

CIRCULAR DATED 7 SEPTEMBER 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action that you should take, you should consult your legal, financial, tax or other professional adviser.

If you have sold or transferred all your shares in the capital of the Company, you should forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by 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 (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



ADVANCED HOLDINGS LTD.
(Incorporated in the Republic of Singapore on 19 February 2004)
(Company Registration Number 200401856N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

IMPORTANT DATES AND TIMES

- | | | |
|--|---|--|
| Last date and time for lodgement of Proxy Form | : | Wednesday, 27 September 2023 at 10.00 a.m. |
| Date and time of Extraordinary General Meeting | : | Friday, 29 September 2023 at 10.00 a.m. |
| Place of Extraordinary General Meeting | : | Kent Ridge Guild House, 9 Kent Ridge Drive
Singapore 119241 |

TABLE OF CONTENTS

	PAGE
LETTER TO SHAREHOLDERS	6
1. INTRODUCTION.....	6
2. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION	6
3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	13
4. DIRECTORS' RECOMMENDATIONS	14
5. EXTRAORDINARY GENERAL MEETING.....	14
6. ACTIONS TO BE TAKEN BY SHAREHOLDERS	14
7. DIRECTORS' RESPONSIBILITY STATEMENT.....	15
8. LEGAL ADVISER	15
9. DOCUMENTS AVAILABLE FOR INSPECTION.....	15
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1
PROXY FORM	P-1

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

- “ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore
- “Accumulated Losses”** : The accumulated losses of the Company amounting to S\$15,182,950 as at 31 December 2022
- “Announcement”** : The announcement on the proposed Capital Reduction and Cash Distribution released by the Company on 23 August 2023 on SGXNET, and any subsequent announcement relating thereto
- “Associates”** : (a) In relation to any individual, including a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board” or “Board of Directors”** : The board of directors of the Company for the time being
- “Business Day”** : A day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks are open for business in Singapore
- “CAE CN”** : Advanced CAE Ltd., a private company incorporated in the People’s Republic of China and which was disposed by the Group on 9 January 2023
- “CAE SG”** : Advanced CAE Pte. Ltd., a private company limited by shares incorporated in Singapore and which was disposed by the Group on 1 December 2022
- “Capital Reduction”** : The proposed capital reduction exercise to be carried out by the Company pursuant to Section 78A read with Section 78C of the Companies Act to write off Accumulated Losses and effect the Cash Distribution, details of which are set out on pages 6 to 13 of this Circular
- “Cash Distribution”** : The proposed cash distribution by the Company to Shareholders of 23.20 cents in cash for each Share held by Shareholders or on their behalf as at the Record Date, amounting to an aggregate distribution of up to S\$23,494,261, as described in Section 2.2 of this Circular

DEFINITIONS

“Catalist”	:	The Catalist board of the SGX-ST
“Catalist Rules”	:	Section B: Rules of Catalist of the SGX-ST listing manual, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 7 September 2023
“Company”	:	Advanced Holdings Ltd.
“Companies Act”	:	The Companies Act 1967, as amended or modified from time to time
“Court”	:	The High Court of the Republic of Singapore
“Director”	:	A director of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company, to be convened and held on Friday, 29 September 2023, the notice of which is set out on page N-1 to N-3 of this Circular (or any adjournment thereof)
“EPS”	:	Earnings per share
“FY”	:	Financial year ended or ending 31 December, as the case may be
“FY2022”	:	The financial year ended 31 December 2022
“Group”	:	The Company and its subsidiaries, collectively, for the time being
“Latest Practicable Date”	:	24 August 2023, being the latest practicable date prior to the issuance of this Circular
“Property”	:	The property located at 30 Woodlands Loop, Singapore 738319 which was disposed by the Group on 23 November 2022
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“Record Date”	:	Such time and date as may be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, at and on which the Register of Members and the Transfer Books of the Company will be closed for the purpose of determining the entitlements of Shareholders to the proposed Cash Distribution pursuant to the proposed Capital Reduction
“SFA” or “Securities and Futures Act”	:	The Securities and Futures Act 2001, as amended or modified from time to time
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“SGXNET”	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST

DEFINITIONS

“Shareholders”	:	Persons (other than CDP) who are for the time being registered as holders of Shares in the Register of Members of the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company, and each a “Share”
“Special Resolution”	:	The special resolution in relation to the proposed Capital Reduction and Cash Distribution proposed at the EGM
“Sponsor”	:	UOB Kay Hian Private Limited
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than five (5) per cent of the issued voting shares of the Company
“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“Transfer Books”	:	The share transfer books of the Company
“%”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” have the same meanings ascribed to them in Section 81SF of the Securities and Futures Act.

The term “**subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations where applicable.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, SFA or the Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, SFA or the Catalist Rules or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a date and/or time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to “**we**”, “**us**” and “**our**” in this Circular is a reference to the Group or any member of the Group as the context requires.

LETTER TO SHAREHOLDERS



ADVANCED HOLDINGS LTD.

(Incorporated in Republic of Singapore)
(Company Registration Number: 200401856N)

Directors:

Mr Lim Boon Cheng (Independent and Non-Executive Chairman)
Dr Wong Kar King (Managing Director)
Dr Ho Choon Hou (Independent Director)
BG (RET) Lim Yeow Beng (Independent Director)
Ms Tay Bee Gek (Executive Director)

Registered Office:

21 Woodlands Close
#06-23 Primz BizHub
Singapore 737854

7 September 2023

To: **The Shareholders of Advanced Holdings Ltd.**

Dear Sir/Madam

THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

1. INTRODUCTION

- 1.1 On 23 August 2023, the Company announced that it is proposing to undertake a capital reduction exercise ("**Capital Reduction**"), pursuant to Section 78A read with Section 78C of the Companies Act, to (i) write off Accumulated Losses and (ii) return to the Shareholders surplus capital of the Company in excess of its needs by way of a cash distribution ("**Cash Distribution**") by the Company to Shareholders of approximately 23.20 cents for each ordinary share ("**Share**") of the Company.
- 1.2 The Board wishes to convene an extraordinary general meeting ("**EGM**") to seek Shareholders' approval for the proposed Capital Reduction and Cash Distribution.
- 1.3 The purpose of this Circular is to provide the Shareholders with information relating to the proposed Capital Reduction and Cash Distribution, and to seek Shareholders' approval for the proposed Capital Reduction and Cash Distribution to be tabled at the EGM. Details of the proposed Capital Reduction and Cash Distribution, including the rationale for and the benefits to the Company are set out in Section 2.5 below.
- 1.4 The SGX-ST takes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

2. THE PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Introduction

The Company is proposing to undertake the Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act. Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

LETTER TO SHAREHOLDERS

The purpose of the proposed Capital Reduction is to (i) write off Accumulated Losses and (ii) return to the Shareholders surplus capital of the Company in excess of its needs by way of the proposed Cash Distribution of approximately 23.20 cents for each Share.

2.2 Details of the Proposed Capital Reduction and Cash Distribution

The proposed 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 Latest Practicable Date) 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 proposed 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 Latest Practicable Date, 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 actual aggregate amount of the capital to be returned to the Shareholders pursuant to the proposed Capital Reduction will be based on the total number of issued and paid-up Shares (excluding treasury shares) of the Company as at the Record Date.

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

The proposed 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 proposed Capital Reduction.

2.3 Illustration

The following illustrates the position of a Shareholder who holds 100 fully paid-up Shares as at the Record Date:

Shareholding before the proposed Capital Reduction and Cash Distribution

Number of Shares currently held ⁽¹⁾	100
--	-----

Shareholding after the proposed Capital Reduction and Cash Distribution

Cash received ⁽¹⁾	S\$23.20
Number of Shares held after the proposed Capital Reduction and Cash Distribution	100

Note:

- (1) On the assumption that such Shareholder does not deal in its Shares and holds 100 Shares as at the Record Date and the effective date of the proposed Capital Reduction.

LETTER TO SHAREHOLDERS

In summary, Shareholders will receive S\$23.20 in cash for every 100 Shares (or 23.20 cents in cash for each Share) held as at the Record Date. Shareholders holding odd lots of Shares (ie. lots other than board lots of 100 Shares) will likewise receive 23.20 cents in cash for each Share held by them or on their behalf as at the Record Date.

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

The shareholding of each Shareholder in the Company shall remain unchanged after the proposed Capital Reduction and Cash Distribution, assuming that the Shareholders have not dealt in the Shares.

2.4 Resultant effect on the Share Capital of the Company

At the Latest Practicable Date, the Company has a paid-up share capital of S\$47,432,531. Upon completion of the proposed Capital Reduction and Cash Distribution, the paid-up share capital of the Company will be reduced to approximately S\$8,755,320.

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

Given that a distribution of 23.20 cents will be made for each Share held by the Shareholders and assuming the issued and paid-up share capital of the Company (excluding treasury shares) as at the Record Date comprises 101,268,367 Shares, the proposed Cash Distribution will amount to approximately S\$23,494,261 in aggregate. The proposed Cash Distribution will thus reduce the paid-up share capital of the Company by approximately S\$23,494,261 (based on the distribution of 23.20 cents per Share (excluding treasury shares) to Shareholders).

There will be no change in the total number of issued Shares in the Company held by the Shareholders immediately after the proposed Capital Reduction and Cash Distribution.

2.5 Rationale of the proposed 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 by CAE SG, 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 proposed 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

LETTER TO SHAREHOLDERS

- (c) the estimated working capital needs of the Company for the next 12 months,

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

2.6 Financial Effects of the proposed Capital Reduction and Cash Distribution

For illustrative purposes only and based on the latest audited consolidated financial statements of the Group for FY2022, the pro forma financial effects of the proposed 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 proposed Capital Reduction and Cash Distribution;
- (ii) the proposed 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 proposed Capital Reduction and Cash Distribution have been effected.

(a) Share Capital

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

	Before the proposed Capital Reduction and Cash Distribution	After the proposed 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 proposed Capital Reduction and Cash Distribution will have no impact on the EPS of the Group.

LETTER TO SHAREHOLDERS

(c) Net Asset Value (“NAV”)

The pro forma financial effects of the proposed Capital Reduction and Cash Distribution on the NAV of the Group as at 31 December 2022 are as follows:

	Before the proposed Capital Reduction and Cash Distribution	After the proposed 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 proposed Capital Reduction and Cash Distribution on the gearing ratio of the Group as at 31 December 2022 are as follows:

	Before the proposed Capital Reduction and Cash Distribution	After the proposed 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

2.7 Conditions for the proposed Capital Reduction and Cash Distribution

The proposed 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 proposed Capital Reduction and Cash Distribution 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

LETTER TO SHAREHOLDERS

- (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.

2.8 Creditor Objections

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.

2.9 Effective Date of the proposed Capital Reduction

If no application is received from any creditor of the Company for the cancellation of the Special Resolution within six (6) weeks commencing from the date that the Special Resolution is passed, the Company will after the end of the aforesaid six (6) weeks and before the end of eight (8) weeks, beginning with the date that the Special resolution is passed, lodge the relevant documents required under Sections 78E(2)(c) and (d) of the Companies Act with ACRA, upon which the proposed Capital Reduction will take effect ("**Effective Date**").

The Company will thereafter publicly announce and notify the Shareholders of the Effective Date of the proposed Capital Reduction through an announcement on SGXNET.

If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

LETTER TO SHAREHOLDERS

2.10 Administrative Procedures for the proposed Capital Reduction and Cash Distribution

The following paragraphs set out the administrative procedures for the proposed Capital Reduction and Cash Distribution. Shareholders should note that the dates stated in this section are tentative, and are subject to the proposed Capital Reduction becoming effective.

(a) Record Date and Entitlements

Persons registered in the Register of Members and depositors whose Securities Accounts are credited with Shares as at the Record Date will be entitled to receive the proposed Cash Distribution of 23.20 cents for each Share held by them or on their behalf as at the Record Date, on the basis of the number of Shares registered in their names or standing to the credit of their Securities Accounts as at the Record Date.

The Record Date for the purpose of determining the Shareholders' entitlements to the proposed Cash Distribution pursuant to the proposed Capital Reduction will be announced by the Company via SGXNet in due course.

(b) Depositors

In the case of Shareholders who are depositors, entitlements to the proposed Cash Distribution will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Record Date. Shareholders who are depositors and who have Shares standing to the credit of their Securities Accounts as at the Record Date will have their respective entitlements to the proposed Cash Distribution pursuant to the proposed Capital Reduction:

- (i) If such depositor has applied for CDP's Direct Crediting Service, credited directly into their designated bank accounts by CDP; or
- (ii) If such depositor has not applied for CDP's Direct Crediting Service, reflected under the Cash Transaction section in the monthly statements of their Securities Account.

Alternatively, such Shareholders will have payment of their respective entitlements to the proposed Cash Distribution pursuant to the proposed Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions.

(c) CPFIS Investors, SRS Investors and Investors whose Shares are held through a finance company and/or a Depository Agent

CPFIS Investors, SRS Investors and other investors who hold Shares through finance companies or Depository Agents should receive further information regarding their entitlement to and payment of the proposed Cash Distribution pursuant to the proposed Capital Reduction from their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents. Such investors should consult their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents should they require further information. Such investors should seek independent professional advice if they are in any doubt as to the action they should take.

For CPFIS Investors and SRS Investors who have Shares standing to the credit of their respective CPF investment accounts and SRS investment accounts as at Record Date, payment of their respective entitlements to the proposed Cash Distribution pursuant to the proposed Capital Reduction will be credited to their respective investment accounts.

LETTER TO SHAREHOLDERS

2.11 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the proposed Capital Reduction and Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

For Singapore income tax purposes, payments made by a Singapore resident company to shareholders pursuant to share capital reductions are generally classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from such transactions are generally not taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

In relation to the proposed Cash Distribution to be made to the Shareholders pursuant to the proposed Capital Reduction, as the amounts which are to be paid to the Shareholders pursuant to the proposed Cash Distribution will be paid out of the reduction of the existing issued and paid-up share capital of the Company, the proposed Cash Distribution should generally be regarded as a return of capital and not taxable in Singapore unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

Shareholders are advised to consult their own tax advisers as to the precise tax consequences of the proposed Cash Distribution pursuant to the proposed Capital Reduction.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of directors' shareholdings and the register of substantial shareholders kept by the Company, were as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Dr Wong Kar King	41,402,109	40.88 ⁽¹⁾	—	—
Mr Lim Boon Cheng	—	—	—	—
Dr Ho Choon Hou	—	—	—	—
BG (RET) Lim Yeow Beng	6,666	0.0066 ⁽¹⁾	—	—
Ms Tay Bee Gek	—	—	—	—
Substantial Shareholders (other than Directors)				
	—	—	—	—

Note:

(1) The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at the Latest Practicable Date.

None of the Directors or the Substantial Shareholders or their Associates has any interest, direct or indirect, in the proposed Capital Reduction and Cash Distribution, other than through their respective shareholdings in the Company.

LETTER TO SHAREHOLDERS

4. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms, the rationale and the benefits of the proposed Capital Reduction and Cash Distribution, the Board is of the view that the proposed Capital Reduction and Cash Distribution are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Special Resolution to be proposed at the EGM.

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held on Friday, 29 September 2023, at 10.00 a.m. at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241, for the purpose of considering, and if thought fit, passing with or without any modifications, the Special Resolution.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

6.1 Submitting instruments appointing a proxy(ies) to attend and vote at the EGM

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854 no later than forty-eight (48) hours before the time fixed for the EGM or any postponement or adjournment thereof. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

In view of Section 81SJ(4) of the SFA, a Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by CDP at least seventy-two (72) hours before the EGM.

6.2 Submission of questions in advance of, or at the EGM

Shareholders may also submit questions in advance of, or at the EGM.

Shareholders, including CPF and SRS investors, can submit substantial and relevant questions related to the resolution to be tabled for approval at the EGM to the Chairman of the EGM, in advance of the EGM, in the following manner:

- All questions must be submitted by 11.59 p.m. on 17 September 2023:
 - in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or
 - by email to general.meetings@advancedholdings.com.

Shareholders are strongly encouraged to submit questions electronically via email.

- Shareholders will need to identify themselves when posing questions by email or by mail by providing the following details:
 - the Shareholder's full name as it appears on his/her/its CDP/CPF/SRS share records;
 - the Shareholder's NRIC/Passport/UEN number;

LETTER TO SHAREHOLDERS

- the Shareholder's contact number and email address; and
- the manner in which the Shareholder holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will endeavour to address all substantial and relevant questions received in advance from Shareholders by 22 September 2023 via an announcement to be published on the Company's website at the URL <https://advancedholdings.com/media/news/> and SGXNet.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Capital Reduction and Cash Distribution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

8. LEGAL ADVISER

For the purposes of this Circular, Wong Tan & Molly Lim LLC has been appointed as the legal adviser to the Company for the proposed Capital Reduction and Cash Distribution.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 December 2022.

In addition, a copy of the Solvency Statement will be made available for inspection throughout the EGM, and at the registered office of the Company throughout the six (6) weeks beginning with the date of the Special Resolution.

Yours faithfully
for and on behalf of the Board of Directors of
ADVANCED HOLDINGS LTD.

Dr Wong Kar King
Managing Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



ADVANCED HOLDINGS LTD.

(Incorporated in Republic of Singapore)
(Company Registration Number: 200401856N)

All capitalised terms in the Resolution below and defined in the circular dated 7 September 2023 to the shareholders of the Company (the “Circular”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of the Company will be held on Friday, 29 September 2023 at 10.00 a.m. at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241, for the purpose of considering and, if thought fit, passing the following special resolution:

SPECIAL RESOLUTION – PROPOSED CAPITAL REDUCTION AND CASH DISTRIBUTION

Resolved that:

- (a) pursuant to Section 78A read with Section 78C of the Companies Act 1967 of Singapore (as amended from time to time) and Regulation 47 of the Constitution of the Company, the issued and paid-up share capital of the Company shall be reduced by the sum of up to S\$38,677,211 from S\$47,432,531 to S\$8,755,320 (the “**Capital Reduction**”) and that such reduction be effected by:
 - (i) the cancellation of the share capital of the Company to the extent of the sum of the accumulated losses of the Company as at 31 December 2022 of approximately S\$15,182,950 (“**Accumulated Losses**”) and applying such amount being the credit arising from the aforesaid cancellation of share capital to write off the Accumulated Losses; and
 - (ii) by returning the sum of up to S\$23,494,261 (the “**Cash Distribution**”) from the issued and paid-up share capital of the Company to the shareholders of the Company (the “**Shareholders**”, being registered holders of the Shares (as defined hereinafter), other than the Company, except that where the registered holder is The Central Depository (Pte) Limited, the term “Shareholders” shall mean Depositors (other than the Company), as defined under the Securities and Futures Act 2001 of Singapore), on the basis of 23.20 cents for each issued and paid-up ordinary share in the capital of the Company (each, a “**Share**”) held by a Shareholder or on his behalf as at the record date to be determined by the Directors of the Company; and
- (b) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to Capital Reduction and Cash Distribution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

BY ORDER OF THE BOARD

Dr Wong Kar King
Managing Director
7 September 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Terms and expressions not defined herein but which are defined in the Circular shall have the same meanings when used herein. The Circular will be despatched to shareholders and will also be made available on the Company's website at the URL <https://advancedholdings.com/media/news/> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) The EGM will be held in a wholly physical format, at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on Friday, 29 September 2023 at 10.00 a.m. There will be no option for shareholders to participate virtually.
- (3) A member may also submit questions in advance related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted by 11.59 p.m. on 17 September 2023:
 - (a) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or
 - (b) by email to general.meetings@advancedholdings.com.

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member's NRIC/Passport/UEN number;
- (c) the member's contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM as received from members before 11.59 p.m. on 17 September 2023 by 22 September 2023 via an announcement to be published on the Company's website at the URL <https://advancedholdings.com/media/news/> and SGXNet.

- (4)
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument, failing which the nomination shall be deemed to be alternative.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.
- (5) A proxy need not be a member of the Company.
- (6) The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
 - (a) if sent personally or by post, be deposited at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or
 - (b) if submitted by email, be received by the Company at general.meetings@advancedholdings.com,in any case, not less than 48 hours before the time for holding the EGM, and in default the instrument of proxy shall not be treated as valid.
- (7) If sent personally or by post, the instrument a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (8) Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (9) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
- (10) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967, including CPF and SRS investors, and who wish to participate in the EGM ("**Relevant Intermediary Participants**") by (a) voting at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (b) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM. CPF or SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 19 September 2023.
- (11) The Annual Report for the financial year ended 31 December 2022 may be accessed at the Company's website at the URL <https://advancedholdings.com/investors/annual-report/> under "Annual Report 2022". The Annual Report has also been made available on SGXNet.

Personal Data Protection:

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) to attend, speak and vote at the EGM and/or any adjournment thereof, or submitting any details of Relevant Intermediary Participants in connection with the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), the publication of the names and comments of the members at the EGM and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ADVANCED HOLDINGS LTD.

(Incorporated in Republic of Singapore)
(Company Registration Number: 200401856N)

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL <https://advancedholdings.com/media/news/>. A printed copy of this form of proxy will be despatched to members.

IMPORTANT

1. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds.
2. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 19 September 2023.
3. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 may appoint more than two (2) proxies to attend, speak, and vote at the Extraordinary General Meeting.

I/We _____ (name) _____ (NRIC/Passport no.)

of _____ (address)

being a *member/members of Advanced Holdings Ltd. (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Extraordinary General Meeting (the "EGM")* as my/our proxy to attend and to vote for me/us on my/our behalf at the EGM of the Company to be held at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on Friday, 29 September 2023 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against and/or abstain from voting on the Resolution to be proposed at the EGM as indicated hereunder:

SPECIAL RESOLUTION	For**	Against**	Abstain**
To approve the proposed Capital Reduction and Cash Distribution			

* Delete as appropriate.

** If you wish to exercise all your votes "For" or "Against" the Resolution or to abstain from voting on the Resolution in respect of all your votes, please indicate your vote "For" or "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2023

Total number of Shares held:

(a) CDP Register

(b) Member's Register

Signature(s) of Member(s)
or Common Seal of Corporate Member

* **IMPORTANT: PLEASE READ NOTES OVERLEAF**



PROXY FORM

Notes:

1. The EGM will be held in a wholly physical format, at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on Friday, 29 September 2023 at 10.00 a.m. There will be no option for shareholders to participate virtually.
2.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument, failing which the nomination shall be deemed to be alternative.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.
3. A proxy need not be a member of the Company.
4. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001, you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the ordinary shares held by you.
5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if sent personally or by post, be deposited at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or
 - (b) if submitted by email, be received by the Company at general.meetings@advancedholdings.com,in any case, not less than 48 hours before the time set for the EGM, and in default the instrument of proxy shall not be treated as valid.
6. If sent personally or by post, the instrument appointing a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
8. Where an instrument appointing a proxy(ies) is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy(ies)). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.