ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

RESTRUCTURING OF THE RADIATOR BUSINESS

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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 20 May 2016 entered into a Sale and Purchase agreement (the "**Agreement**") with Chue Kok Khiong @ Peter Chue ("**Chue**"), in relation to the following which are inter-conditional upon each other:

- Acquisition by the Company of 100,000 issued and paid-up ordinary shares ("**Purchase Shares**") in the share capital of Everglory Cooling Systems Pte. Ltd. ("**ECS**"), representing 50% of the issued and paid-up share capital of ECS, from Chue ("**Acquisition**") for a nominal consideration of $1. The Acquisition will result in ECS becoming a wholly-owned subsidiary of the Company; and

- Sale by the Company of 100,000 issued and paid-up ordinary shares ("**Sale Shares**") in the share capital of Everglory Environment Pte. Ltd. ("**EEV**"), representing 100% of the issued and paid-up capital of EEV, to Chue ("**Disposal**") for a nominal consideration of $1. EEV will cease to be a subsidiary of the Company following completion of the Disposal,

collectively, the "**Proposed Restructuring**".

2. INFORMATION ON ECS AND EEV

ECS was incorporated on 15 May 2013 in Singapore. On 24 December 2013, the Company subscribed for 100,000 new shares at $1 a share and upon which the Company became a 50% shareholder in ECS. ECS is engaged in advance development and commercialization 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 Everglory Radiators (Shenyang) Co., Ltd. ("**ERS**"), in Shenyang, China. ERS has leased a factory in the Free Trade Zone and subsequently built a radiator manufacturing facility with the help of the European partners. The factory has since completed several trial productions in 2015.

EEV was incorporated on 13 May 2013 in Singapore but has remained dormant since incorporation as the intended joint venture with a demolition company was aborted.

3. RATIONALE FOR THE PROPOSED RESTRUCTURING

The Proposed Restructuring will result in the Group owning the entire assets of ECS and ERS, including a workshop in Singapore and a manufacturing facility in China. Chue, through EEV, will lease the premises from ECS in an Operations and Management agreement. The Board is of the view that given the longer-than-expected run-up period to achieve profitability in the high-tech radiators, it is in the best interests of the Company and its shareholders to rely on the certainty of a predetermined return on assets without the burden of operations by way of the leasing arrangement.

4. PRINCIPAL TERMS OF THE PROPOSED RESTRUCTURING

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

4.1 Considerations

The consideration payable by Chue 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 EEV's net tangible liability as at 31 March 2016 of S$16,222. The Sale Shares will result in a gain on disposal of S$16,223.

The consideration payable by the Company to Chue for the Purchase Shares is S$1 ("**Purchase Consideration**"). The Purchase Consideration will be fully satisfied in cash. The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account ECS' net tangible liability as at 31 March 2016 of S$493,906. The Purchase Shares will result in a loss on acquisition of S$246,954. However, as EEV has concurrently granted ECS a convertible bond of S$250,000 for a nominal consideration of S$1, resulting in a gain of S$249,999 to the Group, the net effect for the acquisition of 50% of ECS is a gain of S$3,045.

There is no open market value for the Purchase Shares and Sale Shares as the shares of ECS and EEV are not publicly traded. No valuation on the Purchase Shares and Sale Shares was carried out in connection with the Proposed Restructuring.

4.2 Conditions Precedent

Pursuant to the terms of the Agreement, the Proposed Restructuring 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.

4.3 Completion under the Agreement

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 and shall be no later than 31 August 2016.

5. RULE 1006 FIGURES

5.1 Relative Figures

The relative figures of the Proposed Restructuring computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual of the SGX-ST based on the Group's unaudited consolidated financial statements for the first quarter ended 31 March 2016, being the latest announced unaudited consolidated financial statements of the Group 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
1006(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	*Not meaningful
1006(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	*Not meaningful
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

* Both the Group's and restructured entities' figures used in the computation are negative.

5.2 The Board notes that the relative figures under Rule 1006(a) and 1006(b) of the Listing Manual are not meaningful as both ECS and EEV as well as the Group are in net liability positions and have incurred losses as at 31 March 2016. The relative figures of 3.63% and 7.78% respectively were calculated based on two negative figures. As none of the relative figures for the Proposed Restructuring calculated under Rule 1006 exceeds 20%, the Proposed Restructuring does not require shareholders' approval and the Company is making this announcement under Chapter 7 of the Listing Manual pursuant to Rule 704(18)(c) of the Listing Manual as the Proposed Restructuring involves a disposal of shares in EEV resulting in EEV ceasing to be a subsidiary of the Group.

6. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

6.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Restructuring taken as a whole are set out below. The pro forma financial effects have been prepared based on the announced audited consolidated financial statements of the Group for FY2015, being the most recently completed financial year, and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Restructuring.

6.2 Net Tangible Assets ("NTA")

For illustrative purposes only, the proforma financial effects of the Proposed Restructuring on the Group's NTA per share, assuming that the Proposed Restructuring had been completed on 31 December 2015, being the end of FY2015, are set out below:

	As at 31 December 2015	
	Before the Proposed Restructuring	After the Proposed Restructuring
NTL	(4,191)	(4,172)
Number of Shares	14,929,214,427	14,929,214,427
NTL per Share	(0.03)	(0.03)

6.3 **Earnings per Share ("EPS")**

For illustrative purposes only, the proforma financial effects of the Proposed Restructuring on the consolidated earnings of the Group, assuming that the Proposed Restructuring had been completed on 1 January 2015, being the start of FY2015, are set out below:

	As at 1 January 2015	
	Before the Proposed Restructuring	After the Proposed Restructuring
Loss attributable to Shareholders (after minority interests)	(12,338)	(11,620)
Number of Shares	14,839 million	14,839 million
Loss per Share (cents)	(0.08)	(0.08)

7. OTHER INFORMATION

The Proposed Restructuring 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.

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

Chue is a management personnel of the Company and is the Chief Executive Officer of ECS.

8. SERVICE AGREEMENTS

The Company will not appoint any person to the board of the Company in connection with the Proposed Restructuring.

9. 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.

10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares in the Company as the Proposed Restructuring 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 Restructuring will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Restructuring. 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.

11. 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
26 May 2016