE BOARD

Ong Beng Hong
Company Secretary
22 August 2019