



ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)
(the "Company")

DISPOSAL OF THE GROUP'S PRINTED CIRCUIT BOARD BUSINESS

(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 has on 25 June 2014 entered into a Sale and Purchase Agreement (the "**Agreement**") with Mr. Wang Jiankang and Mr. He Guoyu (jointly the "**Purchaser**") wherein the Group has agreed to sell and the Purchaser has agreed to purchase the Group's 90% stake in SCT Technologies (Kunshan) Co., Ltd. ("**SCT Kunshan**"), hereafter referred to as the "**Sale Shares**".

The disposal represents a key milestone, as SCT Kunshan is the last of a group of companies in the Printed Circuit Board ("**PCB**") industry that the Company has sought to divest since 2009.

(2) Description of the assets being sold

The asset being disposed of is the Group's 90% stake in SCT Kunshan.

(3) Description of the trade carried on

In 2009, the Company had decided to dispose of the loss-making and debt-ridden PCB business, as it needed to streamline its operations and focus its resources on other core businesses. The Company entered into a non-binding Memorandum of Understanding (the "**MOU**") with SingYaSin Pte. Ltd. ("**SingYaSin**") to sell the entire group of companies in the PCB testing and finishing services industry, including SCT Kunshan (ref: announcement no. 00131 released on 26 June 2009).

The Company subsequently entered into a sale and purchase agreement for the disposal of SCT Kunshan with SingYaSin on 14 April 2010 (ref: announcement no. 00132 released on 14 April 2010). However, when it became evident that SingYaSin was unable to repay the outstanding debts, on which the Company was a guarantor, the Company and SingYaSin mutually agreed to enter into a termination agreement to discontinue with the disposal of SCT Kunshan on 28 January 2011 (ref: announcement no. 00013 released on 29 January 2011).

Since then, SCT Kunshan had remained a non-core subsidiary in the Group while the Company continued its effort to look for suitable opportunities to complete the divestment of its PCB business. During this period, the PCB industry had seen rapid technological changes, which had resulted in the equipment becoming obsolete. Without further investment, SCT Kunshan could not keep up with the market and its operations had continued to drain the Group's resources.

(4) The aggregate value of the consideration

The nominal consideration for the Sales Shares is one Singapore dollar (S\$1). It was derived from arm's length negotiations between the Company and the Purchaser, and on a 'willing-buyer, willing-seller basis'.

(5) Whether there are any material conditions attaching to the proposed disposal including a put, call or other option and details thereof

(i) Recovery of Legacy Debt

The Purchaser undertakes to repay RMB 5.2 million (ca. S\$1.04 million) of legacy debt owing to the Company in two tranches: RMB 4.2 million has been paid upon the signing of the Agreement and RMB 1 million will be due on Completion which is scheduled on or before 30 September 2014. At Completion, the Company will transfer the Sale Shares to the Purchaser.

(ii) Conditions Precedent

Completion is conditional upon the fulfillment of the following conditions on or before the Completion Date:

- a. The Group obtaining all necessary regulatory and other approvals, including its respective boards and shareholders' approval being obtained at an Extraordinary General Meeting (if required), for the Disposal;
- b. the Purchaser obtaining all necessary corporate and regulatory approvals and the proper authorisations for the proposed sale and purchase of the Sale Shares; and
- c. all consents or approvals as may be required of any third party or government authority, regulatory body or competent authority having jurisdiction over the sale and transfer of the Sale Shares.

(iii) Completion

Completion shall take place on a business day after the last of the outstanding conditions set out in the Agreement have been fulfilled or waived, or such other date as the Company and the Purchaser may mutually agreed in writing (the "**Completion Date**").

(6) The value of the assets being disposed of

The book value of SCT Kunshan is negative. The net liability of SCT Kunshan stands at S\$1.833 million as at 31 December 2013. The Sales Shares do not have an open market value as they are not traded on any exchange.

(7) Excess or deficit of the proceeds over the book value, and the intended use of the sales proceeds

There is no loss on disposal as the consideration of S\$1 exceeds the book value of SCT Kunshan, which is negative.

(8) The net profits attributable to the assets being disposed of and the amount of any gain on disposal

There is no net profit attributable to the Company from the disposal of SCT Kunshan given that it has reported consecutive years of losses; but there is a gain on disposal of ca. S\$1.65 million attributable to the Group.

(9) The effect of the proposed disposal on the net tangible assets per share and earnings per share of the issuer for the most recently completed financial year

The Board is of the view that the disposal of SCT Kunshan has no impact on the continued operations of the Company, as it is a non-core subsidiary in the loss-making PCB business that the Company has decided to divest as early as in 2009. However, the disposal will have positive financial effects.

The pro forma financial effects of the Agreement as set out below are for illustration purposes only and do not reflect the future financial results or position of the Group after the Completion.

(i) Effect on net tangible asset per share ("NTA")

For illustrative purposes only, assuming that the Agreement had been effected at the end of the financial year ended 31 December 2013, the effects of the Agreement of the Group as at 31 December 2013 are as follows:

	Before Disposal	After Disposal
NTA (S\$'000)	(4,071)	(2,565)
Number of Shares	6,784,150,665	6,784,150,665
NTA per Share (cents)	(0.06)	(0.04)

(ii) Effect on earnings per share ("EPS")

For illustrative purposes only, assuming that the Agreement had been effected at the beginning of the financial year ended 31 December 2013, the effects of the Agreement of the Group as at 31 December 2013 are as follows:

	Before Disposal	After Disposal
Profit/(loss) attributable to shareholders (S\$'000)	(6,342)	(5,248)
Weighted average Number of Shares	3,543,946,855	3,543,946,855
Profit/(loss) per Share (cents)	(0.18)	(0.15)

(10) The rationale for the proposed disposal including the expected accrued benefits

The Company is of the view that the disposal of SCT Kunshan is in the best interests of the Company and its shareholders as SCT Kunshan has reported consecutive years of losses and continued to operate below optimal level. The disposal of SCT Kunshan will allow the Company to focus its resources on its core business of manufacturing, sales and marketing of copper-based industrial products.

(11) The relative figures that were computed on the bases set out in Rule 1006

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

Clause 1006 (a)	<p>The net asset value of the Group based on the latest announced financial statements of the Group for FY2013 is a negative figure of (S\$4.071 million).</p> <p>The net asset value of the Disposal based on the latest announced financial statements of the Group for FY2013 is a negative figure of (S\$1.833 million).</p> <p>The Disposal contributes positively to the Group as it reduces the Group's negative asset position by 40.53%.</p>	Not meaningful as both the Group and the Disposal are in net liability position.
Clause 1006 (b)	<p>The net loss before tax of the Group based on the latest announced financial statements of the Group for FY2013 is (S\$6.817 million.)</p> <p>The net loss before tax of the Disposal based on the latest announced financial statements of the Group for FY2013 is (S\$1.216 million).</p> <p>The Disposal contributes positively to the Group as it reduces the Group's FY2013 net loss by 16.06%.</p>	Not meaningful as both the Group and the Disposal both reported losses for FY2013.
Clause 1006 (c)	<p>The Consideration compared to the Company's market capitalization is negligible, based on the Company's market capitalization of approximately S\$21.66 million as at 25 June 2014 (Based on the closing price of S\$0.002 on 25 June 2014).</p>	Negligible
Clause 1006 (d)	<p>This is not relevant as there is no acquisition by the Group.</p>	Not applicable.

Note: Negative figures are in (brackets).

The relative figures are computed on the bases set out in Rule 1006, and the Company has classified the transaction as a Discloseable Transaction.

None of the directors or substantial shareholders of the Group has any interest, directly or indirectly, in the above transactions.

A copy of the relevant agreement is available for inspection during normal business hours at the Group's registered office for 3 months from the date of this announcement.

BY ORDER OF THE BOARD
ADVANCE SCT LIMITED

Song Tang Yih
Executive Director and Group President
25 June 2014