ADVANCED HOLDINGS LTD.

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

DISPOSAL OF ASSETS BY ATOM INSTRUMENT, LLC

1. INTRODUCTION

The board of directors (the "Board" or the "Directors") of the Company (together with its subsidiaries, the "Group") wishes to announce that its subsidiary, Atom Instrument, LLC ("ATOM"), had today entered into an asset purchase agreement (the "APA") with COSA Xentaur Corporation (the "Purchaser") pursuant to which ATOM will dispose of substantially all of the properties, business, and assets used, held for use and/or useful in the operation of its business (the "Sale Assets") to the Purchaser for an aggregate consideration of US\$535,739.22 (the "Consideration") (the "Proposed Disposal").

2. INFORMATION ON ATOM AND THE SALE ASSETS

- 2.1 ATOM is a limited liability corporation established in the United States of America with headquarters in Houston, Texas. It became a subsidiary of the Company in 2013 when the Company's wholly-owned subsidiary, Advanced Environmental Technologies Pte. Ltd., acquired 67% of the shares in ATOM. ATOM is engaged in the business of designing and manufacturing laboratory and online analyzers for total sulfur, total nitrogen and total sulfurnitrogen applications in liquids, solids and gasses (the "Business").
- 2.2 The Sale Assets will comprise all right, title, and interest in and to all of the assets, properties and rights of every nature, kind and description, tangible and intangible (including goodwill), whether real, personal or mixed, whether accrued, contingent or otherwise and whether now existing or hereinafter acquired or used in the operation of the Business, save for:
 - cash and cash equivalents (including marketable securities and short-term investments) of ATOM, net of any overdrafts and adjusted for deposits in transit, outstanding checks and other reconciling items;
 - (ii) bank accounts of ATOM;
 - (iii) rights to refunds of taxes paid by ATOM;
 - (iv) all consideration received by, and all rights of, ATOM pursuant to the APA;
 - (v) the minute books, equity transfer books, blank unit certificates and other documents relating to the organisation, maintenance and existence of ATOM; and
 - (vi) any real property owned by ATOM and/or its affiliates.

3. INFORMATION ON THE PURCHASER

The Purchaser is a corporation established in the United States of America with offices in Houston, Texas. It is a subsidiary of the Process Insights Holdings, the holding company of a group of companies specialising in process monitoring, analytics and control and safety applications. Process Insights Holdings and its subsidiaries are portfolio companies of Union Park Capital, a private equity firm based in Boston, Massachusetts with investments and expertise in the analytical instrumentation sector.

4. RATIONALE OF THE PROPOSED DISPOSAL

The Proposed Disposal will enable the Group to strengthen its balance sheet and improve its liquidity. ATOM has been loss-making in most years after being acquired by the Group and is not expected to consistently generate profits. The Group intends to dispose our shareholding, strike off or wind up ATOM after the assets of ATOM have been disposed.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 <u>Introduction</u>

Pursuant to the terms of the APA, ATOM shall dispose of the Sale Assets to the Purchaser, free and clear from any mortgage, pledge, hypothecation, claim, security interest, encumbrance, lease, sublease, license, occupancy agreement, adverse claim or interest, easement, covenant, encroachment, burden, title defect, title retention agreement, lien (statutory or other), right of first refusal, charge or other restrictions of any nature whatsoever.

The Purchaser will assume and discharge trade creditors that were incurred in ATOM's ordinary course of business since the date of the most recent financial statements and which are aged less than ninety (90) days.

5.2 <u>Consideration</u>

- 5.2.1 The total consideration payable by the Purchaser to ATOM for the Sale Assets is US\$535,739.22 (equivalent to approximately S\$724,319 based on the in-house exchange rate of the Company of US\$1 to S\$1.352 for the month of June 2019).
- 5.2.2 The Consideration was arrived at after arm's length negotiations between the Purchaser and ATOM and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the financial position and business prospects of ATOM as at 30 September 2019.

5.3 Completion

Completion of the Proposed Disposal shall take place on a date mutually agreed by ATOM and the Purchaser (the "Completion Date").

5.4 Other Material Terms

For a period of five (5) years after the Completion Date, ATOM and the Company shall not directly own (more than five percent (5%) of equity), manage, operate, join, control, be employed by, consult with, render services for, or participate in the ownership, management, operation, financing, or control of any business which employs the same intellectual property as and directly competes with the Business within North America or such country, state, province or territory in which the Business is operating on the Completion Date or has operated in the twelve (12) months prior to the Completion Date.

6. VALUE OF THE SALE ASSETS, GAIN FROM PROPOSED DISPOSAL AND USE OF PROCEEDS

6.1 Value of the Sale Assets

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 June 2019 ("2Q2019"), the book value of the Sale Assets is approximately \$\$400,733.

6.2 Excess of Proceeds over Book Value

The Consideration represents an excess of S\$323,586 over the book value of the Sale Assets.

6.3 <u>Use of Proceeds</u>

The net proceeds from the Proposed Disposal will be used for part repayment of the intercompany loan provided by the Company to ATOM.

6.4 Net Loss Attributable to the Sale Assets and Gain on Disposal

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 June 2019 ("**2Q2019**"), the net loss attributable to the Sale Assets was approximately S\$302,000 and there will be an estimated gain of S\$323,586 on disposal.

7. CHAPTER 10 OF THE LISTING MANUAL

Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal, based on the latest announced consolidated financial statements of the Group for 2Q2019, are set out below:

Rule	Proposed Disposal
Rule 1006(a) – the net asset value of the assets to be disposed	0.7%(1)
of, compared with the Group's net asset value	
Rule 1006(b) – the net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net profits ⁽²⁾	7.8% ⁽³⁾
Rule 1006(c) – the aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	8.1% ⁽⁴⁾
Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue (excluding treasury shares)	Not applicable, as this is not an acquisition.
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with 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, as the Company is not a mineral, oil and gas company.

Notes:

- (1) Based on the latest announced unaudited consolidated financial statements of the Group for 2Q2019, the net asset value of the Group was approximately \$\$54,219,000. Based on the unaudited financial statements of ATOM for 2Q2019, the net asset value of the Sale Assets was approximately \$\$401,000.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the latest announced unaudited consolidated financial statements of the Group for 2Q2019, the net loss of the Group before income tax, minority interests and extraordinary items was approximately

S\$3,885,000. Based on the unaudited financial statements of ATOM for 2Q2019, the net loss attributable to the Sale Assets was approximately S\$302,000.

(4) The Consideration for the Proposed Disposal is US\$535,739.22 (equivalent to approximately S\$740,392 based on the in-house exchange rate of the Company of US\$1 to S\$1.382 for the month of October 2019). The market capitalisation of the Company is S\$9,114,153.00, computed on the basis of 101,268,367 ordinary shares in issue (excluding treasury shares) and the weighted average price of S\$0.09 per share transacted on 11 November 2019, being the last market day preceding the date of the APA.

As the relative figure in Rule 1006(c) above exceeds 5%, the Proposed Disposal constitutes a "discloseable transaction" under Chapter 10 of the Listing Manual.

8. FINANCIAL EFFECTS

8.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Disposal for the most recently completed financial year are based on, *inter alia*:

- (i) the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 ("FY2018"); and
- (ii) the audited financial statements of ATOM for FY2018.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Disposal.

8.2 Net tangible assets ("NTA") per share

Assuming that the Proposed Disposal was completed on 31 December 2018, the *pro forma* financial effects of the Proposed Disposal on the consolidated NTA per share of the Group are as follows:

	Before the Proposed Disposal	After completion of the Proposed Disposal
Consolidated NTA attributable to the shareholders (S\$'000)	56,379	56,651
Number of shares	101,268,367	101,268,367
Consolidated NTA per share attributable to the shareholders (cents)	55.67	55.94

8.3 <u>Earnings per Share ("EPS")</u>

Assuming that the Proposed Disposal was completed on 1 January 2018, the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group are as follows:

	Before the Proposed Disposal	After completion of the Proposed Disposal
Consolidated profit after taxation and minority interests (S\$'000)	308	177
Weighted average number of shares	101,268,367	101,268,367
Consolidated earnings per share (cents)	0.30	0.18

8.4 Gearing

The Proposed Disposal will have no material impact on the gearing of the Group.

9. SERVICE AGREEMENTS

As at the date of this announcement, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal.

10. INTERESTS 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 respective shareholdings (if any) in the Company.

11. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealings with the shares, to read this announcement carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the APA will be available for inspection during normal business hours at the Company's registered office at 30 Woodlands Loop, Singapore 738319 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Dr Wong Kar King Managing Director

12 November 2019