ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

I. PROPOSED CONSOLIDATION OF EVERY TWO HUNDRED (200) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS AS AT THE SHARE CONSOLIDATION BOOKS CLOSURE DATE INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE "CONSOLIDATED SHARES"), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "PROPOSED SHARE CONSOLIDATION")

II. PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 68,758,227 NEW ORDINARY SHARES IN THE THEN CAPITAL OF THE COMPANY FOLLOWING THE COMPLETION OF THE SHARE CONSOLIDATION (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S$0.20 FOR EACH RIGHTS SHARE, AND UP TO 68,758,227 FREE DETACHABLE WARRANTS (THE "WARRANTS") AT AN EXERCISE PRICE OF S$0.30 ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) CONSOLIDATED SHARE HELD BY SHAREHOLDERS AS AT THE RIGHTS BOOKS CLOSURE DATE, AND ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "RIGHTS CUM WARRANTS ISSUE")

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Advance SCT Limited (the "**Company**") wishes to announce that the Company proposes to undertake a share consolidation of its existing ordinary shares in its capital followed by a renounceable non-underwritten rights cum warrants issue thereafter, subject to Shareholders' approval, on the terms as set out below:-

(a) in conjunction with, and immediately prior to the completion of, the Rights cum Warrants Issue, the Company proposes to undertake a consolidation of every two hundred (200) existing ordinary shares in the capital of the Company held by Shareholders as at the books closure date to be determined by the Directors for the purpose of determining the entitlements of Shareholders to the Consolidated Shares (the "**Share Consolidation Books Closure Date**"), into one (1) ordinary share in the capital of the Company (the "**Consolidated Shares**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**");

(b) in conjunction with, and immediately after the completion of, the Proposed Share Consolidation, the Company proposes to undertake a renounceable non-underwritten rights issue of up to 68,758,227 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.20 for each Rights Share (the "**Issue Price**"), and up to 68,758,227 free detachable warrants (the "**Warrants**", terms of which are described below), on the basis of one (1) Rights Share for every one (1) Consolidated Share held by the Shareholders as at the books closure date to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) (the "**Rights Books Closure Date**"), and one (1) free Warrant for every one (1) Rights Share subscribed, fractional entitlements to be disregarded (the "**Rights cum Warrants Issue**").

Each Warrant will carry the right to subscribe for one (1) new share in the capital of the Company (the "**Warrant Shares**") at an exercise price of S$0.30 for each Warrant Share (the "**Exercise Price**") exercisable within an Exercise Period (as defined below) of two (2) years.

The Company will be seeking specific approval from Shareholders by way of an extraordinary general meeting of the Company (the "**EGM**") to be convened for the Proposed Share Consolidation and the Rights cum Warrants Issue. A circular setting out, amongst other things, the details of, and other relevant information pertaining to the Proposed Share Consolidation and the Rights cum Warrants Issue (the "**Circular**"), together with the notice of the EGM, will be dispatched to Shareholders in due course.

2. PROPOSED SHARE CONSOLIDATION

In conjunction with, and immediately prior to the completion of, the Rights cum Warrants Issue, the Company proposes to undertake the Proposed Share Consolidation.

Upon the Share Consolidation Books Closure Date, every two hundred (200) ordinary shares in the capital of the Company registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share.

The Proposed Share Consolidation will be made effective on the Share Consolidation Books Closure Date whereupon the Register of Members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by each Shareholder and each Depositor based on the number of ordinary shares held by each Shareholder and each Depositor as at the Share Consolidation Books Closure Date.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of the number of ordinary shares as at the Share Consolidation Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded in this connection.

To the extent that it is practical to do so, arrangements may, at the absolute discretion of the Company, be made for the sale of aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation. As the net proceeds from any sale of the fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in dispatching such proceeds to Shareholders, the net proceeds arising therefrom (if any) shall be retained for the benefit of the Company. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

As at the date of this announcement, the existing issued and paid up share capital of the Company is $199,781,725.78 divided into 13,751,645,408 ordinary shares. As at the date of this announcement, there are no convertible securities outstanding. On the assumption that there will be no new Shares issued by the Company up to the Share Consolidation Books Closure Date, the Company will have a share capital of $199,781,725.78 divided into 68,758,227 Consolidated Shares (fractional entitlements to be disregarded) upon completion of the Proposed Share Consolidation.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Company and its subsidiaries. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.

The Proposed Share Consolidation will rationalize the share capital of the Company by reducing the number of ordinary shares in the capital of the Company outstanding and the trading price per Consolidated Share should theoretically be higher than the trading price per existing share prior to the Proposed Share Consolidation. A higher trading price will result in a reduction in the percentage transaction cost for trading in each board lot of shares, which may, in turn, increase general interest in the shares of the Company, thereby making them more attractive to investors. Accordingly the Directors believe that the Proposed Share Consolidation is beneficial to the Company and the Shareholders.

3. APPROVALS REQUIRED FOR THE PROPOSED SHARE CONSOLIDATION

The Proposed Share Consolidation is subject to, *inter alia*, the following:

(a) the approval-in-principle of the SGX-ST for the dealing in, listing and quotation of the Consolidated Shares on the Official List of the SGX-ST having been obtained; and

(b) the approval of Shareholders of the Company for the Proposed Share Consolidation at the EGM.

An application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of the Consolidated Shares on the SGX-ST. An appropriate announcement on the outcome of the application for permission to deal in and for the listing and quotation of the Consolidated Shares on the SGX-ST will be made in due course.

4. PROPOSED RIGHTS CUM WARRANTS ISSUE – PRINCIPAL TERMS

In conjunction with, and immediately after the completion of, the Proposed Share Consolidation, the Company proposes to undertake the Rights Cum Warrants Issue.

Entitled Shareholders (as defined below) will be at liberty to accept, decline, renounce or trade their provisional allotment of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' (as defined below) entitlements and will, together with the provisional allotments not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders (as defined below) in satisfaction of their application for excess Rights Shares with Warrants, if any, provided that where there are insufficient excess Rights Shares with Warrants to allot to each application, the Company shall allot the excess Rights Shares with Warrants to Entitled Shareholders (as defined below) such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the board of the Company will either be ineligible for excess Rights Shares with Warrants, or if eligible, rank last in priority for rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in general meeting.

The Rights Shares are payable in full upon acceptance and application. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date (as defined herein) for which is before the date of issue of the Rights Shares. The Warrant Shares arising from the exercise of the Warrants are payable in full and will, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date (as defined

herein) for which is before the date of exercise of the Warrants. For the purpose herein, the "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions that may be declared or paid, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or Central Depository (Pte) Limited (the "**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions that may be declared or paid.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on the Mainboard of the Singapore Exchange Trading Limited (the "**SGX-ST**") under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of Warrants to provide for an orderly market in the Warrants.

Each Warrant will, subject to the terms and conditions governing the Warrants to be set out in an instrument by way of a deed poll (the "**Deed Poll**"), carry the right to subscribe for one (1) Warrant Share at an Exercise Price of S$0.30 for each Warrant Share at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the second anniversary of the date of the issue of the Warrants (the "**Exercise Period**"), unless such date is a date on which the register of members of the Company (the "**Register of Members**") is closed or is not a day on which SGX-ST is open for securities trading (the "**Market Day**"), in which case the Exercise Period shall end on the date prior to the closure of the Register of Members of the Company or the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the register of holders of Warrants may be closed pursuant to the terms and conditions of the Warrants as provided for in the Deed Poll. The Warrants which have not been exercised after the date of expiry shall lapse and cease to be valid for any purpose.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will, after their issue, be subject to adjustments under certain circumstances to be provided for in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of shares, capitalisation issues, rights issue and certain capital distributions.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the offer information statement (the "**Offer Information Statement**") to be despatched by the Company to Entitled Shareholders in due course.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE

The Rights cum Warrants Issue is proposed to all the "**Entitled Shareholders**", comprising Entitled Depositors and Entitled Scripholders (both as defined herein).

Shareholders whose Consolidated Shares are registered in the name of the CDP and whose securities accounts with the CDP are credited with Consolidated Shares as at the Rights Books Closure Date ("**Depositors**") will be provisionally allotted their entitlements on the basis of the number of Consolidated Shares standing to the credit of their securities account with the CDP as at the Rights Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered addresses with the CDP in Singapore as at the Rights Books Closure Date or must have, at least five (5) Market Days prior to the Rights Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents.

Duly completed and stamped transfers (in respect of ordinary shares not registered in the name of the CDP) together with all relevant documents of title received up to the Rights Books Closure Date by Boardroom Corporate & Advisory Services Pte. Ltd. located at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 (the "**Share Registrar**"), will be registered to determine the provisional entitlements of the transferee (the "**Scripholder**"), which term shall include a person who is registered as a holder of shares in the Company and whose share certificates are not deposited with the CDP under the Rights cum Warrants Issue. To be

"**Entitled Scripholders**", the Scripholders must have registered addresses in Singapore as at the Rights Books Closure Date or must have, at least five (5) Market Days prior to the Rights Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

For practical reasons and in order to avoid any violation of relevant securities legislation applicable in countries other than Singapore, the Rights cum Warrants Issue will not be offered to Shareholders with registered addresses outside Singapore as at the Rights Books Closure Date and who have not at least five (5) Market Days prior to the Rights Books Closure Date, provided to the Company, the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**").

The Offer Information Statement to be issued for the Rights cum Warrants Issue and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders will, if practical, be sold "nil-paid" on SGX-ST after dealings in the provisional allotments of Rights Shares with Warrants commence.

Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Rights Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S$20.00. In the event the amount is less than S$20.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or the CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP and their respective officers in respect of such sales or proceeds thereof, the provisional allotments of Rights Shares with Warrants represented by such provisional allotments.

6. SIZE OF THE RIGHTS CUM WARRANTS ISSUE

As at the date of this announcement, the existing issued and paid up share capital of the Company is $199,781,725.78 divided into 13,751,645,408 ordinary shares. As at the date of this announcement, there are no convertible securities outstanding. On the assumption that there will be no new Shares issued by the Company up to the Share Consolidation Books Closure Date, the Company will have a share capital of $199,781,725.78 divided into 68,758,227 Consolidated Shares (the "**Post Consolidation Share Capital**") (fractional entitlements to be disregarded) upon completion of the Proposed Share Consolidation.

The actual number of issued Consolidated Shares post completion of the Proposed Share Consolidation will depend on the actual number of ordinary shares issued as at the Share Consolidation Books Closure Date which is not determinable with certainty as at the date of this announcement.

For illustrative purposes, based on the Post Consolidation Share Capital, and assuming that all Entitled Shareholders subscribe in full for their pro-rata Rights Shares with Warrants entitlements and subsequently exercise all their Warrants, an aggregate of 137,516,454 new ordinary shares in the capital of the Company will be issued pursuant to the Rights cum Warrants Issue (the "**Simulated Subscription Scenario**").

7. PURPOSE OF THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

The Issue Price of S$0.20 for each Rights Share and the Exercise Price of S$0.30 for each Warrant Share represents a discount of approximately 50% and 25% respectively to the theoretical closing price on a consolidated basis of S$0.40 per ordinary share in the capital of the Company (based on the closing price of S$0.002 per share transacted on the SGX-ST on 30 December 2014, being the last transacted price preceding the date of this Announcement).

In the Simulated Subscription Scenario, the estimated net proceeds from the Rights cum Warrants Issue will be approximately S$13.57 million (assuming the Warrants are not exercised) or approximately S$34.2 million (if the Warrants are fully exercised), after deducting professional fees and related expenses amounting to approximately S$0.18 million incurred in connection therewith.

The Company intends to utilise the net proceeds from the Rights cum Warrants Issue for business expansion (41%), debt repayment (38%) and working capital (21%).

Pending the deployment of net proceeds from the Rights cum Warrants Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make the necessary announcements on the utilisation of net proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of proceeds and any material deviations in the use of proceeds in the Company's annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports.

The Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis as the Company believes that the Issue Price of S$0.20 for each Rights Share and the Exercise Price of S$0.30 for each Warrant Share is sufficiently attractive.

Further, the Directors are of the opinion that there is no minimum amount which must be raised from the Rights cum Warrants Issue, as in the event it is unable to raise sufficient funds for business expansion (41%), debt repayment (38%) and working capital (21%), the Company will source for alternative sources of funding, including but not limited to bank borrowings.

Hence, in view of the above and the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis. As the Rights cum Warrants Issue is not and will not be underwritten, Shareholders are advised to carefully evaluate their individual investment positions and if they are in doubt as to the Rights cum Warrants Issue, to consult their own financial or other adviser.

8. APPROVALS REQUIRED FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE

The Rights cum Warrants Issue is subject to, inter alia, the following:

(a) the approval-in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the Official List of the SGX-ST having been obtained;

(b) the completion of the Proposed Share Consolidation;

(c) the approval of Shareholders of the Company for the Rights cum Warrants Issue at the EGM; and

(d) the lodgment by the Company of the Offer Information Statement with the SGX-ST (acting as agent of the Monetary Authority of Singapore).

An application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of the Rights Shares, Warrants and the Warrant Shares on the SGX-ST. An appropriate announcement on the outcome of the application for permission to deal in and for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST will be made in due course.

9. UNDERTAKINGS BY SUBSTANTIAL SHAREHOLDERS

To illustrate their support for the Rights cum Warrants Issue and to demonstrate their commitment and confidence in the prospects of the Company, two of the substantial shareholders of the Company, Fort Canning (Asia) Pte Ltd and Belle Forte Ltd, who hold 1,348,495,104 Shares and 1,274,644,521 Shares respectively (representing 9.8% and 9.27% of the issued share capital of the Company respectively) as at the time of this announcement, have each irrevocably undertaken, *inter alia*, to:

(a) maintain its registered shareholding in the Company (whether held in its name or in the names of its nominee(s) or held by companies controlled by it) of 1,348,495,104 Shares and 1,274,644,521 Shares respectively until the books closure date of the Rights cum Warrants Issue; and

(b) subscribe in full for the Rights Shares which it is entitled to under the Rights cum Warrants Issue (collectively the "**Subscription Undertakings**"),

and the Subscription Undertakings shall terminate and cease to be of any force or effect upon the occurrence of any of the following, whichever is the earliest:

(a) if this announcement was not released by the Company through SGXNET by 2359 hours (Singapore time) on 31 December 2014; or

(b) if the Company decides not to proceed with the Rights cum Warrants Issue for any reason whatsoever (other than for reasons due or attributable solely to any breach of, or failure by the Undertaking Shareholders to perform their obligations under the Subscription Undertakings) and releases an announcement of such decision through SGXNET.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation and the Rights cum Warrants Issue (other than through their respective shareholdings in the Company).

11. RESPONSIBILITY STATEMENT

The Directors 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, this announcement constitutes full and true disclosure of all material facts about the Proposed Share Consolidation and the Rights cum Warrants Issue, the Company and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement 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 announcement in its proper form and context.

12. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated and release announcements relating to the Proposed Share Consolidation and the Rights cum Warrants Issue (including any material developments and progress made) as may be appropriate from time to time.

By Order of the Board
Advance SCT Limited

Song Tang Yih
Executive Director and President
30 December 2014