advanced
Science. Engineered, Delivered.

TRANSFORM.

Future Ready | ANNUAL REPORT 2018

Our Mission

Advancing innovations in engineering science.

Our Vision

To be the most advanced organisation in engineering science.

CONTENTS

ABOUT US

Corporate Values

Adherence
To Advanced's Ethical Principles

Care
For Our Stakeholders, The Community, The Environment And Respect For The Rights, Differences And Dignity Of Others

Excellence
Is A Virtue We Fully Commit To All Stakeholders

Value Proposition

Innovative Engineering Technologies & Solutions

Organic Growth
- Pursue high value contracts in key industries & markets
- Extend geographical footprint
- Strengthen & integrate our Sales & Engineering teams

Strategic Technologies & Products
- Build strategic alliances with global leaders in process technologies & equipment
- Broaden related businesses, products & services
- Enhance environmental solutions in process technologies, products & services

Strategic Investments
- Strategic technologies & equipment
- Sustainable technologies, businesses, products & services
- Environmental solutions products & services

Capabilities Investment
- Implement ongoing training and development programmes
- Recruit additional high calibre specialists

Creating Value By

FOCUSING
on geographical markets and market sectors which exhibit strong growth trends.

DEVELOPING
solutions capabilities tailored to the requirements of customers worldwide.

SUCCEEDING
through the consistent execution of our proven strategy for growth.

EXPANDING
in emerging economies where our total solutions give us competitive advantage.

Our

BUSINESS

Engineering Services & Equipment

Design, consultancy and turnkey engineering services

Design, fabrication and supply of process equipment, technologies, analytical and instrumentation systems for oil & gas and petrochemical industries

Field services (installation, commissioning, maintenance & training)

Our Engineering Services & Equipment business is further classified into 3 **KEY SEGMENTS**, namely :

1 Advanced Analyser Technologies

ATAC

Incorporated in United Kingdom, **Analytical Technology & Control Limited ("ATAC")** specialises in the design, manufacture and supply of a range of online analysers for the process and quality controls of refinery products, as well as a range of analysers for measuring calorific values of natural gas compositions in gas plants.

ATOM Instrument

US-based **ATOM Instrument, LLC ("ATOM")** specialises in the engineering of laboratory and online elemental analysers for total sulfur-nitrogen applications in liquid, solids and gases. It also provides practical and innovative measurement solutions to the petroleum, petrochemicals and pipeline industries.

Guided Wave

US-based **Guided Wave Inc ("GWI")** specialises in online optical measurements for process analytical chemistry. With over 30 years of experience and more than 600 installed systems worldwide, GWI designs complete UV / VIS / NIR instrument systems and sample conditioning systems that are used continuously, both online and real-time under the rigours of the manufacturing plant environment.

SOFRASER Pioneering viscometry since 1972

French process viscometry specialist, **Sofraser S.A.S ("Sofraser")**, is a world leader in the research, design and manufacture of process instruments for inline, on reactor, instant, and permanent viscosity measurement across the petrochemicals & chemicals, oil & gas, polymer, printing and paint industries. With a 40-year track record, it invented the first vibrating rod viscometer at resonance frequency, and provides OEM solutions for online, portable and lab viscometers which are implemented via a compact and easy-to-use system for applications ranging from quality control to goods delivery control.

2 Advanced System Solutions

CAE

Established in Singapore, with factories and offices in Singapore, China, United States and Middle East. **Advanced CAE ("CAE")** is an expert designer and provider of process analyser systems, metering skids and related services to the oil and gas, petrochemical, pharmaceutical and semiconductor industries.

3 Advanced Plant Solutions

ZMK

Based in Germany, **ZMK Technologies GmbH** develops and manufactures customised special valves e.g. main transfer and decoke line valves for ethylene plants, different types of valves for FCC units or isolation valves for coke production plants; it overhauls special valves, supplies the respective spare parts and inspects valves offering solutions to improve them.

Our Systems
& PRODUCTS

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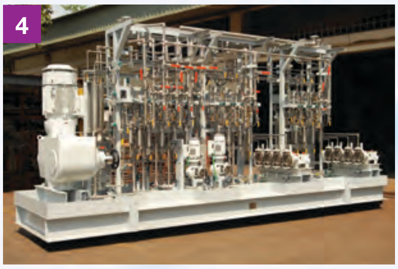

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1 BALL VALVES
High quality standard and customised ball valves for speciality industrial use such as coal-gasification / liquefaction, LNG, PTA etc.

2 BOILING POINT ANALYSER
Continuous measurement of a single distillation point with short response time making it ideal for process control.

3 CATALYST METERING PACKAGE
Transfers catalyst, in paste form, in a precise quantity in a polypropylene plant.

4 CHEMICAL DOSING SYSTEM
Automatically injects a precise quantity of various chemicals for the treatment of products and protection of plant equipment.

5 CLEARVIEW® DB PHOTOMETER
A true dual-beam, process-proven filter photometer that can measure up to six parameters (chemical concentrations and physical parameters) at one or two independent monitoring points in liquid or gas process streams.

6 GAS ODORISATION SYSTEM
Odorises natural gas / town gas / LPG due to safety regulations. We supply de-odorisation systems as well.

7 LUMINOS TDL GAS ANALYSER
Utilises a tuneable diode laser for precise measurements, even at very low concentrations. This online analyser measures H2O, H2S, CO2, CO and O2 rapidly and only requires at-site maintenance and calibration.

8 MIVI SENSOR
Tuning-type viscometer (vibration at resonance frequency). Precise and robust, the Sofraser MIVI sensor provides continuous measurement combined with superior quality for production environment. The pioneer and proven solution for the market of process viscosity instrumentation.

9 NEAR INFRARED (NIR) ONLINE PROCESS ANALYSER
NIR-O is Guided Wave's next generation Near Infrared (NIR) online process analyser. Coupled with Guided Wave's optically-matched, industry-proven process insertion Probes, Flow Cells, and Fiber Optic Cables, NIR-O is designed for continuous use in liquid and gas phase applications within the chemical, petrochemical, hydrocarbon processing, polymer, and consumer product markets.

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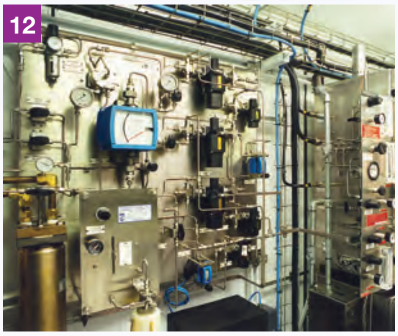

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10 PROCESS ANALYSER SYSTEM

Consisting of analysers, sample conditioning system and shelter, it is used mainly in the process and quality controls in manufacturing.

11 PROCESS CLOUD POINT ANALYSER

A completely automatic online process stream analyser for measuring cloud point. Multiple sample types can be analysed by a single analyser and due to the "smart amplification" of the maintenance free cell it can detect clouding in traditionally difficult samples such as coloured diesels and bio-diesels. Simple to operate with a GUI that allows parameters to be user configurable, shows real time and historical data and makes maintenance very easy. It also has the added capabilities of auto calibration / validation and remote access control.

12 SAMPLING CONDITIONING SYSTEMS

A Sample Conditioning System delivers a representative sample to Process Analysers for measurement. It is a prerequisite for analyser reliability. Sample Conditioning Systems are inclusive of sample extraction, sample transport line, pressure regulating / boosting, sample cooling / temperature maintaining, flow regulating, filtration, calibration facilities, sample disposal, etc.

13 SPECIALITY VALVES

Double Disc Through Conduit Type Gate Valves for main transfer and decoking lines of olefin production units, Single / Double Disc Control Valves for FCC units and Deheading / Unheading & Isolation Valves for coker units.

14 THERMOSET-LT (LITE VERSION)

Automated, simple and inexpensive analyser for online viscosity measurement at reference temperature.

15 VISCOMETER+

The Viscometer+ is an online analyser for determining the viscosity of petroleum blended products and feed stocks. The results obtained correlate with the standard test methods utilised by all the worlds refineries, ASTM D445 / D2170.

16 TOTAL SULFUR ANALYSER

The analyser is an online process analyser utilising patented Excimer UV Fluorescence (EUVF) technology to measure Total Sulfur in a variety of applications such as monitoring refinery flare gas, blending and refinery grade fuels.

17 XT SERIES LAB ANALYSERS

The analyser is designed and built for precise, accurate and reliable analysis with high flexibility allowing the measurement of a wide range of samples with a single instrument. It can be operated using air or a mixture of oxygen / argon as combustion gas depending on the application and offers high speed analysis.

Associated PARTNERS

Analysers & Systems

Thermo SCIENTIFIC

Specialising in online analytical instrumentation, brands including Mass Spectrometer.

hobré ANALYZER SOLUTIONS

Specialises in Wobbe Index, Heating Value (BTU), Combustion Air Requirement analysers; Online EDXRF analysers for element analysis in liquids and total sulphur analysis in petroleum products.

Specialty Valves & Equipment

perrin A member of KITZ corporation

High quality and reliable specialty ball valves in various exotic alloy materials for severe application in the PE / PP, LNG, Corrosive Acid, Coal Gasification and Catalyst Industries.

Krantz

Develops, designs, manufactures and distributes air distribution systems globally, cooling and heating systems for installation in ceilings and facades, as well as cleanroom components and systems for process industries.

BigelowLiptak

A leading supplier of engineering, equipment and materials for high temperature processes in mineral processing, petrochemicals, refineries, and many other industrial facilities.

Message to SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Advanced Holdings Ltd ("Advanced" or "Group"), I am pleased to present to you our Annual Report for the financial year ended December 31, 2018 ("FY2018").

Since the oil market crash of 2014, the business environment for Advanced has been challenging to say the least. While we have witnessed several signs of a market recovery in subsequent years, the recovery has yet to fully materialise due to increased global economic uncertainty and geopolitics tensions. Market sentiments have turned positive since the beginning of 2019, however the same factors which caused volatility in the past remain unresolved and will continue to influence the sustainability of any recovery.

While the Oil & Gas industry remains a significant part of the Group's business – contribution from the Oil & Gas industry accounted for 16.3% of revenue generated in FY2018 – its continued volatility remains a hazard that we must navigate with a steady hand.

In contrast, the Petrochemicals & Chemicals industry accounted for 79% of the Group's revenue in FY2018, and it was through the revenue contribution from this industry that Advanced managed to end the financial year relatively unscathed.

FY2018 FINANCIAL REVIEW

The Group reported a revenue of S$61.8 million for FY2018, an increase of 15.5% from the S$53.5 million in revenue we recorded in FY2017. Gross profit also increased on a year-on-year basis rising 8% from S$17.4 million to S$18.8 million. Gross profit margin dipped slightly to 30.4%, compared to 32.5% the previous year. Overall, we ended FY2018 with a net profit attributable to the owners of the company of S$0.3 million as opposed to the S$3 million loss suffered in FY2017.

As I mentioned earlier, the bulk of our revenue in FY2018 came from the Petrochemicals & Chemicals industry which came to S$48.8 million, a 34.4% increase from the S$36.3 million we recorded for the previous financial year. Revenue contribution from Oil & Gas decreased 17.9% from S$12.3 million to S$10.1 million year-on-year.

Advanced enjoyed a successful year in terms of regional revenue growth as we saw revenue contribution from every region and country increase except for Europe, Malaysia and Indonesia. Europe proved to be a challenging environment for business in FY2018, while revenue from Indonesia and Malaysia suffered from a lack of new projects in those countries.

> While we have witnessed several signs of a market recovery in subsequent years, **THE RECOVERY HAS YET TO FULLY MATERIALISE** due to increased global economic uncertainty and geopolitics tensions.

China remains our biggest and most important market. Revenue jumped 38.2% from S$13.1 million to S$18.1 million, making it the biggest contributor in regional revenue. In second place was USA, which generated S$10.4 million, representing an impressive 73.3% increase year-on-year from S$6 million as our manufacturing facility established there for two years continues to bear fruit.

Kazakhstan followed with S$9.5 million - a 31.9% increase from FY2017's figure of S$7.2 million – buoyed by a large scale project in the Central Asian country. Our home base of Singapore contributed S$6.7 million for FY2018, a 31.4% increase from the S$5.1 million reported the previous year. While Europe rounded out the top five regional revenue contributors with S$5.9 million, a 27.2% decrease from the S$8.1 million we reported in FY2017.

In 2018, through our hard work and resilience, our business activities increased despite the uncertainty surrounding the market. Concurrently, we have also been prudent when it comes to cost management. Distribution and marketing costs declined 6.3% from FY2017 while administrative expenses decreased 13%.

The Group registered a net foreign exchange loss of S$0.4 million in FY2018, compared to a net foreign exchange loss of S$1.7 million experienced in the previous financial year.

We are in a solid position financially as the Group's cash holdings are still at healthy levels, standing at S$33.4 million. Our outstanding order book is robust at approximately S$63.3 million as at December 31, 2018.

FUTURE OUTLOOK

Moving forward, geopolitical factors are likely to continue to contribute to uncertainty and instability in markets worldwide as they did in 2018. The looming shadow of an impending trade war between United States and China is casting a lot of uncertainties on the market.

Come what may, at Advanced we remain committed to our goal of delivering long-term value for our shareholders and will monitor and respond to changing market forces with due cognisance and forethought, as well as diversifying our major reliance on oil & gas and petrochemical industries.

The recent acquisition of a stake in Agricore Global Pte Ltd is part of our ongoing process of transforming to a more sustainable long-term business.

While we did not proceed with the originally structured acquisition of Agricore Global Pte Ltd, we believe that we can continue to leverage our project management expertise to achieve a synergistic advantage for both businesses.

Yours Sincerely,
Dr Wong Kar King
Managing Director

Financial
HIGHLIGHTS

	2014*	2015* *(Restated)*	2016	2017 *(Restated)*	2018
Revenue ($'000)	91,343	109,329	94,084	53,479	61,761
Profit (Loss) after tax ($'000)	(1,972)	992	(2,230)	(3,436)	62
Shareholders' equity ($'000)	71,449	71,239	68,753	57,937	57,780
Cash and cash equivalents ($'000)	14,442	33,588	46,176	41,175	33,355
Earnings (Losses) per share "EPS" (cents)#	(1.71)	0.92	(1.80)	(3.00)	0.30
Dividend per share "DPS" (cents)#	0.90	-	2.50	4.90	-
Net asset value per share "NAV" (cents)#	70.55	70.35	67.89	57.21	57.06
Current ratio (times)	1.77	1.93	2.19	2.42	2.79

* *Include discontinued operation, presented separately in the financial statements.*

\# *For meaningful comparison, the EPS, DPS and NAV for financial years 2014 were restated based on the total number of issued shares excluding treasury shares of 101,268,367 after the share consolidation of three shares into one effected on 7 December 2015.*

Revenue ($M)

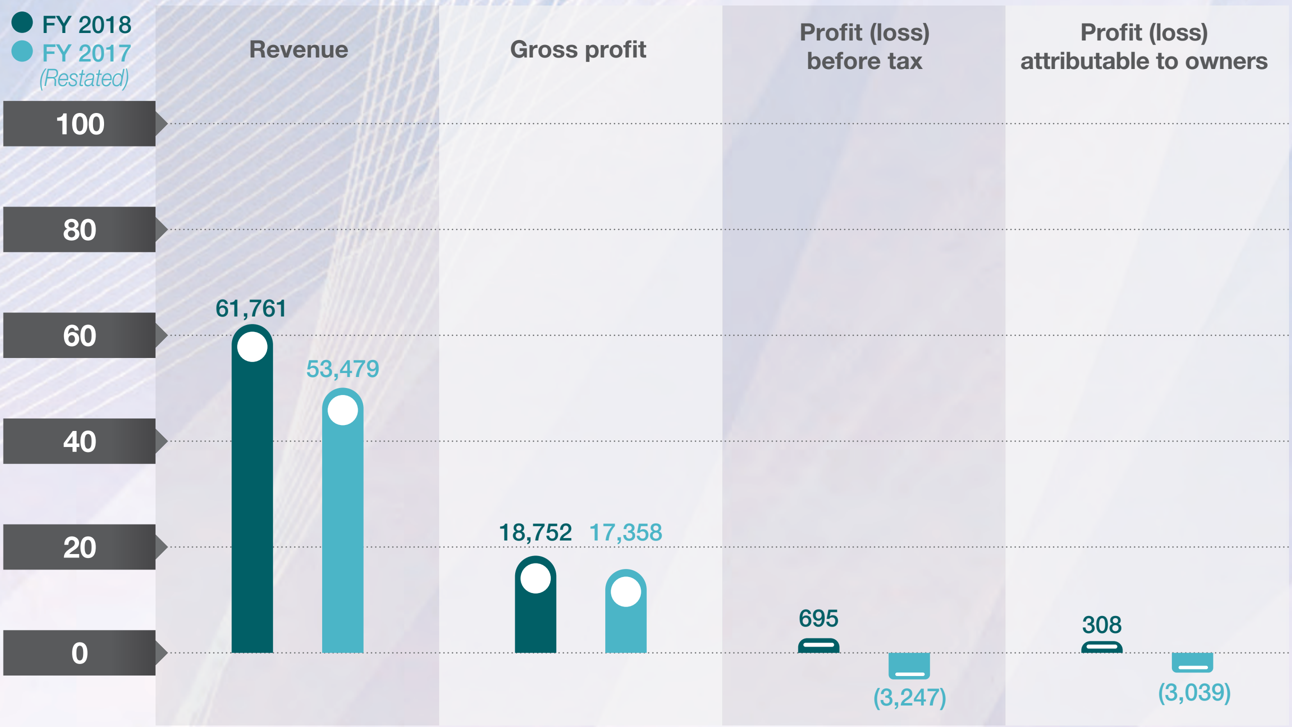
91.3	109.3	94.1	53.5	61.8
2014*	2015*	2016	2017 *(Restated)*	2018

Profit (Loss) After Tax ($M)

(2.0)	1.0	(2.2)	(3.4)	0.1
2014*	2015* *(Restated)*	2016	2017 *(Restated)*	2018

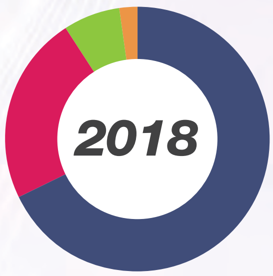
* *Include discontinued operation presented separately in the financial statements*

Two Years Comparison ($'000)



Revenue By Industry ($M)

Petrochemicals and Chemicals | Oil and Gas | Others | Iron and Steel



- 48.8m (79.0%)
- 10.1m (16.3%)
- 2.7m (4.4%)
- 0.2m (0.3%)

- 36.3m (67.9%)
- 12.3m (23.0%)
- 3.7m (6.9%)
- 1.2m (2.2%)

Revenue By Geographical Market ($M)

China | USA | Kazakhstan | Singapore | Europe | Other Asian Countries
Vietnam | Middle East | Malaysia | Indonesia | Others

- 18.1m (29.3%)
- 10.4m (16.8%)
- 9.5m (15.4%)
- 6.7m (10.8%)
- 5.9m (9.6%)
- 3.8m (6.1%)
- 3.7m (6.0%)
- 2.0m (3.2%)
- 1.0m (1.6%)
- 0.4m (0.7%)
- 0.3m (0.5%)

- 13.1m (24.5%)
- 6.0m (11.2%)
- 7.2m (13.5%)
- 5.1m (9.5%)
- 8.1m (15.1%)
- 2.3m (4.3%)
- 2.5m (4.7%)
- 1.4m (2.6%)
- 2.8m (5.2%)
- 4.2m (7.9%)
- 0.8m (1.5%)

Board of DIRECTORS

DR CHOO BOY LEE EMILY
Non-Executive Chairman

Dr Choo was appointed to the Board on February 19, 2004. Prior to her appointment, Dr Choo was the Contracts & Purchasing Manager of the Group's subsidiary, Advanced Controls Pte Ltd, for a period of two years. Dr Choo was previously a lecturer in Nanyang Technological University School of Electrical and Electronic Engineering from 1990 to 2002. A graduate of The Queen's University of Belfast, United Kingdom, Dr Choo holds a Bachelor of Science, Electrical and Electronic Engineering (First Class Honours) and a Doctorate in Electronic Engineering.

DR WONG KAR KING
Managing Director

Dr Wong is the founder and Managing Director of the Advanced Group and was appointed to the Board on February 19, 2004. His key responsibilities include the overall management and operations of the business, in addition to formulating business strategies poised at spearheading the Group's growth forward. Dr Wong has 34 years of experience in technical sales and marketing. He also spent three years in the field of research and development. Prior to establishing the Group in 1992, Dr Wong worked in Rotork PLC (in England) and subsequently Rotork Asia (in Singapore) from 1987 to 1992. Dr Wong graduated from The Queen's University of Belfast, United Kingdom with a Bachelor Degree in Engineering (First Class Honours) and a Doctorate in Engineering. He was conferred the Outstanding Entrepreneur Award at the Asia Pacific Entrepreneurship Awards 2013 organised by Enterprise Asia and was later crowned the EY Entrepreneur Of The Year 2014 led by Ernst & Young in Singapore.

LIM BOON CHENG
Lead Independent Director

Mr Lim was appointed as an Independent Director of the Board on April 1, 2013. He comes with more than 30 years of experience in the accounting industry, primarily in auditing, financial accounting and business advisory work. Mr Lim is well-regarded in the accounting industry, having served as Chairman of the Public Accounting Practice Committee of the Institute of Singapore Chartered Accountants ("ISCA") when he was a Council Member of the Institute. Mr Lim is a Panel Member of the Strata Titles Boards since 2007. Prior to joining Advanced, he was the Managing Partner and subsequently the Chairman of the accounting firm LTC LLP, until his retirement from the practice in March 2012. Mr Lim is a Fellow of ISCA and a Fellow of Chartered Accountants Ireland. He holds a Master of Business Administration degree from the University of Ulster, United Kingdom.

DR HO CHOON HOU
Independent Director

Dr Ho Choon Hou was appointed as an Independent Director of the Board on January 4, 2013. Dr Ho is the Vice Chairman and Independent Director of Cordlife Group Ltd and serves as an Independent and Non-Executive Director of Mclean Technologies Berhad. He is also the Chairman and Independent Director of Vividthree Holdings Ltd and a Principal at Southern Capital Group Limited, a private equity firm, where he is responsible for the management of assets as well as the origination and execution of investments. Prior to that, Dr Ho held various medical portfolios in the healthcare industry. From 2004 to 2007, he served as Project Office Head and subsequently Deputy Director at National Healthcare Group where he was involved in directing special projects and investments and held general management responsibilities. Dr Ho holds a Bachelor of Medicine and Bachelor of Surgery from The University of Sheffield (Honours), as well as a Masters in Medicine (Surgery) from the National University of Singapore. He also obtained his Masters of Business Administration (Honours) from The University of Chicago.

Key
MANAGEMENT

CHEN ZHEN RICHARD
Chief Representative of Beijing Rep Office & Deputy General Manager PRC Operations

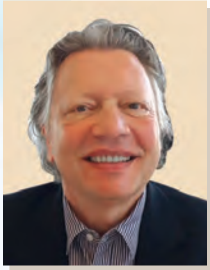
Mr Chen is the Group's Deputy General Manager responsible for managing the Group's sales and marketing in the PRC. Prior to joining the Group in 2006 as a Sales Manager, Mr Chen was a chief representative of a Beijing-based Australian company since 1997 which specialised in harbour facilities and grain handling system. Mr Chen holds a Bachelor of Economy from China Agricultural University and a Master in Business Administration (MBA) from University of International Business and Economy.

CHUA CHEE HOW
Chief Financial Officer

Mr Chua first joined the company in 2009 as the Corporate Finance Manager and was promoted to Chief Financial Officer in March 2017. In addition to the finance and accounting function, he is also responsible for compliance, corporate governance as well as mergers and acquisitions activities of the Group. Prior to joining the Group, Mr Chua has more than 10 years of transaction support, corporate finance and audit experience with established accounting firms in Singapore and Australia, including Deloitte & Touche and Ernst & Young. He is currently a member of Chartered Accountants Australia and New Zealand, and holds a Bachelor's Degree in Accountancy from Nanyang Technological University.

DEBRA HALL
Vice President, Sales & Marketing, Analytical Products, Americas

Debra Hall was appointed Vice President, Sales & Marketing, Analytical Products, Americas of the Group in May 2015. Ms Hall is responsible for the sales and marketing direction in the Americas for the Group's subsidiaries of Guided Wave, Inc., ATOM, ATAC, Sofraser and Advanced CAE. Her responsibilities include overall sales & business development by creating sales & marketing strategies, best-in-class processes, managing budgets, evaluating sales team performance and retaining brand image among the business groups. She joins the company with over 20 years of experience in industrial analyser Sales Management. Prior to joining the Group, Ms Hall worked as Global Director of Sales for Control Instruments Corp., an Advanced Holdings partner and leading manufacturer of Flammable Gas and Vapor Analysers for online process control. Ms Hall has a Bachelor's Degree in Electrical Engineering from New Jersey Institute of Technology.



NORBERT MARX
Senior Managing Director, ZMK Technologies GmbH

Mr Marx is the Senior Managing Director at ZMK Technologies GmbH ("ZMK") which he founded in 2014. He is responsible for the strategic orientation of ZMK with respect to current and future market needs. Prior to founding ZMK, he worked for a large valve manufacturer and accumulated 43 years of experience in the chemical and petrochemical industry as a special valve designer, project and sales manager, and vice president. During this time, he built up wide-ranging contacts in refineries, petrochemical plants, EPC's and licensors throughout the world. Mr Marx is also the holder of several patents for special valves.

QUAH KIM TECK

Managing Director, Advanced CAE Global Operations

Mr Quah has been fronting Advanced CAE Pte Ltd ("CAE") for more than 20 years, covering engineering, project management as well as sales and marketing of process analyser systems for the oil and gas industry. He is a chemical engineer by profession and is well recognised in the field of process analyser systems. Prior to assuming his new role as Managing Director, Mr Quah had been involved for some years laying the groundwork for CAE's global growth infrastructure as General Manager. With his expertise, he is well equipped to lead CAE towards further growth as well as in establishing global markets. Mr Quah holds a Bachelor's Degree in Chemical Engineering from the National University of Singapore.

RÜDIGER KLEIN

Managing Director, ZMK Technologies GmbH

Rüdiger Klein took over the position of Managing Director upon joining ZMK Technologies GmbH ("ZMK") in January 2015. He has 26 years of experience working on projects around the globe and serving customers with special requirements in the petrochemical and chemical industry. In addition to his wealth of experience, he has built a comprehensive network of contacts and is valued by his customers for his expertise as a technical solution provider. Mr Klein is looking forward to establishing ZMK in a future-oriented manner and one of his main objectives is the development of new products with the potential to explore new markets. He holds a diploma in Mechanical Engineering from the University of Applied Sciences in Aachen.

STEPHEN JAMES EDWARD MCRAE

Finance & Managing Director, Analytical Technology & Control Ltd

Mr McRae joined Analytical Technology & Control Ltd ("ATAC") in 2010. Appointed as the Finance & Managing Director on January 1, 2015, he is responsible for managing ATAC's finance and overall business operations and development. He previously held the roles of Finance Manager and Finance Director before his current appointment. Prior to joining the Group, he spent 20 years with Blue Circle PLC and Lafarge SA which are world leaders in cement as well as FTSE100 and CAC40 listed companies respectively. Mr McRae last held the position of Industrial Finance Leader for Lafarge's over £400m UK cement operations. Mr McRae, who is ACMA / GCMA qualified (Chartered Institute of Management Accountants), brings with him many years of experience in working with and leading teams across multiple large complex manufacturing plants.

SUSAN JANETTE FOULK

President, Guided Wave Incorporated

Ms Foulk was appointed to her current role as President of Guided Wave Incorporated ("GWI") on April 1, 2012. She is responsible for formulating and implementing the strategic goals and objectives of GWI and managing its overall business operations and development. This includes overseeing the Engineering / R&D, Manufacturing, Service & Support, and Administration functions of GWI which is based in Rancho Cordova, California. With a background in Chemistry and Chemometric (Statistical) data modeling, she has been employed by GWI for over 30 years in a variety of capacities. She holds a Master's Degree in Analytical Chemistry from the University of North Carolina, Chapel Hill, as well as a Bachelor's in Chemistry from the University of Florida. In 2013, she was conferred the EAS (Eastern Analytical Symposium) award for Outstanding Achievements in Near-Infrared Spectroscopy and was later awarded honorary lifetime membership to the Council for Near-Infrared Spectroscopy in 2016.

TAN CHUAN YANG JET

General Manager, Advanced CAE Pte Ltd

Mr Tan joined Advanced CAE in 1996 as a System Engineer and was appointed to his current role as General Manager in 2016. He is responsible for directing and supervising company operations, office management, procurement & logistics and corporate communication & branding. With his 27 years of knowledge and experience in the process analyser system industry, he has been instrumental in formulating and implementing strategies to improve overall operating processes, raising efficiencies and performances for our business. Mr Tan holds a diploma in Process Engineering from Singapore Polytechnic and a Master of Business Administration from Nanyang Technological University, Singapore.

TEO SIOK SAN SAMANTHA

Deputy Chief Executive Officer

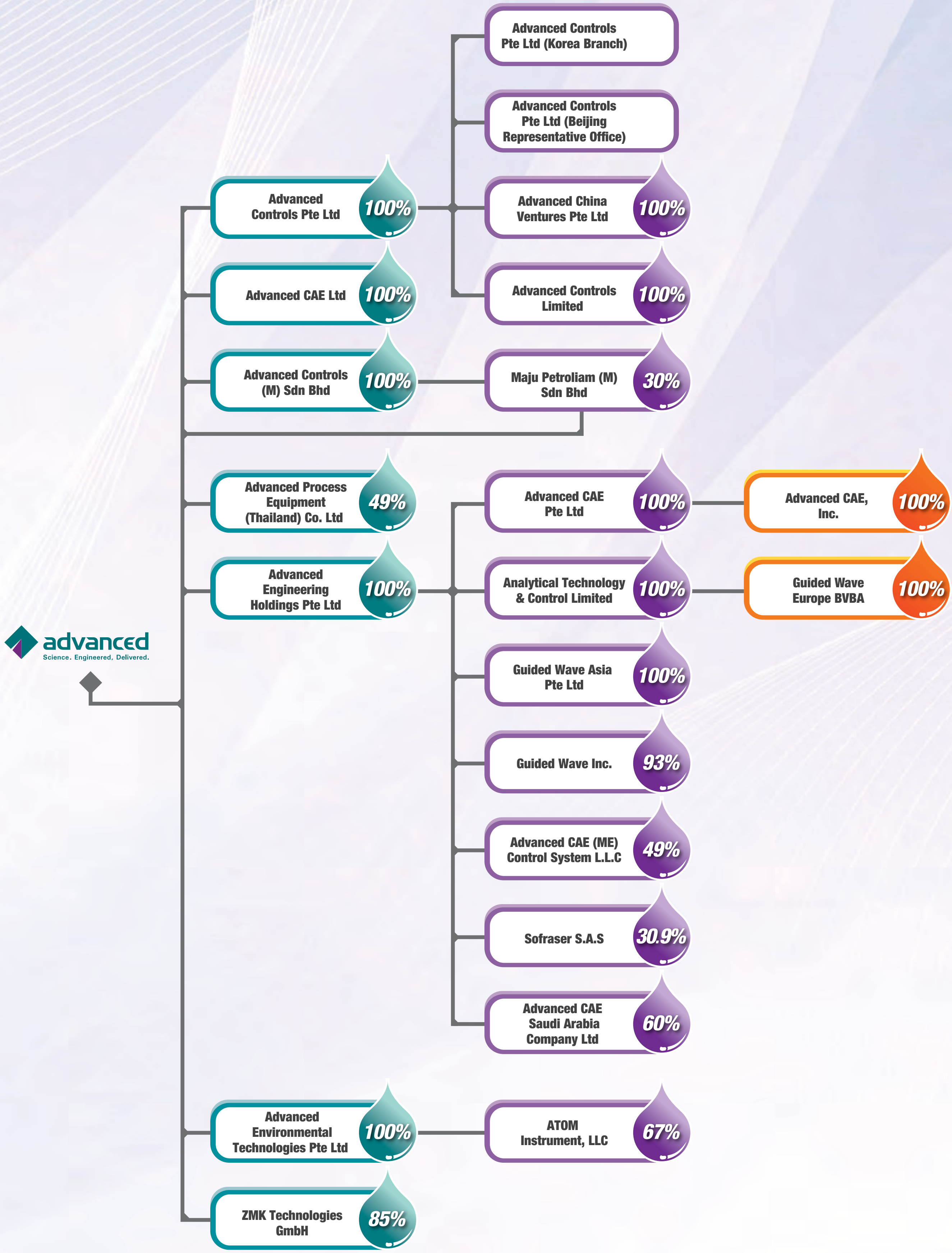
Ms Teo was appointed the Deputy Chief Executive Officer of the Group in August 2018. Her primary responsibilities include assisting the Managing Director in the overall management and operations of the Group, formulating business strategies and identifying new businesses for the Group. She is a strong advocate that happy employees result in satisfied clients. She will champion the group's direction to be client-focused, devoting time and resources to finetune the employees' mindset, skillset to appreciate and fulfill clients' needs. Ms Teo brings with her more than 15 years of experience in business development, sales and marketing, leadership in addition to her knowledge and network developed over the years in the offshore marine, oil and gas industries. She holds a Bachelor's Degree in Computer Science from the National University of Singapore.

YANG XIAO FEI

General Manager, PRC Operations

Ms Yang is responsible for managing the Group's sales and marketing in the People's Republic of China ("PRC"). Prior to joining the Group in 2000 as a Division Sales Manager, she was the General Manager of Beijing Huawei Energy Technology Co. Ltd where she was instrumental in establishing contacts and developing business opportunities in the Oil & Gas industry. She holds a Degree in Bachelor of Economics, majoring in Accountancy, from the Beijing Forestry University, School of Economics and Finance.

Group STRUCTURE



Corporate INFORMATION

BOARD OF DIRECTORS

Dr Choo Boy Lee Emily
(Non-Executive Chairman)

Dr Wong Kar King
(Managing Director)

Mr Lim Boon Cheng
(Lead Independent Director)

Dr Ho Choon Hou
(Independent Director)

AUDIT COMMITTEE

Mr Lim Boon Cheng
(Chairman)

Dr Choo Boy Lee Emily
Dr Ho Choon Hou

NOMINATING COMMITTEE

Dr Ho Choon Hou
(Chairman)

Dr Choo Boy Lee Emily
Mr Lim Boon Cheng

REMUNERATION COMMITTEE

Mr Lim Boon Cheng
(Chairman)

Dr Choo Boy Lee Emily
Dr Ho Choon Hou

COMPANY SECRETARY

Ms Ong Beng Hong (LL.B)

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SHARE REGISTRAR

Tricor Barbinder Share Registration Services
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Singapore 068898

INDEPENDENT AUDITOR

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

AUDIT PARTNER-IN-CHARGE

Mr Hoe Chi-Hsien
Date of Appointment:
Since financial year ended
December 31, 2017

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central @
Marina Bay Financial
Centre Tower 3
Singapore 018982

United Overseas Bank Ltd
1 Raffles Place,
One Raffles Place,
Singapore 048616

Global
PRESENCE

SINGAPORE

Advanced Holdings Ltd
Advanced CAE Pte Ltd
Advanced China Ventures Pte Ltd
Advanced Controls Pte Ltd
Advanced Engineering Holdings Pte Ltd
Advanced Environmental Technologies Pte Ltd
Guided Wave Asia Pte Ltd

30 Woodlands Loop
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"Come what may, at Advanced we remain committed to our goal of **delivering long-term value for our shareholders** and will monitor and respond to changing market forces with due cognisance and forethought..."

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Advanced Holdings Ltd. (the "**Company**") is committed to ensure that high standards of corporate governance and transparency are practised for the protection of the interests of Shareholders. This statement sets out the Company's corporate governance processes with specific reference to the Code of Corporate Governance 2012 (the "**Code 2012**"). The Company has generally complied with the spirit and intent of the Code 2012 but in areas where the Company deviates from the Code 2012, the rationale is provided.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("**2018 Code**"), which will take effect for annual reports covering financial years commencing from 1 January 2019. The Group will review and implement measures to comply with the 2018 Code, where appropriate, for the Company's annual report for the financial year ending 31 December 2019.

BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this and Management remains accountable to the Board.

The Board is responsible for protecting and enhancing long-term shareholders' value. It provides directions and guidance to the overall management of the Group. The Board comprises a Non-Executive Chairman, an Executive Director and two Independent Directors. The experience and competence of each Director contributes to the overall effective management of the Group.

The primary role of the Board includes the following:

- setting and approving policies and strategies of the Group;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed;
- reviewing management performance;
- reviewing the remuneration packages of the board members and key executives;
- reviewing and approving the financial performance of the Group including its quarterly and full year financial results announcements;
- reviewing the adequacy of the Company's internal control and the financial information reporting system;
- approving the nomination of Directors and appointments to the Board Committees;
- authorising major transactions such as fund-raising exercises and material acquisitions;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- assuming responsibility for corporate governance of the Group.

The Board has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance. All Board members bring their independent judgment, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conducts.

To facilitate effective management, certain roles have been delegated to various Board members by the establishment of Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. The effectiveness of each Board Committee is also closely monitored. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Company's Directors and their membership on Board Committees (if any) during the financial year under review were as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dr Choo Boy Lee Emily[(1)]	Non-Executive Chairman	Member	Member	Member
Dr Wong Kar King[(1)]	Managing Director	-	-	-
Dr Ho Choon Hou	Independent Director	Member	Chairman	Member
Mr Lim Boon Cheng	Lead Independent Director	Chairman	Member	Chairman

Note:
(1) Dr Choo Boy Lee Emily is the spouse of Dr Wong Kar King.

STATEMENT OF CORPORATE GOVERNANCE

The Board meets at least four (4) times a year. Regular meetings are scheduled at least one (1) month before the meetings are held. Ad-hoc meetings are called when there are matters requiring the Board's consideration and decision in between the scheduled meetings. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

Directors are encouraged to participate in seminars or discussion groups to be kept abreast of the latest developments relevant to the Group. In addition, the Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced.

Matters which require the Board's approval include the following:

- review of the performance of the Group and approval of the result announcements of the Group released via the SGXNET;
- approval of the corporate strategy and direction of the Group;
- approval of transactions involving a conflict of interest for a Substantial Shareholder or a Director and interested person transactions;
- material acquisitions and disposals;
- corporate and financial restructuring;
- declaration of dividends and other returns to Shareholders; and
- appointments of new Directors and senior management.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

The Directors inform the Company, from time to time, of their individual directorship in other companies outside the Group. In the event that a Director is interested in any transaction of the Group, he informs the Board accordingly and abstains from making any recommendation or decision with regard to the transaction.

The Constitution of the Company allows the Directors to participate in a Board meeting by telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting.

The details of the number of meetings held in the year under review as well as the attendance of each Board member at those meetings are as follows:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	6	4	2	1
Number of meetings attended:				
Dr Choo Boy Lee Emily	6	4	2	1
Dr Wong Kar King	6	4*	2*	1*
Dr Ho Choon Hou	3#	4	0	0
Mr Lim Boon Cheng	6	4	2	1

* Attendance by invitation

\# Abstained from one (1) ad-hoc board meeting relating to the proposed acquisition of Agricore Global Pte. Ltd.

Generally, a newly-appointed Director will be given an orientation to familiarise him/her with the Group's business and governance practices and he/she will also be given a formal letter setting out the duties and obligations of a director of a listed company.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as directors of the Company and the Company has a training budget which can be used by the Directors to attend courses that they are interested in.

STATEMENT OF CORPORATE GOVERNANCE

In line with Rule 210(5)(a) of the SGX-ST Listing Manual, the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX to undergo the mandatory SGX prescribed training on their roles and responsibilities unless the Nominating Committee otherwise at its discretion waives the need for the newly-appointed Director to attend the mandatory SGX prescribed training.

Board Composition and Balance
Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Company endeavours to maintain a strong and independent element on the Board with the Independent Directors making up at least half of the Board. The independence of each Independent Director is reviewed annually by the Nominating Committee.

A Director who is not an employee of the Group and who has no relationship with the Group or its officers or its substantial shareholders which could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company, is considered to be independent. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. Each Director is required to disclose to the Board any such relationships or circumstances as and when it arises.

None of the Independent Directors has served on the Board for an aggregate period of more than nine years (whether before or after listing). In the event that any Independent Director has served on the Board for nine years or more, the Nominating Committee will subject the independence of such a Director to particularly rigorous review and explain why such a Director should still be considered independent in the Annual Report. In addition, the Company will seek the approval of (i) shareholders excluding the Directors, the CEO and the associates of the Directors and CEO and (ii) all shareholders, in separate resolutions, for the continued appointment of such Independent Directors.

Together, the Board members possess wide ranging experiences in the areas of strategic planning, accounting and finance and business and management in the industries which the Group operates in. Key information regarding the Directors is set out under the section entitled "Board of Directors" in this Annual Report.

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, gender, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board is of the opinion that the current size of the Board is adequate, taking into account the nature and scope of the Group's operations.

The Non-Executive Directors meet at least once annually without the presence of the Management.

Chairman and Chief Executive Officer
Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The clear division of responsibilities between the Non-Executive Chairman and the Managing Director ensures proper balance of power and authority in the Group.

The positions of the Non-Executive Chairman and the Managing Director are kept separate and are held by Dr Choo Boy Lee Emily and Dr Wong Kar King respectively. Dr Choo Boy Lee Emily is the spouse of Dr Wong Kar King. The Non-Executive Chairman's duties and responsibilities include scheduling meetings, preparing Board agenda and ensuring compliance with the Code 2012. The Non-Executive Chairman leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Managing Director. The Non-Executive Chairman reviews the Board papers and ensures that Board members are provided with accurate, timely and clear information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meeting. The Non-Executive Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

STATEMENT OF CORPORATE GOVERNANCE

The Managing Director is responsible for the day-to-day operations of the Group and to ensure quality flow of information between the Board and the Management.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all decisions and policy changes are conducted through the respective Board Committees, which are chaired by Independent Directors.

Pursuant to the Code 2012, the Company has appointed Mr Lim Boon Cheng as Lead Independent Director. As Lead Independent Director, he is the contact person for Shareholders where the Shareholders have concerns and for which contact through the normal channels of the Chairman or the Managing Director has failed to resolve or is inappropriate.

The Independent Directors meet at least once annually without the presence of the other Directors.

Board Membership
Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee comprises two Independent Directors and the Non-Executive Chairman:

Dr Ho Choon Hou	(Chairman)
Dr Choo Boy Lee Emily	(Member)
Mr Lim Boon Cheng	(Member)

The Nominating Committee was established for the purpose of ensuring that there is a formal and transparent process for all board appointments.

The duties and functions of the Nominating Committee include the following:

a. recommendations to the Board on all board appointments;
b. re-nomination having regard to the Directors' contribution and performance;
c. to determine annually, or whenever necessary during the year, the independence of Independent Directors, bearing in mind the relationships which would deem a Director not to be independent; and
d. to evaluate the performance of the Board and the contributions from the Directors on a year to year basis.

For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration given to the mix of skills, knowledge and experience of the existing Board. After evaluating its selection criteria and considering the future needs of the Group, the Nominating Committee (which may use the services of a professional executive search firm), will shortlist the likely candidates, undertake background checks and invite the shortlisted candidates to an interview cum discussion that may include a briefing of the business of the Group and its expectation of its Directors' role and duties. A formal letter is sent to newly-appointed Directors upon their appointment explaining their statutory and other duties and responsibilities as a Director.

The Group also releases announcements on the appointment or cessation of Directors via SGXNET.

The Company's Constitution provides that at each Annual General Meeting ("**AGM**"), one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, is required to retire from office by rotation. Retiring Directors are selected on the basis of those who have been the longest in office since their last election or appointment, failing which they shall be selected by lot. In addition, any newly appointed Director must retire and may submit himself for re-election at the next AGM following his appointment. Thereafter he is subject to the one-third rotation rule if re-elected. Pursuant to Rule 720(5) of the SGX-ST Listing Manual which takes effect from 1 January 2019, the Managing Director would also have to subject himself to re-nomination and re-appointment at least once every three (3) years. Pursuant to Transitional Practice Note 3, a director appointed before 1 January 2019 has up to 31 December 2021 to comply with the afore-mentioned rule.

The Nominating Committee is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments.

After conducting reviews, the Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

STATEMENT OF CORPORATE GOVERNANCE

Details of the appointment of Directors including date of initial appointment and date of last re-election and directorships in listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Dr Choo Boy Lee Emily	58	February 19, 2004	April 26, 2018	-
Dr Wong Kar King[1]	57	February 19, 2004	-	-
Dr Ho Choon Hou[2]	46	January 4, 2013	April 29, 2016	Present: Cordlife Group Limited Vividthree Holdings Ltd. Mclean Technologies Berhad[3] Past: Stemlife Berhad[4]
Mr Lim Boon Cheng	63	April 1, 2013	April 27, 2017	-

Notes:

(1) Prior to the promulgation of Rule 720(5) of the SGX-ST Listing Manual which takes effect from 1 January 2019, Dr Wong Kar King being the Managing Director was not subject to retirement by rotation by virtue of Article 87 of the Company's Constitution.

(2) Dr Ho Choon Hou will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.

(3) Listed on Bursa Malaysia.

(4) Delisted from Bursa Malaysia on 22 February 2017.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board's overall performance as well as the effectiveness of its Board Committees will be evaluated by the Nominating Committee. The Nominating Committee will assess each Director's contribution to the Board. The guidelines for assessment include attendance at meetings of the Board and the Board Committees, the level and quality of participation during the meetings and any other specific contributions.

At the end of each financial year, a Board evaluation is conducted where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretary then compiles the Directors' responses to the questionnaire into a summarised report and circulates the same to the Board for discussion. The Chairman will act on the results of the performance evaluation, and in consultation with the Nominating Committee, propose, where appropriate, new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the Nominating Committee include but are not limited to:

(i) the size and composition of the Board;
(ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
(iii) the Board's access to information;
(iv) the accountability of the Board to the Shareholders;
(v) the observation of risk management and internal control policies by the Board; and
(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code 2012).

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

(i) his or her participation at the meetings of the Board;
(ii) his or her ability to contribute to the discussion conducted by the Board;
(iii) his or her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
(iv) his or her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
(v) his or her compliance with the policies and procedures of the Group;
(vi) his or her performance of specific tasks delegated to him or her;
(vii) his or her disclosure of any related person transactions or conflicts of interest; and
(viii) for Independent Directors, his or her independence from the Group and the Management.

STATEMENT OF CORPORATE GOVERNANCE

The Board and the Nominating Committee have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

Access to Information
Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to fulfill its responsibilities, the Management is required to provide timely information on matters that require the Board's decision and reports on material operational and financial matters of the Group. The Directors also have unrestricted access to the Company's records and information.

All Directors receive a set of Board papers prior to the Board meeting. This is generally issued to them at least three working days prior to the meeting in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board for decision or information, including issues being dealt with by the Management, relevant forecasts and projections;
- minutes of the previous Board meeting; and
- minutes of meetings of all Board Committees held since the previous meeting of the Board Committee.

In addition, the members of the Board have, at all times, independent and unrestricted access to the Management, the Company Secretary and internal and external auditors on all matters whenever they deem necessary.

The Company Secretary or a representative from the Company Secretary's office attends all Board meetings and meetings of the Board Committees and is responsible for ensuring that procedures for Board meetings (including those stipulated in the Company's Constitution) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act (Cap. 50) and the SGX-ST Listing Manual, are complied with.

The Board supports the taking of any independent professional advice by a Director, at the Company's expense, if necessary, in order for the Director to effectively discharge his duties and responsibilities.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors, key management and any employee who is related to a Director or Substantial Shareholder of the Group.

The Remuneration Committee comprises two Independent Directors and the Non-Executive Chairman:

Mr Lim Boon Cheng	(Chairman)
Dr Choo Boy Lee Emily	(Member)
Dr Ho Choon Hou	(Member)

The role of the Remuneration Committee is to review and recommend to the Board a general framework of remuneration for the Board and key management personnel. It also carries out a review of the remuneration of the key executives of the Group and any employee of the Group who is related to a Director or Substantial Shareholder. It reviews and recommends the specific remuneration packages for the executive directors and the key management personnel, as well as the administration and granting of share options or awards in accordance with any share option scheme or performance share plan of the Company. No Director or member of the Remuneration Committee is involved in deciding his own remuneration.

STATEMENT OF CORPORATE GOVERNANCE

The Remuneration Committee may seek professional advice on remuneration matters as and when necessary. The Remuneration Committee ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Level and Mix of Remuneration
Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration of the Managing Director is based on the service agreement entered into between Dr Wong Kar King and the Company on June 1, 2007. The service agreement will be for an initial period of 3 years, effective from June 1, 2007 and renewable thereafter. The terms of the service agreement are reviewed by the Remuneration Committee on an annual basis.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Director's remuneration paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

The Independent Directors receive directors' fees. Such fees take into account their efforts, time spent, level of contribution and responsibilities as well as the need to pay competitive fees to attract, retain and motivate them. These fees are subject to Shareholders' approval at the AGM to be held on April 30, 2019, the notice of which is included in this Annual Report.

The remuneration policy for key executives is based largely on the Company's performance and the responsibilities and performance of each individual key executive. The Remuneration Committee reviews and recommends the remuneration packages of key executives for the Board's approval.

The remuneration packages for employees who are related to any Director, Chief Executive Officer or Substantial Shareholder of the Company and the responsibilities and performance of each individual key executive are also reviewed. The Remuneration Committee reviews and recommends the remuneration packages of key executives for the Board's approval.

Disclosure on Remuneration
Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

<u>Directors of the Company</u>

Taking note of the competitive pressures in the talent market, the Board has, on review, decided not to disclose the remuneration of the Company's Executive Director. The level and mix of remuneration paid to the Executive Director for the financial year ended December 31, 2018 are as follows:

Executive Director	Remuneration Band	Salary including CPF	Performance Bonus	Benefits	Total
Dr Wong Kar King	$500,000 to $750,000	98%	-	2%	100%

STATEMENT OF CORPORATE GOVERNANCE

Remuneration paid to Non-Executive Directors comprised solely directors' fees paid quarterly in arrears and were approved by the shareholders in the AGM held on April 26, 2018. The breakdown of directors' fees for the financial year ended December 31, 2018 is as follows:

Non-Executive Directors	Directors' Fees (S$)
Dr Choo Boy Lee Emily	60,000
Mr Lim Boon Cheng	60,000
Dr Ho Choon Hou	50,000

Key Management Personnel of the Company

The annual aggregate remuneration paid to the top key management personnel of the Company (excluding the Executive Director) for the financial year ended December 31, 2018 is $1,966,000. Details of the remuneration paid to such key management personnel are set out below:

Remuneration Band	Number of Key Management Personnel	Salary including CPF	Performance Bonus	Benefits	Total
$250,000 to $500,000	2	96%	4%	--	100%
Below $250,000	8	93%	7%	--	100%

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the top key executives is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

There are no termination, retirement and post-employment benefits granted to Directors or the key management personnel.

Immediate Family Members of Director, Chief Executive Officer or Substantial Shareholder

There was no employee who is an immediate family member of a Director, Chief Executive Officer or Substantial Shareholder of the Company and whose remuneration exceeds $50,000 for the financial year ended December 31, 2018. The details of the employee who is an immediate family of a Director and her remuneration are as follows:

Name	Designation	Familial Relationship	Remuneration Band
Wong Swee Yoke Irene	Director and General Manager of Advanced Controls (M) Sdn Bhd	Sister of Dr Wong Kar King	$50,001 to $100,000

ACCOUNTABILITY AND AUDIT
Accountability
Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to Shareholders while the Management is accountable to the Board. The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with the requirements of the SGX-ST Listing Manual. Price sensitive information is publicly announced before it is communicated to any other interested person.

In presenting the annual and quarterly financial statements to Shareholders, it is the aim of the Board to provide a detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects. Further to the above, the quarterly financial statements of the Group are also signed by the Managing Director and the Chairman of the Audit Committee, for and on behalf of the Board, confirming that it is to the best of the Board's knowledge that nothing has come to the attention of the Board, which may render the announcements relating to the Group's quarterly financial statements to be false or misleading in any material aspects. The directors' statements of the Company are also signed by the Managing Director and the Chairman of the Audit Committee. Further to the above, the Company also completes and submits compliance checklists to the SGX-ST (if applicable and when required) to ensure that all announcements, circulars or letters to Shareholders comply with the requirements set out in the SGX-ST Listing Manual.

Risk Management and Internal Controls
Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Group has implemented a system of internal controls to safeguard Shareholders' investments and the Company's assets. Proper accounting records are maintained and financial information used for business purposes and for publication is reliable. The controls are designed by the Management and include, among others, the documentation of key procedures and guidelines relating to the delegation of authorities. The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Group's material internal controls to the extent of their scope as laid out in their audit plan.

In the opinion of the Board, the system of internal controls maintained by the Management is adequate and effective to meet the needs of the current business environment. However, the Board notes that the review of the Group's system of internal control is a continuing process and there is always room for improvement having regard that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, natural disasters, losses, fraud or other irregularities. The system of internal controls adopted by the Group is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has received assurances from the Managing Director and the Chief Financial Officer on the integrity of the financial statements of the Group and the effectiveness of the Company's risk management and internal control systems. In particular, the Board has been assured that the financial statements give a true and fair view, in all material respects, of the Group's performance and financial position as at December 31, 2018.

Based on the audit reports and management controls in place, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at December 31, 2018 in its current business environment.

Risk Management (Listing Rule 1207(4)(b)(iv))

The Board oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, risk management practices will be put in place to address these risks.

<u>Financial Risk Management Policies</u>

The Group's principal financial instruments comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. Financial assets that expose the Company to financial risk consist principally of cash and cash equivalents, trade receivables, service concession receivables and other receivables. Financial liabilities that expose the Company to financial risk consist principally of trade and other payables and bank borrowings. The carrying amounts of the current financial assets and liabilities carried at amortised cost approximate to their fair values.

STATEMENT OF CORPORATE GOVERNANCE

The Group's activities are exposed to a variety of financial risks, including the effects of changes in foreign currency rates and interest rates, along with credit and liquidity risks. The Group has adopted risk management policies that seek to mitigate these risks in a cost-effective manner. The Board reviews and approves policies for managing each of these risks and they are summarised on the next page.

<u>Foreign Currency Risk</u>

The Group's main foreign currency risk exposure results from sales transactions denominated in foreign currencies, primarily in the United States Dollar and Euro. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries.

The Group's policy is to manage foreign currency exposure by way of natural hedge and this policy is reviewed quarterly by the Audit Committee. It mitigates foreign currency exposure by striving, where possible, to negotiate sale and purchase transactions in the same currency with counterparties. Exposure to foreign currency risk is monitored on an on-going basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

<u>Interest Rate Risk</u>

The Group's exposure to changes in interest rates arises primarily from the Group's fixed deposits placed with banks, loans to subsidiaries and bank borrowings.

<u>Credit Risk</u>

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are deemed to be reputable and are regulated by a supervisory body. For trade receivables, the Group trades only with recognised and creditworthy counterparties. It is the Group's policy to perform on-going credit evaluation of its customers' financial condition. In addition, receivable balances are monitored on a monthly basis by the Management.

The carrying amount of financial assets represents the maximum credit exposure. The Group's exposure to credit risk is influenced by individual characteristics of each customer, as well as the demographics of the Group's customer base including the default risk of the industry and country in which customers operate in.

<u>Liquidity Risk</u>

To manage liquidity risk, the Group prepares cashflow projections, and reviews its cash requirement on a regular basis. It maintains sufficient level of cash and cash equivalents to enable it to meet its normal operating commitments and secures committed funding facilities from financial institutions.

Audit Committee
Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises two Independent Directors and the Non-Executive Chairman:

Mr Lim Boon Cheng	(Chairman)
Dr Choo Boy Lee Emily	(Member)
Dr Ho Choon Hou	(Member)

The Audit Committee held four meetings during the financial year ended December 31, 2018. Dr Wong Kar King, the Managing Director attended all four meetings. The Group's external auditors were also present at the relevant junctures during some of these meetings. Separate sessions with internal and external auditors are also held without the presence of the Management, to consider any matters which might be raised privately.

STATEMENT OF CORPORATE GOVERNANCE

The primary responsibility of the Audit Committee is to provide support and assistance to the Board in ensuring that a high standard of corporate governance is maintained at all times. The Audit Committee has full access to all management personnel and has full discretion to invite any Director or executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The responsibilities of the Audit Committee include the following:
- review the audit plan of the external auditors;
- review scope and results of the audit and its cost effectiveness, and independence and objectivity of the external auditors;
- review the Group's financial and operating results and accounting policies;
- evaluate the Group's systems of internal accounting controls;
- review the scope and results of internal procedures;
- review and make recommendations to the Board on the re-appointment of external auditors of the Company and the Group;
- approve remuneration of external auditors;
- review the effectiveness of the internal audit function and ensure co-ordination between the internal and external auditors and the Management;
- review the consolidated financial statements of the Group before submission to the Board together with the external auditors' report on those financial statements;
- review the quarterly and annual announcements as well as the related press releases on the result and financial position of the Group; and
- review interested person transactions.

Following discussions with the Management and the external auditors, the Audit Committee has determined that the following areas are the key risks of misstatement of the Group's financial statements. The table below indicates how these matters were discussed and addressed:

Significant Matter	How the Matter was Addressed by the Audit Committee
Construction Contracts Revenue Recognition	The Audit Committee reviewed the Management's approach to the recognition of contract income, with reference to the percentage-of-completion method which involved the Management's assessment of the stage of completion of the contract activity and the estimated total costs to completion of the contract. The Audit Committee reviewed the basis on which the revenue of the contracts has been recognised and concurred with the Management's judgments on the amounts involved. See Notes 3.2(b) and 26 to the financial statements.

The external auditors have included the above significant matters as key audit matters in their audit report for the financial year ended December 31, 2018 together with a detailed description of the audit procedures adopted (refer to pages 39 to 42 of this Annual Report).

STATEMENT OF CORPORATE GOVERNANCE

The Board is of the view that all the members of the Audit Committee are appropriately qualified to discharge their responsibilities.

The Company has also set in place whistle-blowing procedures pursuant to which staff of the Group may, in confidence/ anonymously, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by the Managing Director who will report directly to the Chairman of the Audit Committee on all such matters raised. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the Audit Committee will then decide on recommended disciplinary or remedial action, if any. The action so determined by the Audit Committee to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively.

The Audit Committee has reviewed the work performed by the external auditors, Deloitte & Touche LLP, after taking into consideration the relevant guidelines issued to the Audit Committees by the SGX-ST and/or the Singapore Accounting & Corporate Regulatory Authority.

After taking into consideration the adequacy of the resources and experience of Deloitte & Touche LLP (including the audit partner in charge of auditing the Company), the other audit engagements of Deloitte & Touche LLP, the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the Audit Committee and the Board are of the view that Deloitte & Touche LLP has been able to assist the Company in meeting its audit obligations and the Company is in compliance with Rule 712 of the Listing Manual.

Deloitte & Touche LLP is the Company's current external auditors and was appointed since November 21, 2012. In accordance with Rule 1207(6) of the Listing Manual, the audit fees payable to Deloitte & Touche LLP for their audit and non-audit services for the financial year ended December 31, 2018 are $296,000 and $12,000 respectively.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and recommends to the Board the nomination of the external auditors for re-appointment. The Audit Committee has conducted an annual review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services do not affect the independence of the external auditors.

The Company engages different audit firms for its subsidiaries or significant associated companies and the names of these audit firms are disclosed on Page 96 of this Annual Report. The Board and Audit Committee have reviewed the appointments of these audit firms and are of the view that the appointments of these other audit firms do not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 715 (when read with Rule 716) and Rule 717 of the Listing Manual.

Internal Audit
Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board has engaged a member firm of PKF-CAP Risk Consulting Pte Ltd to conduct an internal audit of the Company's German subsidiary in 2018. PKF-CAP Risk Consulting Pte Ltd is a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditors report directly to the Chairman of the Audit Committee on all internal audit matters.

The role of the Internal Auditors is to support the Audit Committee in ensuring that the Company maintains a sound system of internal controls and risk management. The Internal Auditors monitor and assess the effectiveness of the key controls and procedures, conduct in-depth audits of high-risk areas and undertake investigation as directed by the Audit Committee. The findings from the reviews and checks on the adequacy of internal controls and risk management are rated and reported to the Audit Committee. In particular, high risk matters are highlighted to the Audit Committee and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management. The Audit Committee approves the hiring, removal, evaluation and compensation of the Internal Auditors. The Audit Committee ensures that the Internal Auditors are adequately resourced and has appropriate standing within the Company.

The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. To ensure the adequacy of the internal audit function, the Audit Committee meets at least once a year to review the internal audit findings and to approve the annual internal audit plans. The members of the Audit Committee have unrestricted access to the internal auditor on all matters whenever they deem necessary and have met the internal auditor without the presence of the Management at least once annually. The Audit Committee is of the view that the internal audit function is independent, effective and adequately resourced and will assess the same annually.

STATEMENT OF CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting.

Communication With Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. All material information and financial results are released through SGXNET and where appropriate, through media releases. A copy of the annual report, circulars pertaining to extraordinary general meetings and notice of general meetings are sent to every Shareholder.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. All press releases to explain the Group's strategy, performance and major developments are also made available on SGXNET.

The Company's website at www.AdvancedHoldings.com, particularly in the investor relations section from which Shareholders can access, provides all publicly announced financial information, corporate announcements, press releases and annual reports.

The contact details of the investor relations team may be found on the Company's website.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Group believes in encouraging shareholder participation at general meetings. The notices of general meetings setting out the agenda are despatched to Shareholders with the annual reports, explanatory notes and if necessary, letters to shareholders on the items of special business, at least 14 days before the general meetings called to pass ordinary resolutions or 21 days before general meetings called to pass special resolutions.

A Shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies. However, voting in absentia can only be possible if there is absolute certainty that the integrity of information and authentication of the identity of the Shareholder and proxy are not compromised. At the general meetings, Shareholders are given the opportunities to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Group and its operations. To facilitate participation by Shareholders, the Constitution of the Company allows Shareholders to attend and vote at general meetings of the Company by proxies. The Company ensures separate resolutions are proposed at general meetings on each distinct issue. Votes at general meetings are taken by poll.

There is an open question and answer session at each AGM during which Shareholders may raise questions or share their views regarding the proposed resolutions and the Company's business and affairs.

The external auditors and the Chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders. Appropriate management personnel are also present at general meetings to respond, if necessary, to operational questions from Shareholders. The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and such minutes are available to Shareholders upon their request. Results of the general meeting are also released as an announcement via SGXNET.

STATEMENT OF CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS (Listing Rule 907)

The Company has established internal control policies to ensure transactions with interested persons are properly reviewed and approved, and are conducted on an arm's length basis.

If the Company does enter into an interested person transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

There were no interested person transactions ("**IPTs**") that were more than $100,000 during the financial year ended December 31, 2018. IPTs are disclosed on Page 80 of this Annual Report.

SECURITIES TRANSACTIONS

The Board has in place a policy on share dealings. All Directors, officers and staff of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the period commencing two weeks before the announcement of the Group's first three quarters results, and during the period commencing one month before the announcement of the Group's full year results, and ending on the date of the announcement of such results. All Directors, officers and staff of the Group are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the policy discourages trading in the Company's securities on short term considerations.

MATERIAL CONTRACTS (Listing Rule 1207(8))

There are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chief Executive Officer or any Director or Controlling Shareholders, save for the service agreement entered into between the Company and the Managing Director and the share sale and purchase agreement in relation to the proposed acquisition by the Company of 12.25% of the shares in Agricore Global Pte. Ltd..

DISCLOSURE OF PERSON OCCUPYING A MANGERIAL POSITION IN THE ISSUER OR ANY OF ITS PRINCIPAL SUBSIDIARIES WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER OF THE ISSUER PURSUANT TO RULE 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ms Wong Swee Yoke	58	Sister to Dr Wong Kar King, Managing Director and Substantial Shareholder of the Company	Appointed as Director of Advanced Controls (M) Sdn Bhd on August 11, 1997. Appointed as General Manager for Advanced Controls (M) Sdn Bhd on May 1, 2006.	Nil

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Advanced Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 43 to 123 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Dr Choo Boy Lee Emily
Dr Wong Kar King
Mr Lim Boon Cheng
Dr Ho Choon Hou

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as disclosed in paragraph 3 of the directors' statement.

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests is held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Advanced Holdings Ltd. (Ordinary shares)				
Dr Choo Boy Lee Emily (1)	2,206,600	2,206,600	39,195,509	39,195,509
Dr Wong Kar King	39,195,509	39,195,509	2,206,600	2,206,600

(1) Dr Choo Boy Lee Emily is the spouse of Dr Wong Kar King

By virtue of Section 7 of the Singapore Companies Act, Dr Choo Boy Lee Emily and Dr Wong Kar King are deemed to have an interest in the shares of all the related corporations of the Company.

The directors' interests in the ordinary shares of the Company as at January 21, 2019 were the same at December 31, 2018.

4 SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee of the Company, comprising all non-executive directors, is chaired by Mr Lim Boon Cheng, an independent director, and includes Dr Ho Choon Hou, independent director, and Dr Choo Boy Lee Emily, a non-executive director. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and independent and internal auditors of the Company:

(a) the audit plans of the internal auditors of the Group and the Company and ensured the adequacy of the Group's system of internal accounting controls and the co-operation given by the Company's management to the independent and internal auditors;

(b) the Group's financial and operating results and accounting policies;

(c) the quarter, half year and annual announcements on the results and financial position of the Group and the Company before their submission to the Board of Directors;

(d) the annual audit plan of the Company's statutory auditor and the results of their examination of the financial information of the Company, the consolidated financial statements of the Group and the independent auditor's report on those financial statements before their submission to the Board of Directors;

(e) effectiveness of the material internal controls of the Group, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(f) met with the independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(g) legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(h) the cost effectiveness and the independence and objectivity of the independent auditors;

(i) the nature and extent of non-audit services provided by the independent auditors;

(j) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation of the independent auditors and reviewed the scope and results of the audit;

(k) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and

(l) reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

DIRECTORS' STATEMENT

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as independent auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Dr Wong Kar King

....
Mr Lim Boon Cheng

March 29, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Advanced Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 43 to 123.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
Revenue recognition (Notes 26 and 3.2(b) to the financial statements) Contract income accounted for approximately 48% of the total revenue of the Group. Contract income is recognised over-time based on the proportion of total costs incurred at the reporting date compared with management's estimation of the total costs of the respective contracts. Management's judgement is required for each individual contract in the estimation of the stage of completion, total cost to complete the individual contracts, the profitability of individual contracts, and determining whether there are factors indicating cost increases resulting in foreseeable losses.	Our procedures included the following: • Evaluated management's process on accounting for contract revenues and tested the key controls around contract revenue recognition. • Selected a sample of contracts based on a number of quantitative and qualitative factors including but not limited to, projects with significant changes in margins, significant low margin projects and loss making aged projects and performed amongst others, the following audit procedures: 1. Read the key terms and conditions of the selected contracts with customers to obtain an understanding and identify any unusual terms, and make enquiries with management about the status of these contracts; and

Key audit matters	How the matter was addressed in the audit
	2. Assessed and challenged the estimated cost to complete and profit margin of selected contracts through supportable information available and discussions with knowledgeable personnel regarding their assessment of probable actual costs, any potential foreseeable losses or liquidated damages to be made, and status of the selected contracts. • Evaluated the adequacy of disclosures relating to significant accounting estimates in Note 3.2 (b) to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Hoe Chi-Hsien.

DELOITTE & TOUCHE LLP
Public Accountants and
Chartered Accountants
Singapore

March 29, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	Group			Company		
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		$'000	$'000	$'000	$'000	$'000	$'000
			(restated)	(restated)		(restated)	(restated)
ASSETS							
Current assets							
Cash and bank balances	7	33,355	41,175	46,176	7,178	6,049	6,187
Trade receivables	8	11,563	8,746	17,586	-	-	-
Other receivables and prepayments	9	2,827	7,530	2,846	5,249	4,651	7,305
Contract assets	10	4,891	3,640	3,705	651	565	583
Inventories	11	6,650	5,592	6,774	-	-	-
		59,286	66,683	77,087	13,078	11,265	14,075
Assets classified as held for sale	12	-	-	15,988	-	-	-
Total current assets		59,286	66,683	93,075	13,078	11,265	14,075
Non-current assets							
Property, plant and equipment	13	22,888	24,187	24,617	321	366	51
Goodwill	14	176	176	176	-	-	-
Intangible assets	15	1,225	1,318	1,397	-	-	-
Investments in subsidiaries	16	-	-	-	44,373	44,373	44,373
Investment in an associate	17	279	237	153	-	-	-
Investment in joint ventures	18	1,702	908	519	-	-	-
Deferred tax assets	19	156	166	293	-	-	-
Total non-current assets		26,426	26,992	27,155	44,694	44,739	44,424
Total assets		85,712	93,675	120,230	57,772	56,004	58,499
LIABILITIES AND EQUITY							
Current liabilities							
Bank borrowings	20	1,180	1,518	1,566	-	-	-
Trade and other payables	21	10,604	16,986	13,415	10,379	9,079	2,578
Contract liabilities	10	8,188	7,753	17,789	-	-	-
Provision for warranty	22	337	524	578	-	-	-
Income tax payable		955	737	1,429	22	-	143
		21,264	27,518	34,777	10,401	9,079	2,721
Liabilities directly associated with assets classified as held for sale	12	-	-	6,894	-	-	-
Total current liabilities		21,264	27,518	41,671	10,401	9,079	2,721
Non-current liabilities							
Bank borrowings	20	7,611	8,847	9,913	-	-	-
Deferred tax liabilities	19	9	97	102	-	-	-
Total non-current liabilities		7,620	8,944	10,015	-	-	-
Capital, reserves and non-controlling interests							
Share capital	23	47,433	47,433	47,433	47,433	47,433	47,433
Treasury shares	24	(1,837)	(1,837)	(1,837)	(1,837)	(1,837)	(1,837)
Foreign currency translation reserve		(67)	375	784	-	-	-
General reserve	25	1,495	1,270	1,220	-	-	-
Retained earnings		10,756	10,696	21,278	1,775	1,329	10,182
Equity attributable to owners of the Company		57,780	57,937	68,878	47,371	46,925	55,778
Non-controlling interests		(952)	(724)	(334)	-	-	-
Total equity		56,828	57,213	68,544	47,371	46,925	55,778
Total liabilities and equity		85,712	93,675	120,230	57,772	56,004	58,499

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		$'000	$'000
			(restated)
Revenue	26	61,761	53,479
Cost of sales		(43,009)	(36,121)
Gross profit		18,752	17,358
Other operating income	27	1,242	1,095
Distribution and marketing costs		(6,141)	(6,551)
Administrative expenses		(8,522)	(9,801)
Other operating expenses	28	(2,770)	(2,686)
Other gains and losses	29	(546)	(1,667)
Finance costs	30	(272)	(299)
Share of results of associate and joint ventures	17 & 18	(1,048)	(696)
Profit (Loss) before income tax		695	(3,247)
Income tax expense	31	(633)	(189)
Profit (Loss) for the year	32	62	(3,436)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations representing total other comprehensive loss for the year, net of tax		(427)	(402)
Total comprehensive loss for the year		(365)	(3,838)
Profit (Loss) attributable to:			
Owners of the Company		308	(3,039)
Non-controlling interests		(246)	(397)
		62	(3,436)
Total comprehensive loss attributable to:			
Owners of the Company		(134)	(3,448)
Non-controlling interests		(231)	(390)
		(365)	(3,838)
Earnings (Losses) per share (cents)			
Basic and diluted	33	0.30	(3.00)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	General reserve $'000	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group									
Balance as at January 1, 2017		47,433	(1,837)	784	1,220	21,153	68,753	(334)	68,419
Adoption of SFRS(I) 15	39	-	-	-	-	125	125	-	125
Balance as at January 1, 2017 (restated)		47,433	(1,837)	784	1,220	21,278	68,878	(334)	68,544
Total comprehensive loss for the year									
Loss for the year		-	-	-	-	(3,039)	(3,039)	(397)	(3,436)
Other comprehensive (loss) income for the year		-	-	(409)	-	-	(409)	7	(402)
Total		-	-	(409)	-	(3,039)	(3,448)	(390)	(3,838)
Transaction with owners, recognised directly in equity									
Appropriation to general reserve	25	-	-	-	50	(50)	-	-	-
Dividends	38	-	-	-	-	(7,494)	(7,494)	-	(7,494)
Unclaimed dividend returned		-	-	-	-	1	1	-	1
Total		-	-	-	50	(7,543)	(7,493)	-	(7,493)
Balance as at December 31, 2017 (restated)		47,433	(1,837)	375	1,270	10,696	57,937	(724)	57,213
Group									
Balance as at December 31, 2017		47,433	(1,837)	375	1,270	10,577	57,818	(726)	57,092
Adoption of SFRS(I) 15	39	-	-	-	-	119	119	2	121
Balance as at December 31, 2017 (restated)		47,433	(1,837)	375	1,270	10,696	57,937	(724)	57,213
Adoption of SFRS(I) 9	39	-	-	-	-	(23)	(23)	3	(20)
Balance as at January 1, 2018 (restated)		47,433	(1,837)	375	1,270	10,673	57,914	(721)	57,193
Total comprehensive income (loss) for the year									
Profit (Loss) for the year		-	-	-	-	308	308	(246)	62
Other comprehensive (loss) income for the year		-	-	(442)	-	-	(442)	15	(427)
Total		-	-	(442)	-	308	(134)	(231)	(365)
Transaction with owners, recognised directly in equity									
Appropriation to general reserve	25	-	-	-	225	(225)	-	-	-
Total		-	-	-	225	(225)	-	-	-
Balance as at December 31, 2018		47,433	(1,837)	(67)	1,495	10,756	57,780	(952)	56,828

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Total $'000
Company					
Balance as at January 1, 2017		47,433	(1,837)	10,182	55,778
Loss for the year, representing total comprehensive loss for the year		-	-	(1,360)	(1,360)
Transaction with owners, recognised directly in equity					
Dividends	38	-	-	(7,494)	(7,494)
Unclaimed dividend returned		-	-	1	1
Balance as at December 31, 2017		47,433	(1,837)	1,329	46,925
Profit for the year, representing total comprehensive income for the year		-	-	446	446
Balance as at December 31, 2018		47,433	(1,837)	1,775	47,371

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	**2017**
	$'000	**$'000**
		(restated)
Operating activities		
Profit (Loss) before income tax	695	(3,247)
Adjustments for:		
Depreciation of property, plant and equipment	1,401	1,382
Allowance for impairment in value of inventories	21	143
Amortisation of intangible assets	50	61
Allowance for expected credit loss on trade receivables	77	76
Trade receivables written off	11	-
Reversal of provision for liquidated damages no longer required	-	(235)
Reversal of provision for professional fees no longer required	-	(50)
Loss on disposal of property, plant and equipment	-	4
Share of results of associate	(11)	(54)
Share of results of joint ventures	1,059	750
Provision (Reversal of provision) for warranty - net	142	(69)
Interest expense	272	299
Interest income	(212)	(221)
Unrealised exchange (gain) loss	(61)	1,004
Operating cash flows before movements in working capital	3,444	(157)
Inventories	(1,145)	971
Contract assets	(1,251)	65
Trade receivables	(2,949)	8,689
Other receivables and prepayments	(396)	1,142
Contract liabilities	435	(10,099)
Trade and other payables	(1,227)	(1,022)
Utilisation of provision for warranty	(320)	(1)
Cash used in operations	(3,409)	(412)
Income tax paid	(542)	(778)
Interest paid	(253)	(280)
Interest received	200	216
Net cash used in operating activities	(4,004)	(1,254)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	$'000	$'000
		(restated)
Investing activities		
Proceeds from disposal of property, plant and equipment	-	51
Deferred consideration received on disposal of subsidiaries	5,094	-
Net cash arising on disposal of subsidiary (Note A)	-	363
Purchase of property, plant and equipment	(350)	(921)
Investment in a joint venture	(787)	-
Loan receivable from a joint venture	(1,048)	-
Net cash from (used in) investing activities	2,909	(507)
Financing activities		
Unclaimed dividend returned to the Company	-	1
Dividends paid to owners of the Company	(4,962)	(2,532)
Proceeds from bank borrowings	-	203
Repayment of bank borrowings	(1,511)	(1,404)
(Increase) Decrease in pledged cash and bank balances and fixed deposits	(314)	11
Net cash used in financing activities	(6,787)	(3,721)
Net decrease in cash and cash equivalents	(7,882)	(5,482)
Cash and cash equivalents at beginning of the year	40,967	47,594
Effects of exchange rate changes on the balance of cash held in foreign currencies	(252)	(1,145)
Cash and cash equivalents at end of the year	32,833	40,967
Cash and cash equivalents for statement of cash flows comprise:		
Cash and bank balances	28,153	37,799
Fixed deposits	5,202	3,376
Cash and cash equivalents (Note 7)	33,355	41,175
Less: Pledged fixed deposits (Note 7)	(522)	(208)
	32,833	40,967

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

Note A:

Disposal of subsidiary

The effects of disposal of a subsidiary Applied Engineering Pte Ltd (Note 12) on the statement of cash flows are as follow:

Carrying amounts of net assets over which control was lost :	**2017**
	$'000
Current assets	
Cash and bank balances	1,637
Inventories	83
Contract assets	5,473
Trade receivables	3,257
Other receivables and prepayments	62
Total current assets	10,512
Non-current assets	
Property, plant and equipment	4,452
Goodwill	1,024
Total non-current assets	5,476
Current liabilities	
Contract liabilities	258
Trade and other payables	4,539
Provision for warranty	702
Bank borrowings	1,000
Income tax payable	128
Total current liabilities	6,627
Non-current liability	
Deferred tax liabilities	267
Total non-current liability	267
Net assets derecognised	9,094
Consideration:	
Cash received in 2016	2,000
Cash received in 2017	2,000
Deferred consideration received in 2018 (Note 9)	5,094
Total consideration	9,094
Gain on disposal:	
Total consideration	9,094
Net assets derecognised	(9,094)
Gain on disposal	-
Total consideration	9,094
Less: Deferred consideration receivable	(5,094)
Less: Cash and cash equivalents in subsidiaries disposed	(1,637)
Net cash inflow arising on disposal	2,363
Less: Deposit received on disposal in 2016	(2,000)
Net cash inflow arising on disposal in 2017	363

The disposed subsidiary recorded an unaudited loss of approximately $98,000 for the 18 days period from January 1, 2017 to January 18, 2017, which has not been consolidated by management. The non-consolidation of the results of the subsidiary for the 18 days has no impact on the loss for the period of the Group as any additional loss prior to disposal will result in an increase in gain on disposal by the same amount.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1 GENERAL

The Company (Registration Number 200401856N) is incorporated in Singapore with its principal place of business and registered office at 30 Woodlands Loop, Singapore 738319. The Company is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The financial statements are expressed in Singapore dollars ("$" or "SGD").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries, associate and joint venture are disclosed in Notes 16, 17 and 18 respectively.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018 were authorised for issue by the Board of Directors on March 29, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 39.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of accounting*

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

<u>2.2.1 Changes in the Group's ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 *Basis of consolidation (cont'd)*

2.2.1 Changes in the Group's ownership interests in existing subsidiaries (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries, associate and joint venture are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.3 *Business combinations*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting date and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 *Business combinations (cont'd)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2.4 *Financial instruments*

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.4.1 Financial instruments (before January 1, 2018)

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts to present value the estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

(b) Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.1 Financial instruments (before January 1, 2018) (cont'd)

(b) *Financial assets (cont'd)*

(i) Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

(ii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency of payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.1 Financial instruments (before January 1, 2018) (cont'd)

(b) *Financial assets (cont'd)*

(iii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(c) *Financial liabilities and equity instruments*

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(iii) Treasury shares

When the Company purchases the Company's equity share capital, the consideration paid, including any directly attributable costs, is taken up directly in "Treasury Shares" and is classified as equity. When the shares are subsequently disposed or cancelled, no gains or losses on disposal or cancellation of the treasury shares are recognised.

(iv) Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest rate is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or when they expire.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.1 Financial instruments (before January 1, 2018) (cont'd)

(c) *Financial liabilities and equity instruments (cont'd)*

(vi) Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.4.2 Financial instruments (from January 1, 2018)

2.4.2.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.2 Financial instruments (from January 1, 2018) (cont'd)

2.4.2.1 Classification of financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

2.4.2.2 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item.

2.4.2.3 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, contract assets, as well as on financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.2 Financial instruments (from January 1, 2018) (cont'd)

2.4.2.3 Impairment of financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, independent rating agencies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely engineering service and manufacturing for customers operating mainly in the Petrochemicals & Chemicals and Oil & Gas industries.

In particular, the following information is taken into account where relevant, when assessing whether credit risk has increased significantly since initial recognition:

- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group or the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition for financial guarantee contracts, the Group or the Company considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.2 Financial instruments (from January 1, 2018) (cont'd)

2.4.2.3 Impairment of financial assets (cont'd)

Definition of default

The Group considers information developed internally or obtained from external sources that indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group), as constituting as an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the aforementioned criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Financial instruments (cont'd)*

2.4.2 Financial instruments (from January 1, 2018) (cont'd)

2.4.2.3 Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 months ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.4.2.4 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 ***Financial instruments (cont'd)***

2.4.2 Financial instruments (from January 1, 2018) (cont'd)

2.4.2.4 Financial liabilities and equity instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 4(c)(vii).

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 ***Financial instruments (cont'd)***

2.4.2 Financial instruments (from January 1, 2018) (cont'd)

2.4.2.4 Financial liabilities and equity instruments (cont'd)

Financial liabilities (cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss (Note 29) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.5 ***Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.5.1 The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 ***Leases (cont'd)***

2.5.2 The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.6 ***Non-current assets held for sale***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than through continuing use. This condition is regarded as met only when the sales is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposed groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.7 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost is calculated on the following methods:

Raw materials and finished goods	-	First-in, first-out method
Spare parts and consumable tools	-	Weighted average method

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Properties on leasehold land	over remaining lease period ranging from 39 to 46 years
Leasehold improvements	10 years
Plant and equipment	3 to 10 years
Renovation	3 to 10 years
Motor vehicles	5 to 10 years
Property on freehold land	33 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.9 *Goodwill*

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 *Intangible assets*

(a) Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

(b) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(c) Land use rights

The cost of acquiring land use rights in the People's Republic of China ("PRC") are classified as land use rights and amortised on a straight line basis over the period of 47 years, which represents the remaining period to which the land use rights had been granted to the Group.

2.11 *Impairment of tangible and intangible assets excluding goodwill*

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 *Associate and joint venture*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 *Associate and joint venture (cont'd)*

Where a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associates are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.13 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Assurance-type warranty

The Group recognises the estimated liability to repair or replace products that are still under assurance-type warranty at the end of the reporting period.

Provisions for assurance-type warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation, and is calculated based on historical experience of the level of repairs and replacements. Changes in estimates are recognised in profit or loss.

2.14 *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.15 *General reserve*

(a) Statutory reserve

The PRC's laws and regulations require the entities to provide for a statutory reserve which is appropriated from net income as reported in the PRC statutory financial statements. The use of this reserve is at the discretion of the entities' Board of Directors. The reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

(b) Capital reserve

Capital reserve represents a portion of earnings for the establishment of a legal reserve in compliance with the relevant laws and regulations of Belgium. The Subsidiary has elected to establish the maximum allowable reserve, equivalent to 10% of its share capital.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 *Revenue recognition*

The Group recognises revenue from the following major sources:

- Contract income from system integration solutions for process analyser and specialty valves
- Sale of analyser technologies products
- Maintenance and repair of analysers, specialty valves and systems
- Commission income from agency agreements

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

2.16.1 Contract income from system integration solutions for process analyser and specialty valves
The Group provides comprehensive one-stop system integration solutions and services for process analyser systems, specialty valves as well as chemical metering skids. Starting from front-end engineering design (FEED), project management and execution, factory manufacturing, installation, field commissioning, start-ups, supply of spare parts and upgrading to on-site maintenance services to the oil & gas, petrochemical, pharmaceutical and semiconductor industries. These solutions and services are customised for each customer, and can range from short term of a few months to long term of a few years.

Such contracts are entered into before construction of the systems begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the products to another customer and has an enforceable right to payment for work done.

Revenue from construction of system integration solutions is therefore recognised over time on a cost–to–cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The Group becomes entitled to invoice customers for construction of the system integration solutions based on achieving a series of performance-related milestones. A particular milestone is reached after the customer is sent relevant documentary proof such as statement of work, along with an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost–to–cost method and the milestone payment is always less than one year.

Extended warranty

The Group provides extended warranty in addition to the assurance-type warranty to certain customers. The extended warranty is a distinct service because the customer has the option to purchase the extended warranty separately. Hence, the Group accounts for the extended warranty as a separate performance obligation and recognises it over-time.

2.16.2 Sale of goods – analyser technologies products
The Group specialises in online and laboratory analysers and offers a range of products, uses for which include: process measurement, analytical chemistry as well as quality controls analysis to the petroleum, petrochemicals, chemicals, oil & gas, polymer, printing and paint industries. The products are sold mainly to other businesses in the abovementioned industries. Sales-related warranties associated with the analysers cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets consistent with its previous accounting treatment (see Note 22).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 *Revenue recognition (cont'd)*

2.16.2 Sale of goods – analyser technologies products (cont'd)

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2.16.3 Sale of services – Maintenance and repair of analysers, specialty valves and systems
The Group provides maintenance and repair services of analysers, specialty valves and systems. The maintenance services pertains to contractually agreed-upon task(s) for a customer which include but not limited to maintenance services, testing and commissioning services. Such services are recognised as a performance obligation satisfied over time based on the time spent over the agreed rate.

2.16.4 Commission income from agency agreements
The Group receives commission income from suppliers that they have agency agreements with, at agreed upon percentages of the sale the suppliers make with the referred customer. The Group is acting as an agent in the arrangement with the suppliers for being exclusive distributors, and amounts collected should be recognised as a net amount of commission.

Revenue relating to the commission income is recognised when the commission is earned after the supplier notifies the entity. This represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2.16.5 Others
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

The Group's policy for recognition of revenue from operating leases is described above (Note 2.5).

2.17 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.18 *Research and development costs*

Research and development cost that does not meet the recognition criteria under SFRS(I) 1-38 *Intangible Assets*, are recognised as an expense in the period in which it is incurred.

2.19 *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and state-sponsored retirement benefit scheme in the PRC, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.21 *Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, associate and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 ***Foreign currency transactions and translation***

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in SGD, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in SGD using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.23 **Cash and cash equivalents in the statement of cash flows**

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. The entities in the Group trade in various currencies, hence, in determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose economic environment and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' processes of determining sales prices. The functional currencies are principally the domestic currencies of the respective entities' country of operation.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Calculation of loss allowances

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's trade and other receivables are disclosed in Notes 8 and 9 respectively.

(b) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable and based on the percentage-of-completion method. The percentage-of-completion is measured by reference to the stage of completion of the contract activity or cumulative contract costs incurred to-date, as a proportion of the estimated total costs for the contract.

Significant assumptions are required in determining the percentage-of-completion, the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract costs incurred. Total contract revenue may include an estimation of the variation works recoverable from the customers to the extent it is probable that the claim on customers will succeed. In making these estimates, management relies on its past experience.

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 10.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Recoverability of inventories

In determining the net realisable value of the Group's inventories, an estimation of the recoverable amount of the inventories on hand is performed based on the most reliable evidence at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the reporting period.

The carrying amounts of the Group's inventories are disclosed in Note 11.

(d) Impairment assessment of investments in subsidiaries, an associate and joint ventures

The Company determines whether investments in subsidiaries, an associate and joint ventures are impaired in accordance with SFRS(I) 1-36 *Impairment of Assets*. This requires an estimation of the value in use of the subsidiaries, an associate and joint ventures. The value in use calculation requires the Company to estimate the future cash flows expected from the investment and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverable amount of these investments based on such estimates and is confident that the allowance for impairment, where necessary, is adequate. Details of the Company's investments in subsidiaries, an associate and joint ventures are disclosed in Notes 16, 17 and 18 respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
		(restated)	(restated)		(restated)	(restated)
Financial assets						
Financial assets at amortised cost:						
- Cash and bank balances	33,355	41,175	46,176	7,178	6,049	6,187
- Trade receivables	11,563	8,746	17,586	-	-	-
- Other receivables	983	6,174	1,945	5,232	4,634	7,270
	45,901	56,095	65,707	12,410	10,683	13,457
Financial liabilities						
Financial liabilities at amortised cost:						
- Trade and other payables	10,207	16,773	13,177	10,349	9,048	2,547
- Bank borrowings	8,791	10,365	11,479	-	-	-
	18,998	27,138	24,656	10,349	9,048	2,547

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements at December 31, 2018, December 31, 2017 and January 1, 2017.

c) Financial risk management policies and objectives

The Group's overall policy for financial risk management is to minimise the potential adverse effects from market and credit changes on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

The Group may use forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business denominated in various foreign currencies, including the United States dollars ("USD"), Euro ("EURO"), British Pounds ("GBP") and Chinese Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group's entities' functional currencies are as follows:

	Group					
	Liabilities			Assets		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
					(restated)	(restated)
Denominated in:						
USD	916	2,546	2,412	15,976	19,733	24,831
EURO	1,369	2,060	471	689	2,269	1,687
GBP	70	69	103	196	72	153
RMB	1	11	124	3,016	3,086	3,163
SGD	33	-	-	-	376	336
Others	4	1	7	2	-	11

	Company					
	Liabilities			Assets		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Denominated in:						
USD	2,280	1,427	1,480	4,470	3,536	1,016
EURO	-	19	8	2,342	2,400	2,229
GBP	-	36	-	-	-	-
RMB	-	10	123	-	-	-

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

The Group mitigates foreign currency exposure by striving, where possible, to negotiate sales and purchase transactions in the same currency with counterparties. Exposure to foreign currency risks is monitored on an ongoing basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss. There is no impact on the Group's equity.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, favourable (unfavourable) effects on operating results will be:

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
		(restated)	(restated)			
Impact on:						
USD	1,506	1,719	2,242	219	211	(46)
EUR	(68)	21	122	234	238	222
GBP	13	-	5	-	(4)	-
RMB	302	308	304	-	(1)	(12)
SGD	(3)	38	34	-	-	-

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effect on operating results will be vice versa.

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group's exposure to interest rate risk mainly arises from the Group's fixed deposits placed with banks (Note 7) and certain bank borrowings which bear variable interest rates (Note 20).

Reasonably possible changes on interest rates are not expected to have a material effect in the Group's profit or loss.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk (cont'd)

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(c)(iv). The related loss allowance is disclosed in the respective notes to the financial statements.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
				$'000	**$'000**	**$'000**
Group						
December 31, 2018						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	11,661	(98)	11,563
Other receivables	9	Performing	12-month ECL	983	-	983
Contract assets	10	(a)	Lifetime ECL (simplified approach)	4,891	-	4,891
					(98)	
Company						
December 31, 2018						
Other receivables	9	Performing	12-month ECL	4,341	-	4,341
Other receivables	9	In default	Lifetime ECL	5,355	(4,464)	891
Contract assets	10	(a)	Lifetime ECL (simplified approach)	651	-	651
					(4,464)	

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk (cont'd)

(a) For trade receivables and contract assets, the Group and the Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 8 and 10 include further details on the loss allowance for these balances.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are deemed to be reputable and regulated by a supervisory body. For trade receivables, the Group performs initial and ongoing credit evaluation of its customers' financial condition, monitors payment and extent of credit granted.

Before accepting any new customer, the Group will perform credit risk assessment using the financial results of the customer to determine credit-worthiness.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group and Company do not require or hold collateral on account of its receivables. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position.

The maximum exposure to credit risk for trade receivables as at the end of the reporting period based on location of the Group's customers is set out as follows:

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	$'000	**$'000**	**$'000**
		(restated)	(restated)
PRC	4,008	3,576	4,130
Singapore	734	1,162	1,090
Japan	-	1,036	8,866
Other Asian countries	2,837	1,026	601
Europe and United States of America	3,347	1,754	1,217
Others	637	192	1,682
	11,563	8,746	17,586

The Group's exposure to credit risk is influenced by individual characteristics of each customer, as well as the demographics of the Group's customer base including the default risk of the industry and country in which customers operate in.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) *Financial risk management policies and objectives (cont'd)*

(iv) Credit risk management (cont'd)

The trade receivables of the Group included 1 debtor (December 31, 2017 : 5 debtors ; January 1, 2017 : 5 debtors) that individually represented more than 5% of the Group's trade receivables.

Further details of credit risks on trade receivables are disclosed in Note 8.

Corporate guarantees given by the Company to banks for certain subsidiaries' credit facilities amount to $62,736,000 (December 31, 2017 : $56,420,000 ; January 1, 2017 : $71,486,000).

(v) Liquidity risk management

To manage liquidity risk, the Group prepares cash flow projections, and reviews its cash requirement on a regular basis. It maintains sufficient level of cash and cash equivalents to enable it to meet its normal operating commitments and secures committed funding facilities from financial institutions.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to interest which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% per annum	$'000	$'000	$'000	$'000	$'000
Group						
December 31, 2018						
Non-interest bearing	-	10,207	-	-	-	10,207
Variable interest rate	3.16	1,222	4,564	1,405	(647)	6,544
Fixed interest rate	1.59	182	703	1,649	(287)	2,247
		11,611	5,267	3,054	(934)	18,998
December 31, 2017						
Non-interest bearing	-	16,773	-	-	-	16,773
Variable interest rate	3.09	1,587	4,687	2,501	(863)	7,912
Fixed interest rate	1.59	189	731	1,865	(332)	2,453
		18,549	5,418	4,366	(1,195)	27,138
January 1, 2017						
Non-interest bearing	-	13,177	-	-	-	13,177
Variable interest rate	2.98	1,721	4,822	3,627	(1,126)	9,044
Fixed interest rate	1.61	126	705	1,946	(342)	2,435
		15,024	5,527	5,573	(1,468)	24,656

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

Company

Non-derivative financial liabilities of the Company are non-interest bearing and repayable on demand or within one year.

Non-derivative financial assets

Non-derivative financial assets of the Group and the Company are substantially non-interest bearing and repayable on demand or within one year.

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities represent their fair values either due to short term maturity of the financial assets and financial liabilities or due to variable interest rates attached to long term bank borrowings.

d) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares or obtain new borrowings.

The Group's and Company's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings, and bank borrowings.

The Group has complied with the externally imposed capital requirements in 2018 and 2017.

5 RELATED COMPANY TRANSACTIONS

The ultimate controlling parties are Dr Wong Kar King and Dr Choo Boy Lee Emily.

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

Significant intercompany transactions:

Transactions with related companies

	Company	
	2018	**2017**
	$'000	**$'000**
Management fee income received/receivable from subsidiaries	2,990	2,861

6 OTHER RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term benefits	2,716	2,881
Post-employment benefits	168	177
Total	2,884	3,058
Comprises amounts paid/payable to:		
- Directors of the Company	918	931
- Other key management personnel	1,966	2,127
	2,884	3,058

During the year, a director who is also a substantial shareholder received rental income amounting to $Nil (2017 : $1,650) from the Group.

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and bank balances	28,153	37,799	34,597	3,087	5,039	1,674
Fixed deposits	5,202	3,376	11,579	4,091	1,010	4,513
	33,355	41,175	46,176	7,178	6,049	6,187
Classified as held for sale	-	-	1,637	-	-	-
Cash and cash equivalents in the statement of cash flows	33,355	41,175	47,813	7,178	6,049	6,187
Analysed as:						
Pledged balance:						
- Cash and bank balances	-	-	13	-	-	-
- Fixed deposits	522	208	206	-	-	-
	522	208	219	-	-	-
Unpledged balance:						
- Cash and bank balances	28,153	37,799	34,584	3,087	5,039	1,674
- Fixed deposits	4,680	3,168	11,373	4,091	1,010	4,513
	32,833	40,967	45,957	7,178	6,049	6,187
Classified as held for sale (Note 12)	-	-	1,637	-	-	-
Total	33,355	41,175	47,813	7,178	6,049	6,187

7 CASH AND BANK BALANCES (cont'd)

Fixed deposits earn fixed effective interest rates ranging from 1.2% to 3.3% (December 31, 2017 : 0.80% to 3.75% ; January 1, 2017: 0.44% to 3.75%) per annum and for varying tenure periods of between 7 days and 2 years (December 31, 2017 : 2 days and 2 years ; January 1, 2017: 9 days and 2 years).

Fixed deposits are pledged to banks for credit facilities of the Group (Note 36).

8 TRADE RECEIVABLES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000 (restated)	$'000 (restated)
Outside parties	11,279	8,671	17,476
Joint ventures and associate (Notes 17 and 18)	382	194	141
Less: Allowance for expected credit loss	(98)	(119)	(54)
	11,563	8,746	17,563
Retention receivables	-	-	23
	11,563	8,746	17,586
Classified as held for sale (Note 12)	-	-	3,257
	11,563	8,746	20,843

Retention receivables generally approximate 10% (December 31, 2017 : 10% ; January 1, 2017 : 10%) of the contract value.

The credit period is generally 30 to 90 days (December 31, 2017 : 30 to 90 days ; January 1, 2017 : 30 to 90 days). No interest is charged on the outstanding balance.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction and conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the debtor refused to make payment. None of the trade receivables that have been written off is subject to enforcement activities.

8 TRADE RECEIVABLES (cont'd)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group						
		Trade receivables - days past due					
December 31, 2018	**Not past due**	**< 30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Outside parties	9,012	744	178	328	428	589	11,279
Joint ventures and associate (Notes 17 and 18)	97	95	16	146	-	28	382
Estimated total gross carrying amount at default	9,109	839	194	474	428	617	11,661
Individually assessed debtors	-	-	-	-	(38)	-	(38)
Lifetime ECL	(4)	(4)	(1)	(5)	(7)	(39)	(60)
							11,563

The movement in credit loss allowance are as follow:

Group	Life-time ECL – credit-impaired
	2018
	$'000
Balance as at December 31, 2017	119
Adoption of SFRS(I) 9	20
Balance as at January 1, 2018 (Adjusted)	139
Loss allowance recognised in profit or loss during the year	77
Amounts written-off	(119)
Exchange differences	1
Balance as at December 31, 2018	98

Previous accounting policy for impairment of trade receivables

In 2017, allowances for doubtful debts are recognised against trade and other receivables based on estimated irrecoverable amounts from customers, determined by reference to past default experience.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Management believes that there are no further allowances required in excess of the allowance for doubtful debts provided.

The Group's trade receivable include amounts totalling $5,413,000 which are past due at the end of the reporting period for which the Group has not made any allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

8 TRADE RECEIVABLES (cont'd)

There is no change in credit quality of trade receivables that are not past due and not impaired.

The table below is an analysis of trade receivables as at December 31, 2017:

	Group December 31, 2017 $'000	Company December 31, 2017 $'000
Not past due and not impaired	3,394	565
Past due but not impaired [(i)]	5,413	-
	8,807	565
Impaired receivables – individually assessed [(ii)]	119	-
Allowance for doubtful debts [(iii)]	(119)	-
	-	-
Total trade receivables, net	8,807	565

(i) Aging of receivables that are past due but not impaired

	Group December 31, 2017 $'000
Past due 1 to 30 days	1,795
Past due 31 to 60 days	694
Past due 61 to 90 days	184
More than 90 days	2,740
Total	5,413

(ii) These amounts are stated before any deduction for impairment losses.

(iii) Movement in allowance for doubtful debts:

	Group December 31, 2017 $'000
Balance at beginning of the year	54
Allowance recognised in profit or loss (Note 29)	76
Amounts written off during the year	(7)
Exchange differences	(4)
Balance at end of the year	119

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Loans to subsidiaries (Note 5)	-	-	-	8,316	7,725	9,567
Less: Loss allowance	-	-	-	(4,464)	(4,464)	(4,464)
	-	-	-	3,852	3,261	5,103
Other receivables from a joint venture	100	303	267	-	-	-
Sundry receivables	795	691	340	57	179	29
Other receivables from subsidiaries (Note 5)	-	-	-	1,323	1,194	2,138
Deposit for investment in a joint venture	-	-	1,249	-	-	-
Deposit	88	86	89	-	-	-
Deferred consideration receivable*	-	5,094	-	-	-	-
	983	6,174	1,945	5,232	4,634	7,270
Advance payments to suppliers	1,529	1,050	625	-	-	-
Prepayments	315	306	276	17	17	35
	2,827	7,530	2,846	5,249	4,651	7,305
Classified as held for sale (Note 12)	-	-	62	-	-	-
	2,827	7,530	2,908	5,249	4,651	7,305

* This relates to the disposal of a subsidiary as disclosed in Note 12. The amount was paid by the purchaser in 2018.

Other receivables from a joint venture is unsecured, interest-free and repayable upon demand unless otherwise stated.

Loss allowance had been made for estimated irrecoverable loans to subsidiaries amounting to $4,464,000 (December 31, 2017 : $4,464,000 ; January 1, 2017: $4,464,000) in view of the financial position of these subsidiaries and uncertainties regarding recoverability from these subsidiaries.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of the receivables as well as the loss upon default. Management determines that these receivables are subject to immaterial credit losses other than those balances as provided for above.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

10 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
		(restated)	(restated)		(restated)	(restated)
Accrued revenue	40	61	208	651	565	583
Amounts related to construction contracts	4,851	3,579	3,497	-	-	-
	4,891	3,640	3,705	651	565	583
Classified as held for sale (Note 12)	-	-	5,473	-	-	-
	4,891	3,640	9,178	651	565	583

Contract assets relating to accrued revenue are amounts for which the Group and Company have performed work as at balance sheet date, but have not billed the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract assets relating to construction contracts are balances due from customers under contract income that arise when the Group becomes entitled to invoice customers in line with achieving a series of performance–related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

There were no significant changes in the contract asset balances during the reporting period.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Based on the Group's historical credit loss experience with the relevant customers, as well as available forward-looking information, the Group has assessed the expected credit loss rate on contract assets to be insignificant.

Contract liabilities

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
		(restated)	(restated)
Advanced receipts from customers	2,655	2,701	5,484
Amounts related to construction contracts	5,533	5,052	12,305
	8,188	7,753	17,789
Classified as held for sale (Note 12)	-	-	258
	8,188	7,753	18,047

10 CONTRACT ASSETS AND CONTRACT LIABILITIES (cont'd)

Contract liabilities arise from advance receipts from customers. For non-construction contract sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer makes advance payments prior to delivery of goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

Contract liabilities relating to construction contracts are balances due to customers under contract income that arise when a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year. All contract liabilities as at January 1, 2017 and December 31, 2017 were recognised in revenue in the subsequent financial year.

11 INVENTORIES

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
		(restated)	(restated)
Raw materials	2,407	1,207	1,247
Spare parts and consumable tools	825	766	794
Work-in-progress	1,808	2,360	3,249
Finished products	1,412	1,234	1,484
Goods in transit	198	25	-
	6,650	5,592	6,774
Classified as held for sale (Note 12)	-	-	83
	6,650	5,592	6,857

Inventories are stated at lower of cost and net realisable value.

Movement in allowance for impairment in value of inventories:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
At beginning of the year	787	840	688
Allowance recognised in profit or loss	21	143	187
Amounts written off during the year	(98)	(186)	-
Exchange differences	(5)	(10)	(35)
At end of the year	705	787	840

The allowance for impairment in inventories relates to raw materials, spare parts and consumable tools. The allowance charged is included in "Other gains and losses".

12 ASSETS CLASSIFIED AS HELD FOR SALE

On September 22, 2016, the Company entered into a conditional share purchase agreement (the "SPA") with a third party purchaser (the "Purchaser") pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the entire shareholding of its wholly-owned subsidiary, Applied Engineering Pte Ltd ("AEPL") ("proposed disposal"), for a total consideration of $9.1 million. The SPA of the proposed disposal was approved by the shareholders of the Company at an extraordinary general meeting convened on January 5, 2017 and the disposal was completed on January 19, 2017.

Therefore, the assets and liabilities of AEPL have been classified as held for sale and presented separately in the statement of financial position as at January 1, 2017. However, the results of AEPL has not been classified as discontinued operations as the business operation of AEPL is part of the existing engineering service and manufacturing segments (Note 37) and not a separate major line of business or geographical area of operations.

Goodwill arising on the acquisition of AEPL was impaired by $1,530,000 in 2016 (Note 14).

The major classes of assets and liabilities comprising the disposal group classified as held for sale as at January 1, 2017 as follows:

	January 1, 2017
	$'000
Cash and bank balances	1,637
Inventories	83
Contract assets	5,473
Trade receivables	3,257
Other receivables and prepayments	62
Property, plant and equipment	4,452
Goodwill	1,024
	15,988
Contract liabilities	258
Trade and other payables	4,539
Provision for warranty	702
Bank borrowings	1,000
Income tax payable	128
Deferred tax liabilities	267
	6,894
Net assets of disposal group	9,094

The disposal was completed on January 19, 2017, the date on which control of AEPL was passed to the purchaser. The effect of the disposal on cash flow is set out in Note A of the Consolidated Statement of Cash Flows.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties and improvements	Freehold property	Plant and equipment	Renovation	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost:						
At January 1, 2017	23,911	2,778	5,310	2,547	525	35,071
Additions	-	94	437	12	378	921
Disposals	-	-	(139)	-	(345)	(484)
Write off	(2,187)	-	(1,640)	-	-	(3,827)
Exchange differences	(162)	141	30	(18)	3	(6)
At December 31, 2017	21,562	3,013	3,998	2,541	561	31,675
Additions	-	18	329	3	-	350
Disposals	-	-	(2)	-	-	(2)
Write off	-	-	(92)	-	-	(92)
Exchange differences	(191)	(72)	(47)	(41)	(5)	(356)
At December 31, 2018	21,371	2,959	4,186	2,503	556	31,575
Accumulated depreciation:						
At January 1, 2017	4,202	32	4,666	1,145	393	10,438
Depreciation charge for the year	543	70	367	336	66	1,382
Disposals	-	-	(118)	-	(311)	(429)
Write off	(2,187)	-	(1,640)	-	-	(3,827)
Exchange differences	(5)	3	(80)	(10)	-	(92)
At December 31, 2017	2,553	105	3,195	1,471	148	7,472
Depreciation charge for the year	543	72	383	337	66	1,401
Disposals	-	-	(2)	-	-	(2)
Write off	-	-	(92)	-	-	(92)
Exchange differences	(23)	(4)	(42)	(36)	(3)	(108)
At December 31, 2018	3,073	173	3,442	1,772	211	8,671
Accumulated impairment loss:						
At January 1, 2017, December 31, 2017, and December 31, 2018	-	-	16	-	-	16
Carrying amount:						
At December 31, 2018	18,298	2,786	728	731	345	22,888
At December 31, 2017	19,009	2,908	787	1,070	413	24,187
At January 1, 2017	19,709	2,746	628	1,402	132	24,617

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Company			
Cost:			
At January 1, 2017	88	321	409
Additions	22	371	393
Disposal	(6)	(320)	(326)
At December 31, 2017	104	372	476
Additions	2	-	2
Write off	(21)	-	(21)
At December 31, 2018	85	372	457
Accumulated depreciation:			
At January 1, 2017	83	275	358
Depreciation charge for the year	8	35	43
Disposal	(6)	(285)	(291)
At December 31, 2017	85	25	110
Depreciation charge for the year	10	37	47
Write off	(21)	-	(21)
At December 31, 2018	74	62	136
Carrying amount:			
At December 31, 2018	11	310	321
At December 31, 2017	19	347	366
At January 1, 2017	5	46	51

Details of the properties held by the Group as at December 31, 2018 are set out below:

Location	Gross area (sq. m.)	Tenure	Use
Leasehold properties			
30 Woodlands Loop Singapore 738319	8,104	42 years	Leasehold factory and office
No. 238 Fengcun Road, Qingcun Town, Fengxian District, 201714 Shanghai PRC	15,817	47 years	Leasehold factory and office
Freehold property			
Forstweg 7 52382 Niederzier, Düren, Germany	7,515	Freehold	Factory and office

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The depreciation expense has been included in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	Group	
	2018	**2017**
	$'000	**$'000**
Cost of sales	423	445
Distribution and marketing costs	89	100
Administrative expenses	889	837
	1,401	1,382

The Group has pledged one of its leasehold properties and the freehold property with total carrying amount of $16,338,000 (December 31, 2017 : $16,885,000 ; January 1, 2017 : $17,148,000) to secure certain banking facilities granted to the Group.

Management reviews the carrying amounts of property, plant and equipment at the end of each reporting year to determine whether there is any indicator that those assets have suffered impairment loss. No impairment loss was determined in 2018 and 2017 as a result of such assessment.

14 GOODWILL

	Group
	$'000
Cost:	
At January 1, 2017, December 31, 2017 and at December 31, 2018	2,825
Allowance for impairment loss:	
At January 1, 2017, December 31, 2017 and at December 31, 2018	2,649
Carrying amount:	
At January 1, 2017, December 31, 2017 and at December 31, 2018	176

14 GOODWILL (cont'd)

Goodwill acquired in a business combination is allocated at acquisition to the Group's CGUs that are expected to benefit from the business combination. The gross carrying amounts of goodwill have been allocated to the following CGUs:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Engineering service and manufacturing:			
Atom Instrument LLC	75	75	75
Analytical Technology & Control Ltd	1,896	1,896	1,896
Applied Engineering Pte Ltd ("AEPL")	-	-	5,385
Advanced CAE Pte Ltd	175	175	175
Guided Wave Incorporated	538	538	538
ZMK Technologies GmbH	141	141	141
	2,825	2,825	8,210

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of the CGU is based on value-in-use calculations determined by discounting the future cash flows to be generated from the continuing use of the CGU. The key assumptions for value-in-use calculations are those regarding the discount rates, growth rates and expected future changes to selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past observations and projections of future changes in market.

January 1, 2017

As at January 1, 2017, the Group had prepared cash flow forecasts derived from the most recent financial budget approved by management and projections for the next five years based on estimated growth rates of 0.28% to 15% per annum to determine the value in use.

The rates used to discount the forecast cash flows are 9.27% to 10.41% per annum based on the weighted average cost of capital of the respective CGUs.

Goodwill allocated to Atom Instrument LLC was fully impaired due to the uncertain global economic conditions and the existing challenging climate surrounding the oil and gas industry.

As AEPL was disposed on January 19, 2017, the recoverability of the goodwill for this CGU has been determined based on the agreed purchase consideration, and an allowance for impairment loss of $1,530,000 was made in 2016 for the goodwill recognised. The carrying amount of the goodwill (net of impairment loss) amounting to $1,024,000 has been classified as held for sale (Note 12).

As at January 1, 2017, reasonably possible changes to the key assumptions applied would not cause the recoverable amounts to be below the carrying amounts of the respective CGUs.

December 31, 2017 and December 31, 2018

As at December 31, 2017 and December 31, 2018, there was no additional impairment of goodwill.

15 INTANGIBLE ASSETS

	Land use rights	Customer order books	Software	License fee and patents	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost:					
At January 1, 2017	1,429	175	219	705	2,528
Write off	-	(25)	-	-	(25)
Exchange differences	(21)	-	(2)	(26)	(49)
At December 31, 2017	1,408	150	217	679	2,454
Exchange differences	(48)	-	(2)	6	(44)
At December 31, 2018	1,360	150	215	685	2,410
Accumulated amortisation:					
At January 1, 2017	106	175	111	523	915
Amortisation	30	-	30	1	61
Write off	-	(25)	-	-	(25)
Exchange differences	(1)	-	(4)	(21)	(26)
At December 31, 2017	135	150	137	503	925
Amortisation	30	-	19	1	50
Exchange differences	(5)	-	(2)	5	(2)
At December 31, 2018	160	150	154	509	973
Impairment loss:					
At January 1, 2017	-	-	37	179	216
Exchange differences	-	-	(1)	(4)	(5)
At December 31, 2017	-	-	36	175	211
Exchange differences	-	-	-	1	1
At December 31, 2018	-	-	36	176	212
Carrying amount:					
At December 31, 2018	1,200	-	25	-	1,225
At December 31, 2017	1,273	-	44	1	1,318
At January 1, 2017	1,323	-	71	3	1,397

Customer order books, license fee and patents and software are amortised over their estimated useful lives, ranging from 5 to 10 years.

Land use rights are amortised to profit and loss on a straight-line basis over 47 years, the remaining period of the land use rights when granted to the Group.

15 INTANGIBLE ASSETS (cont'd)

The amortisation expense has been included in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	Group	
	2018	2017
	$'000	$'000
Cost of sales	9	9
Distribution and marketing costs	3	3
Other operating expenses (Note 28)	38	49
	50	61

16 INVESTMENTS IN SUBSIDIARIES

	Company		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	46,417	46,417	46,417
Less: Allowance for impairment loss	(2,044)	(2,044)	(2,044)
	44,373	44,373	44,373

Management has assessed the recoverable amount of its investments in subsidiaries on the basis of their value-in-use. Based on the assessment, no additional allowance for impairment loss is required.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held			Proportion of voting power held		
			December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
			%	%	%	%	%	%
Held by the Company								
Advanced Controls Pte. Ltd. (1)	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries.	Singapore	100	100	100	100	100	100
Advanced Controls (M) Sdn. Bhd. (2)	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Malaysia	100	100	100	100	100	100

16 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held			Proportion of voting power held		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held by the Company (cont'd)								
Advanced CAE Ltd (3)	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	People's Republic of China	100	100	100	100	100	100
Advanced Environmental Technologies Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100	100	100
Advanced Engineering Holdings Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100	100	100
Advanced Process Equipment (Thailand) Co., Ltd. (a)(4)	Sales and marketing of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemical and energy related industries	Thailand	49	49	49	49	49	49
ZMK Technologies GmbH (10)	Manufacture and distribute special valves for chemical and petrochemical related industries	Germany	85	85	85	85	85	85
Held through subsidiaries								
Atom Instrument LLC (8)	Design, manufacture and supply of analysers and specialises in research and development	United States of America	67	67	67	67	67	67
Maju Petroliam (M) Sdn. Bhd. (a)(5)	Provide biofuels process technology, plant equipment, engineering, construction, start-up, commissioning, maintenance and operations of biodiesel plants	Malaysia	15	15	15	15	15	15

16 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held			Proportion of voting power held		
			December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Held through subsidiaries (cont'd)								
Applied Engineering Pte. Ltd. (b)(1)	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Singapore	-	-	100	-	-	100
Guided Wave Asia Pte. Ltd. (1)	Marketing and sale of Guided Wave products	Singapore	100	100	100	100	100	100
Guided Wave Incorporated (7)	Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	United States of America	93	93	93	93	93	93
Guided Wave Europe BVBA (9)	Marketing and sales of Guided Wave products	Belgium	100	100	100	100	100	100
Analytical Technology & Control Ltd (9)	Design, manufacture and supply of analysers and specialises in research and development	United Kingdom	100	100	100	100	100	100
Advanced CAE, Inc. (11)	Design, fabrication, installation and maintenance of measurement and control instrument	United States of America	100	100	100	100	100	100
Advanced Controls Limited (6)	Dormant	Hong Kong	100	100	100	100	100	100
Advanced CAE Pte. Ltd. (1)	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Singapore	100	100	100	100	100	100
Advanced China Ventures Pte. Ltd. (c)(1)	Investment holding	Singapore	100	100	-	100	100	-

16 INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) The Group holds 49% (December 31, 2017 : 49% ; January 1, 2017 : 49%) effective shareholdings in Advanced Process Equipment (Thailand) Co., Ltd.

The Group's effective shareholdings of 30% (December 31, 2017 : 30% ; January 1, 2017 : 30%) in Maju Petroliam (M) Sdn. Bhd. comprises 15% (2017 : 15%) held by the Company and 15% (December 31, 2017 : 15% ; January 1, 2017 : 15%) held by a wholly-owned subsidiary.

These entities are accounted for as subsidiaries and their results are consolidated in the Group's financial statements as the Group has effective control over these entities via majority representation on the board of directors, its rights arising from contractual arrangements and power over these entities which gives the Group the practical ability to direct their relevant activities and exposure to variable returns from its involvement in these entities.

(b) Applied Engineering Pte. Ltd. was disposed on January 19, 2017 (Note 12).

(c) Advanced China Ventures Pte. Ltd. was incorporated in Singapore on December 27, 2017.

(1) Audited by Deloitte & Touche LLP, Singapore

(2) Audited by Peter Chong & Co, Malaysia

(3) Audited by Deloitte Touche Tohmatsu CPA LLP, Shanghai, PRC

(4) Audited by Inter Account 2013 Co., Ltd, Thailand

(5) Audited by Wong Chau Hwa & Co, Malaysia

(6) Audited by East Asia Sentinel Limited, Hong Kong

(7) Audited by Campbell Taylor & Company, California, USA

(8) Audited by Malone Bailey LLP, Texas, USA

(9) Audited by Haines Watts Swindon, United Kingdom

(10) Audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany for consolidation purpose only

(11) Reviewed for consolidation purposes only by Deloitte & Touche LLP, Singapore

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

16 INVESTMENTS IN SUBSIDIARIES (cont'd)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		
		December 31, 2018	December 31, 2017	January 1, 2017
Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Singapore	2	2	3
	PRC	1	1	1
	Malaysia	1	1	1
Investment holding	Singapore	3	3	2
Marketing and sale of Guided Wave products	Singapore	1	1	1
	Belgium	1	1	1
Design, manufacture and supply of analysers and specialises in research and development	United Kingdom	1	1	1
Dormant	Hong Kong	1	1	1
Design, fabrication, installation and maintenance of measurement and control instrument	USA	1	1	1
		12	12	12
Design, manufacture and supply of analysers and specialises in research and development	USA	1	1	1
Manufacture and distribute special valves for chemical and petrochemical related industries	Germany	1	1	1
Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	USA	1	1	1
Provide biofuels process technology, plant equipment, engineering, construction, start-up, commissioning, maintenance and operations of biodiesel plants	Malaysia	1	1	1
Sales and marketing of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemical and energy related industries	Thailand	1	1	1
		5	5	5

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17 INVESTMENT IN AN ASSOCIATE

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	1,013	1,013	1,013
Share of post-acquisition results	36	(6)	(90)
Less: Allowance for impairment loss	(770)	(770)	(770)
	279	237	153

Details of the Group's associate is as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest			Proportion of voting power held		
			December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
			%	%	%	%	%	%
Sofraser S.A.S [1]	Specialises in research, design and manufacture of process viscometers	France	31	31	31	31	31	31

[1] Audited by Arnaud Villedieu, France.

Summarised financial information in respect of the Group's associate is set out below:

	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Current assets	1,981	2,258	1,196
Non-current assets	188	132	122
Current liabilities	(795)	(1,123)	(374)
Non-current liabilities	-	-	-
Revenue	1,721	2,058	1,700
Profit for the year, representing total comprehensive income for the year	137	272	253

17 INVESTMENT IN AN ASSOCIATE (cont'd)

Reconciliation of the above summarised financial information for the carrying amount of the interest in Sofraser S.A.S recognised in the consolidated financial statements:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Net assets of the associate	1,374	1,267	944
Proportion of the Group's ownership interest in Sofraser S.A.S	31%	31%	31%
Share of net assets of the associate	426	392	293
Goodwill	583	583	583
Allowance for impairment loss	(770)	(770)	(770)
Exchange differences	40	32	47
Carrying amount of the Group's interest in Sofraser S.A.S	279	237	153

18 INVESTMENT IN JOINT VENTURES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Unquoted equity share, at cost	2,103	1,316	67
Loan receivables from a joint venture deemed as investment	2,140	1,057	1,142
Share of post-acquisition results	(2,484)	(1,425)	(675)
Elimination of unrealised profit	(57)	(40)	(15)
	1,702	908	519

Details of the Group's joint ventures are as follows:

Name of joint ventures	Principal activity	Place of incorporation and operation
Advanced CAE (ME) Control System L.L.C [(1)(a)(c)]	Installation and maintenance of measurement and control equipment	United Arab Emirates
Advanced CAE Saudi Arabia Company Limited [(2)(b)(c)]	Installation and maintenance of measurement and control equipment	Kingdom of Saudi Arabia

(1) The Group holds 49% of the shares in Advanced CAE (ME) Control System LLC ("CAE ME") but equity accounted for its interest in the joint venture in accordance with its equity contribution ratio of 60% and 60% interest in the net assets of the joint venture as specified in the joint venture agreement.

(2) Advanced CAE Saudi Arabia Company Limited ("CAE SA") was incorporated in Saudi Arabia on December 28, 2017. The Group holds 60% of the shares in the joint venture and equity accounted for 60% of its interest in the joint venture in accordance with its equity contribution ratio of 60% and 60% interest in the net assets of the joint venture as specified in the joint venture agreement. There was an additional investment of $787,000 in CAE SA during 2018 with no changes in shareholdings.

(a) Audited by Ernst & Young, Abu Dhabi, United Arab Emirates.

(b) Audited by PKF Al Bassam & Co., Kingdom of Saudi Arabia.

(c) Reviewed for consolidation purposes only by Deloitte & Touche LLP, Singapore for year ended December 31, 2017

18 INVESTMENT IN JOINT VENTURES (cont'd)

Summarised financial information in respect of the Group's joint ventures are set out below:

	CAE ME			CAE SA		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	1,588	796	1,156	2,481	1,312	-
Non-current assets	464	461	78	81	48	-
Current liabilities	(974)	(764)	(402)	(721)	(310)	-
Non-current liabilities	(23)	-	-	-	-	-
Revenue	1,313	1,122	441	1,314	636	-
Loss for the year, representing total comprehensive loss for the year	(1,215)	(294)	(1,125)	(550)	(955)	-

Reconciliation of the above summarised financial information for the carrying amount of the interest in CAE ME and CAE SA recognised in the consolidated financial statements:

	CAE ME			CAE SA		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Net assets of the joint venture	1,055	493	832	1,841	1,050	-
Proportion of the Group's ownership interest	60%	60%	60%	60%	60%	-
Share of net assets	633	296	499	1,105	630	-
Elimination of unrealised profit	(57)	(40)	(15)	-	-	-
Exchange differences	(7)	(24)	35	28	46	-
Carrying amount of the investment	569	232	519	1,133	676	-

19 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000 (restated)	$'000 (restated)
Deferred tax assets	(156)	(166)	(293)
Deferred tax liabilities	9	97	369
Net	(147)	(69)	76
Classified as held for sale, net (Note 12)	-	-	(267)
	(147)	(69)	(191)

19 DEFERRED TAX (cont'd)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdictions) is as follows:

Group	Accelerated tax depreciation $'000	Tax losses $'000	Provisions $'000	Total $'000
At January 1, 2017 (restated)	151	(140)	(202)	(191)
Charged to profit or loss for the year (Note 31)	(16)	146	(7)	123
Exchange differences	-	(7)	6	(1)
At December 31, 2017 (restated)	135	(1)	(203)	(69)
Charged to profit or loss for the year (Note 31)	(135)	-	53	(82)
Exchange differences	-	-	4	4
At December 31, 2018	-	(1)	(146)	(147)

Subject to agreement by the tax authorities, the Group has unabsorbed tax losses and credits at the end of the reporting period amounting to $13,376,000 (December 31, 2017 : $12,636,000 ; January 1, 2017 : $8,819,000), which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unabsorbed tax losses amounting to $3,469,000 (December 31, 2017 : $3,456,000 ; January 1, 2017 : $2,339,600) due to unpredictability of future profit streams. Unabsorbed tax losses at the end of the reporting period arose mainly from the Group's overseas subsidiaries which are subject to statutory corporate income tax rates ranging from 19% to 32% (December 31, 2017 : 20% to 35% ; January 1, 2017 : 20% to 34%).

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries amounted to $5,335,000 (December 31, 2017 : $3,310,000 ; January 1, 2017 : $2,867,000) for which deferred tax liabilities have not been recognised was $534,000 (December 31, 2017 : $165,000 ; January 1, 2017 : $143,000) . No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20 BANK BORROWINGS

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Bank loan A	6,544	7,578	8,611
Bank loan B	1,028	1,115	1,111
Bank loan C	1,001	1,084	1,065
Bank loan D	218	254	259
Bank loan E	-	334	433
Bank loan F	-	-	1,000
	8,791	10,365	12,479
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,180)	(1,518)	(1,566)
Amount due for settlement after 12 months	7,611	8,847	10,913
Classified as held for sale	-	-	(1,000)
	7,611	8,847	9,913
Non-Current:			
Between 2 to 5 years	4,722	4,737	4,708
After 5 years	2,889	4,110	5,205
	7,611	8,847	9,913

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20 BANK BORROWINGS (cont'd)

The Group's bank borrowings comprise of:

(a) Bank loan A was raised on April 30, 2014. It is secured by the leasehold property at 30 Woodlands Loop, Singapore 738319 (Note 13) and is covered by a corporate guarantee from the Company.

The loan is repayable in 143 monthly instalments of $86,111 each commencing from May 1, 2014 and a final instalment of $86,167 on April 1, 2025.

The loan bears interest at variable rates ranging from 3.04% to 3.68% (December 31, 2017 : 2.91% to 3.10% ; January 1, 2017 : 2.88% to 3.24%) per annum.

(b) Bank loans B and C comprise two draw downs on July 2016 and September 2016. The loans are secured by the freehold property at Forstweg 7, 52382 Niederzier, Germany (Note 13).

Bank loan B is repayable in 227 monthly instalments of $4,882 each commencing from March 31, 2017 and a final instalment of $2,023 on February 29, 2036.

Bank loan C is repayable in 227 monthly instalments of $4,685 each commencing from June 30, 2017 and a final instalment of $1,278 on May 31, 2036.

The interest rates for Bank loan B and C are fixed at 1.65% and 1.4% per annum for the first ten years ending on February 28, 2026 and May 31, 2026 respectively. The interest rates for the next ten years are subject to negotiation with the banks.

(c) Bank loan D comprise three draw downs on June 2016, July 2016 and August 2016. The loan is secured by the freehold property at Forstweg 7, 52382 Niederzier, Germany (Note 13).

The loan is repayable in 107 monthly instalments of $2,403 each commencing from June 30, 2017 and a final instalment of $1,430 on May 31, 2026.

The loan bears a fixed interest rate of 2.20% per annum.

(d) Bank loan E was drawn down in December 2016. The loan is a revolving credit facility and repayable on demand. It is covered by a corporate guarantee from the Company.

At December 31, 2017, the loan bears variable effective interest rate of 4.2% per annum.

At January 1, 2017, the loan bears variable effective interest rate of 3.4% per annum.

The loan was repaid in full in January 2018.

(e) Bank loan F was drawn down in October 2014 by a subsidiary, Applied Engineering Pte Ltd, which was disposed on January 19, 2017. The loan was a revolving credit facility and repayable on demand. It was covered by a corporate guarantee from the Company.

At January 1, 2017, the loan bears variable interest rates ranging 1.86% to 2.74% per annum.

20 BANK BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

	January 1, 2018	Financing cash flow (i)	Non-cash changes Foreign exchange movement	December 31, 2018
	$'000	$'000	$'000	$'000
Bank loans	10,365	(1,511)	(63)	8,791

	January 1, 2017	Financing cash flow (i)	Non-cash changes Foreign exchange movement	December 31, 2017
	$'000	$'000	$'000	$'000
Bank loans	11,479	(1,201)	87	10,365

(i) The cash flows make up the net amount of repayments of borrowings in the statement of cash flows.

21 TRADE AND OTHER PAYABLES

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000 (restated)	$'000 (restated)	$'000	$'000	$'000
Trade payables - outside parties	7,242	6,556	5,428	40	17	35
Loans from subsidiaries (Note 5)	-	-	-	9,628	2,064	1,476
Accrued operating expenses	2,989	4,573	5,212	495	1,358	843
Other payables						
- outside parties	373	895	775	47	384	129
- related companies	-	-	-	169	294	95
	10,604	12,024	11,415	10,379	4,117	2,578
Dividend payable to shareholders (Note 38)	-	4,962	-	-	4,962	-
Deposit received on the disposal of subsidiary (Note 12)	-	-	2,000	-	-	-
	10,604	16,986	13,415	10,379	9,079	2,578
Classified as held for sale (Note 12)	-	-	4,539	-	-	-
	10,604	16,986	17,954	10,379	9,079	2,578

The credit period on purchases of goods generally ranges from 30 to 60 days (December 31, 2017 : 30 to 60 days ; January 1, 2017 : 30 to 60 days).

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

22 PROVISION FOR WARRANTY

The Group provides 1 to 5 years (December 31, 2017 : 1 to 5 years ; January 1, 2017 : 1 to 5 years) of warranty on certain products and undertakes to repair or replace the items that fail to perform satisfactorily. The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's warranty program for certain products. The estimate has been made on the basis of historical warranty claims and past experiences of the level of repairs and returns.

Movement in provision for warranty:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
At beginning of the year	524	578	1,321
Reversal of warranty	(17)	(110)	(290)
Provision during the year	159	41	404
Utilisation of provision	(320)	(1)	(155)
Classified as held for sale (Note 12)	-	-	(702)
Exchange differences	(9)	16	-
At end of the year	337	524	578

23 SHARE CAPITAL

	Group and Company					
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	Number of ordinary shares			$'000	$'000	$'000
Issued and paid up:						
At the beginning and end of the year	103,521,700	103,521,700	103,521,700	47,433	47,433	47,433

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

24 TREASURY SHARES

	Group and Company					
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	Number of ordinary shares			$'000	$'000	$'000
At the beginning and end of the year	2,253,333	2,253,333	2,253,333	1,837	1,837	1,837

25 GENERAL RESERVE

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
At beginning of the year	1,270	1,220	1,130
Current year additions	225	50	90
At end of the year	1,495	1,270	1,220

In accordance with the relevant laws and regulations of the PRC, companies in PRC are required to set up a general reserve fund by way of appropriation of funds from its statutory net profit at a rate of 10% (December 31, 2017 : 10% ; January 1, 2017 : 10%) for each year.

The fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the PRC authorities. The appropriation is required until the statutory reserve reaches 50% of the registered capital. The reserve is not available for distribution to shareholders as dividends.

One of the subsidiaries in Europe has designated a portion of its earnings for the establishment of a legal reserve in compliance with the relevant laws and regulations of Belgium. The subsidiary has elected to establish the maximum allowable reserve, equivalent to 10% of its share capital.

26 REVENUE

	Group	
	2018	2017
	$'000	$'000
		(restated)
Type of goods or service		
Sales of goods	28,022	28,526
Contract income	29,361	19,459
Service income	4,261	4,723
Commission income	117	771
	61,761	53,479
Timing of revenue recognition		
At a point in time:		
Sales of goods	28,022	28,526
Commission income	117	771
	28,139	29,297
Over time:		
Contract income	29,361	19,459
Service income	4,261	4,723
	33,622	24,182
	61,761	53,479

26 REVENUE (cont'd)

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period. As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed, using the transition provisions of SFRS(I) 15.

	Group
	2018
	$'000
Contract income	31,502
Service income	477
Total	31,979

Management expects that 89.6% of the transaction price allocated to the unsatisfied contracts as of December 31, 2018 amounting to $28,653,000 will be recognised as revenue during the next reporting period. The remaining $3,326,000 will be recognised as revenue in 2020.

27 OTHER OPERATING INCOME

	Group	
	2018	2017
	$'000	$'000
Interest income from fixed deposits	212	221
Government grants	70	73
Rental income	625	507
Sundry income	335	294
	1,242	1,095

28 OTHER OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Research and development expenses	2,732	2,637
Amortisation of intangible assets (Note 15)	38	49
	2,770	2,686

29 OTHER GAINS AND LOSSES

	Group	
	2018	**2017**
	$'000	**$'000**
Allowance for impairment in value of inventories	21	143
Allowance for expected credit loss on trade receivables	77	76
Reversal of provision for liquidated damages no longer required	-	(235)
Reversal of provision for professional fees no longer required	-	(50)
Loss on disposal of property, plant and equipment	-	4
Trade receivable written off	11	-
Foreign exchange loss, net	437	1,729
	546	1,667

30 FINANCE COSTS

	Group	
	2018	**2017**
	$'000	**$'000**
Interest on bank loans	272	299

31 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	Group	
	2018	**2017**
	$'000	**$'000**
		(restated)
Current income tax	806	552
Deferred tax (Note 19)	(82)	139
Withholding tax	14	-
Overprovision in prior years		
- Current income tax	(105)	(486)
- Deferred tax (Note 19)	-	(16)
	633	189

31 INCOME TAX EXPENSE (cont'd)

Singapore income tax is calculated at 17% (2017 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2018	**2017**
	$'000	**$'000**
		(restated)
Profit (Loss) before income tax	695	(3,247)
Income tax expense (credit) at 17% (2017 : 17%)	118	(552)
Effect of different tax rates of subsidiaries operating in other jurisdictions	51	(303)
Tax effect on non-allowable items	595	581
Tax effect on non-taxable items	(98)	(40)
Effect of tax concessions	(21)	(104)
Effect of share of results of associate	(31)	(30)
Effect of tax exempt income and tax relief	(69)	(27)
Effect of unused tax losses not recognised as deferred tax assets	186	1,116
Withholding tax	14	-
Overprovision of current income tax in prior years	(105)	(486)
Overprovision of deferred tax in prior years	-	(16)
Others	(7)	50
	633	189

32 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging (crediting):

	Group	
	2018	**2017**
	$'000	**$'000**
		(restated)
Directors' fees	174	174
Employees benefit expense (including directors)	8,606	8,435
Defined contribution plans (including directors)	504	608
Cost of inventories recognised as expense	37,676	31,550
Depreciation of property, plant and equipment	1,401	1,382
Provision (Reversal of provision) for warranty provision, net	142	(69)
Audit fees:		
Paid/payable to auditors of the Company	296	205
Paid/payable to other auditors	110	48
Non-audit fees:		
Paid/payable to auditors of the Company	12	144
Paid/payable to other auditors	12	23

NOTES TO FINANCIAL STATEMENTS

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33 EARNINGS (LOSSES) PER SHARE

The calculation of the basic and diluted earnings (losses) per share attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2018	2017
	$'000	$'000
Earnings (Losses)		(restated)
Earnings (Losses) for the purposes of basic and diluted earnings (losses) per share (earnings (losses) for the year attributable to owners of the Company)	308	(3,039)
Number of shares		
Number of ordinary shares outstanding* for the purposes of basic earnings (losses) per share ('000)	101,268	101,268
Basic and diluted earnings (losses) per share (cents)	0.3	(3.00)

* Excludes treasury shares

Diluted earnings (losses) per share are the same as basic earnings (losses) per share as there are no dilutive potential ordinary shares. As at the end of the reporting period, no share option was granted.

34 OPERATING LEASE ARRANGEMENTS

<u>The Group as lessee</u>

The Group entered into commercial leases principally for office, factory space, staff apartment and warehouse with lease terms of between 1 and 5 years. Operating lease expenses recognised for the year are as follows:

	Group	
	2018	2017
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	599	597

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
Within one year	502	546	538
In the second to fifth years inclusive	1,168	923	1,163
Total	1,670	1,469	1,701

34 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessee (cont'd)

In addition to the above commitments, the Group leases the land occupied by its leasehold property at an annual rental of $126,000 (December 31, 2017 : $138,000 ; January 1, 2017 : $173,000) under a lease agreement with Jurong Town Corporation for a period of 42 years, which commenced on May 1, 2013. Rental is subject to annual revision with any increase capped at a percentage of the preceding year's rent.

The Group as lessor

The Group rents out a portion of its property in Singapore under operating leases. Property rental income earned during the year was $625,000 (2017 : $507,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	$'000	**$'000**	**$'000**
Within one year	115	268	300
In the second to fifth years inclusive	-	76	86
Total	115	344	386

35 COMMITMENTS

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	$'000	**$'000**	**$'000**
Purchase of plant and equipment	-	-	56
Professional and legal fees in connection with the proposed acquisition of Agricore Global Pte Ltd (Note 41)	42	344	-
Purchase consideration in connection with the proposed acquisition of Agricore Global Pte Ltd (Note 41)	15,000	-	-

36 BANKERS' AND FINANCIAL GUARANTEES

	Group		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**
	$'000	**$'000**	**$'000**
Bankers' guarantees with recourse to the Group	5,717	7,260	10,932

The maximum amount for which the Group could become liable is as shown above.

Bankers' guarantees of $5,717,000 (December 31, 2017 : $7,260,000 ; January 1, 2017 : $10,910,000) issued by the banks were drawn on credit facilities secured by the corporate guarantees from the Company and certain cash deposits (Note 7).

36 BANKERS' AND FINANCIAL GUARANTEES (cont'd)

The Company provided corporate guarantees up to $62,736,000 (December 31, 2017 : $56,420,000 ; January 1, 2017 : $71,486,000) to certain banks and financial institutions for credit facilities granted to certain subsidiaries. One of the subsidiaries also provided a corporate guarantee of $10,000,000 (December 31, 2017 : $10,000,000 ; January 1, 2017 : $10,000,000) for credit facilities granted to the Company.

In addition to the above corporate guarantees, the Company issued a corporate guarantee of $29,214,000 (December 31, 2017 : $29,493,000 ; January 1, 2017 : $30,992,000) to a customer to enable a subsidiary to enter into a project contract with the customer. The project was completed in 2018 and the corporate guarantee will be discharged in 2020 when the warranty period of the project expires.

Management has evaluated the fair value of these corporate guarantees and is of the view that the fair value of the benefits derived from these guarantees to the banks and financial institutions is not significant and hence this has not been recognised in the financial statements.

Based on expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the above arrangements.

37 SEGMENT INFORMATION

Management has determined segment based on how information is reported to the Group's chief operating decision maker for the purposes of resource allocation and operating performance review.

The Group's reportable segments under SFRS(I) 8 consist of Engineering service and manufacturing for customers operating mainly in the Petrochemicals & Chemicals and Oil & Gas industries. This segment includes contract income from system integration solutions for process analyser and specialty valves, sale of analyser technologies products, maintenance and repair of analysers, specialty valves and systems, and commission income from agency agreements.

The Group's activities are primarily based in the PRC, Singapore, Malaysia, Korea, Japan, Thailand, Europe and USA. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Segment information about the Group is presented below.

(a) <u>Analysis by business segment</u>

Segment revenue and profit:

In determining the profit or loss for each reportable segment, segment revenue and cost of sales are the operating revenue and cost of sales reported in the Group's income statement that are directly attributable to a segment. Operating income and expenses include items directly attributable to a segment and the relevant portion of such operating income and expenses that can be allocated on a reasonable basis to a segment. Non-recurring gains or losses such as gain on dilution of investment and goodwill impairment are not allocated.

All inter-segment sales are eliminated on consolidation.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of trade and other receivables, cash and cash equivalents, intangible assets, inventories, contract assets and property, plant and equipment, net of allowances and provisions. Segment assets do not include deferred tax assets. Capital additions include the total cost incurred to acquire property, plant and equipment and intangible assets directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities and bank borrowings. Current and deferred income tax liabilities are not allocated.

37 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

Segment information about the Group's revenue and results is presented below:

	Engineering service and manufacturing	
	2018	2017
	$'000	$'000 (restated)
Revenue		
External revenue		
Petrochemicals and Chemicals	48,741	36,231
Oil and Gas	10,128	12,339
Iron and Steel	236	1,170
Others	2,656	3,739
Total revenue	61,761	53,479
Segment results		
Segment result	1,361	(870)
Share of results of associate and joint ventures	(1,048)	(696)
Interest income	212	221
Interest expense	(272)	(299)
Unallocated income (expenses)	442	(1,603)
Profit (Loss) before tax	695	(3,247)
Income tax expense	(633)	(189)
Profit (Loss) for the year	62	(3,436)

	Engineering service and manufacturing		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000 (restated)	$'000 (restated)
Assets			
Segment assets	67,691	77,393	106,472
Deferred tax assets	156	166	293
Unallocated assets	17,865	16,116	13,465
	85,712	93,675	120,230
Liabilities			
Segment liabilities	17,542	26,486	47,424
Current and deferred tax liabilities	964	834	1,531
Unallocated liabilities	10,378	9,142	2,731
	28,884	36,462	51,686

37 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

	Engineering service and manufacturing		
	December 31, 2018	December 31, 2017	January 1, 2017
	$'000	$'000	$'000
		(restated)	(restated)
Other segment information			
Capital additions:			
- Property, plant and equipment	348	528	3,384
- Unallocated property, plant and equipment	2	393	6
	350	921	3,390

	2018	2017
	$'000	$'000
Allowance for impairment in value of inventories	21	143
Write-off of trade receivables	11	-
Allowance (Reversal of allowance) for expected credit losses	77	76
Depreciation and amortisation	1,404	1,400
Unallocated depreciation and amortisation	47	43
	1,451	1,443

(b) Analysis by geographical segment

(i) Analysis of the Group's sales based on the geographical presence of the customers.

Revenue

	2018	2017
	$'000	$'000
		(restated)
PRC	18,044	13,140
USA	10,391	5,986
Kazakhstan	9,482	7,219
Singapore	6,650	5,095
Europe	5,941	8,091
Other Asian Countries	3,838	2,288
Vietnam	3,653	2,495
Middle East	1,963	1,367
Malaysia	1,030	2,820
Indonesia	434	4,189
Others	335	789
	61,761	53,479

37 SEGMENT INFORMATION (cont'd)

(b) Analysis by geographical segment (cont'd)

(ii) Analysis of the carrying amount of non-current assets in the geographical area in which the amounts are located.

Non-current assets

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
PRC	6,247	6,937	7,505
Singapore	16,802	16,576	16,294
Europe and USA	3,362	3,458	3,328
Others	15	21	28
	26,426	26,992	27,155

(c) Revenue from major products and services

The Group does not breakdown revenue beyond the categories above on Note 26.

(d) Information about major customers

During the year, the Group had revenue transactions with one (2017 : one) major single customer that amounted to more than 10% of the Group's revenue.

38 DIVIDENDS

	Company 2018 $'000	Company 2017 $'000
Declared and paid during the year:		
Dividend on ordinary shares:		
Final exempt (one-tier) dividend for 2018: $Nil (2017 : $0.025) per share	-	2,532
Declared during the year:		
Dividend on ordinary shares:		
Interim exempt (one-tier) dividend for 2018 : $Nil (2017 : $0.049) per share	-	4,962
	-	7,494

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts are not presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017) as there were no changes compared to amounts previously reported. Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time.

Management has elected the following transition exemptions:

- The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on January 1, 2018. Accordingly, the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended December 31, 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

  As a result, the requirements under FRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed using the transition provisions of SFRS(I) 15.

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 15 and SFRS(I) 9 are presented and explained below.

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

Group

	As previously reported under FRS	Initial application of SFRS(I) 15	(Note)	As adjusted under SFRS(I)
	$'000	$'000		$'000
Current assets				
Cash and bank balances	46,176	-		46,176
Trade receivables	17,794	(208)	(e)	17,586
Other receivables and prepayments	2,846	-		2,846
Contract assets	2,606	1,099	(b), (c), (e)	3,705
Inventories	8,696	(1,922)	(b)	6,774
Assets classified as held for sale	15,988	-		15,988
Non-current assets				
Property, plant and equipment	24,617	-		24,617
Goodwill	176	-		176
Intangible assets	1,397	-		1,397
Investments in subsidiaries	-	-		-
Investment in an associate	153	-		153
Investment in joint ventures	519	-		519
Deferred tax assets	293	-		293
Current liabilities				
Bank borrowings	1,566	-		1,566
Trade and other payables	20,202	(6,787)	(b), (d)	13,415
Contract liabilities	12,207	5,582	(b), (c), (d)	17,789
Provision for warranty	578	-		578
Income tax payable	1,438	(9)	(f)	1,429
Liabilities directly associated with assets classified as held for sale	6,894	-		6,894
Non-current liabilities				
Bank borrowings	9,913	-		9,913
Deferred tax liabilities	44	58	(f)	102
Capital, reserves and non-controlling interests				
Share capital	47,433	-		47,433
Treasury shares	(1,837)	-		(1,837)
Foreign currency translation reserve	784	-		784
General reserve	1,220	-		1,220
Retained earnings	21,153	125	(b)	21,278
Non-controlling interests	(334)	-		(334)

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I)) (cont'd)

Company

	As previously reported under FRS	Initial application of SFRS(I) 15	(Note)	As adjusted under SFRS(I)
	$'000	$'000		$'000
Current assets				
Cash and bank balances	6,187	-		6,187
Trade receivables	583	(583)	(e)	-
Other receivables and prepayments	7,305	-		7,305
Contract assets	-	583	(e)	583
Non-current assets				
Property, plant and equipment	51	-		51
Investments in subsidiaries	44,373	-		44,373
Current liabilities				
Trade and other payables	2,578	-		2,578
Income tax payable	143	-		143
Capital, reserves and non-controlling interests				
Share capital	47,433	-		47,433
Treasury shares	(1,837)	-		(1,837)
Retained earnings	10,182	-		10,182

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

Group

	As at December 31, 2017 previously reported under FRS	Initial application of SFRS(I) 15	(Note)	As at December 31, 2017 adjusted under SFRS(I)	Initial application of SFRS(I) 9	(Note)	As at January 1, 2018 adjusted under SFRS(I)
	$'000	$'000		$'000	$'000		$'000
Current assets							
Cash and bank balances	41,175	-		41,175	-		41,175
Trade receivables	8,807	(61)	(e)	8,746	(20)	(a)	8,726
Other receivables and prepayments	7,530	-		7,530	-		7,530
Contract assets	2,647	993	(b), (c), (e)	3,640	-		3,640
Inventories	7,589	(1,997)	(b)	5,592	-		5,592
Non-current assets							
Property, plant and equipment	24,187	-		24,187	-		24,187
Goodwill	176	-		176	-		176
Intangible assets	1,318	-		1,318	-		1,318
Investments in subsidiaries	-	-		-	-		-
Investment in an associate	237	-		237	-		237
Investment in joint ventures	908	-		908	-		908
Deferred tax assets	166	-		166	-		166
Current liabilities							
Bank borrowings	1,518	-		1,518	-		1,518
Trade and other payables	21,059	(4,073)	(b), (d)	16,986	-		16,986
Contract liabilities	4,924	2,829	(b), (c), (d)	7,753	-		7,753
Provision for warranty	524	-		524	-		524
Income tax payable	748	(11)	(f)	737	-		737
Non-current liabilities							
Bank borrowings	8,847	-		8,847	-		8,847
Deferred tax liabilities	28	69	(f)	97	-		97
Capital, reserves and non-controlling interests							
Share capital	47,433	-		47,433	-		47,433
Treasury shares	(1,837)	-		(1,837)	-		(1,837)
Foreign currency translation reserve	375	-		375	-		375
General reserve	1,270	-		1,270	-		1,270
Retained earnings	10,577	119	(b)	10,696	(23)	(a)	10,673
Non-controlling interests	(726)	2	(b)	(724)	3	(a)	(721)

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS) (cont'd)

Company

	As at December 31, 2017 previously reported under FRS	Initial application of SFRS(I) 15	(Note)	As at December 31, 2017 adjusted under SFRS(I)	Initial application of SFRS(I) 9	(Note)	As at January 1, 2018 adjusted under SFRS(I)
	$'000	$'000		$'000	$'000		$'000
Current assets							
Cash and bank balances	6,049	-		6,049	-		6,049
Trade receivables	565	(565)	(e)	-	-		-
Other receivables and prepayments	4,651	-		4,651	-		4,651
Contract assets	-	565	(e)	565	-		565
Non-current assets							
Property, plant and equipment	366	-		366	-		366
Investments in subsidiaries	44,373	-		44,373	-		44,373
Current liabilities							
Trade and other payables	9,079	-		9,079	-		9,079
Income tax payable	-	-		-	-		-
Capital, reserves and non-controlling interests							
Share capital	47,433	-		47,433	-		47,433
Treasury shares	(1,837)	-		(1,837)	-		(1,837)
Retained earnings	1,329	-		1,329	-		1,329

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39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

Group

	As previously reported under FRS	Initial application of SFRS(I) 15	(Note)	As adjusted under SFRS(I)
	$'000	$'000		$'000
Revenue	53,455	24	(b)	53,479
Cost of sales	(36,101)	(20)	(b)	(36,121)
Gross profit	17,354	4		17,358
Other operating income	1,095	-		1,095
Distribution and marketing costs	(6,551)	-		(6,551)
Administrative expenses	(9,801)	-		(9,801)
Other operating expenses	(2,686)	-		(2,686)
Other gains and losses	(1,667)	-		(1,667)
Finance cost	(299)	-		(299)
Share of results of associate and joint ventures	(696)	-		(696)
Loss before income tax	(3,251)	4		(3,247)
Income tax expense	(181)	(8)	(b), (f)	(189)
Loss for the year	(3,432)	(4)		(3,436)
Other comprehensive loss	(402)	-		(402)
Total comprehensive loss for the period	(3,834)	(4)		(3,838)
Loss attributable to:				
Owners of the Company	(3,033)	(6)		(3,039)
Non-controlling interests	(399)	2		(397)
	(3,432)	(4)		(3,436)
Total comprehensive loss attributable to:				
Owners of the Company	(3,442)	(6)		(3,448)
Non-controlling interests	(392)	2		(390)
	(3,834)	(4)		(3,838)

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(D) Impact on the Statement of Cash Flows for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 have not had a material impact on the statement of cash flows, except for certain reclassifications that have been made to the prior year's Statement of Cash Flows as a result of reclassifications on the Statement of Financial Position due to the initial application of SFRS(I) 15. The items were reclassified as follows and there is no net impact on cash flows from operating activities:

Group

	2017 previously reported under FRS	Initial application of SFRS(I) 15	(Note)	2017 adjusted under SFRS(I)
	$'000	$'000		$'000
Operating activities				
Working capital changes				
Inventories	896	75	(b)	971
Contract assets	(7,369)	7,434	(b), (c), (e)	65
Trade receivables	8,835	(146)	(e)	8,689
Contract liabilities	-	(10,099)	(b), (c), (d)	(10,099)
Trade and other payables	(3,754)	2,732	(b), (d)	(1,022)

Notes to the reconciliations

SFRS(I) 9

(a) The application of the SFRS(I) 9 impairment requirements has resulted in additional loss allowance to be recognised.

SFRS(I) 15

(b) Under SFRS(I) 15, revenue recognition is based on the 5-step approach, which resulted in some revenue being recognised over time on a cost-to-cost method instead of at a point in time previously. There has been an adjustment to revenue and recognition of a contract asset or liability to reflect the change in accounting.

(c) Under SFRS(I) 15, amount due from customers for contract work-in-progress is recognised as contract assets, while amount due to customers for contract work-in-progress is recognised as contract liabilities. There was no impact on the statement of profit or loss as a result of these reclassifications.

(d) Under SFRS(I) 15, advanced receipts from customers is recognised as a contract liability. It was previously presented as part of trade and other payables and so has been reclassified. There was no impact on the statement of profit or loss as a result of these reclassifications.

(e) Under SFRS(I) 15, accrued revenue is recognised as a contract asset. It was previously presented as part of trade receivables and so has been reclassified. There was no impact on the statement of profit or loss as a result of these reclassifications.

(f) To recognise the impact on income tax payable and deferred income tax of the other adjustments recognised.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

40 STANDARDS ISSUED BUT NOT EFFECTIVE

Effective for annual periods beginning on or after 1 January 2019

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 "Consolidated Financial Statements" and SFRS(I) 1-28 "Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

SFRS(I) 16 "Leases"

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

As at December 31, 2018, the Group has non-cancellable operating lease commitments of S$1,670,000 as disclosed in Note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16.

SFRS(I) INT 23 "Uncertainty over Income Tax Treatments"

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a Group;
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings;
- if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; and
- if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

Management anticipates that there is no significant impact on financial statements other than certain accounting policies and additional disclosures relating to income tax on the initial application of SFRS(I) INT 23. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) INT 23.

40 STANDARDS ISSUED BUT NOT EFFECTIVE (cont'd)

Amendments to SFRS(I) 10 "Consolidated Financial Statements" and SFRS(I) 1 - 28 "Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The pronouncement addresses the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

41 EVENTS AFTER REPORTING PERIOD

The Company has on August 15, 2017 entered into a conditional share purchase agreement ("Original SPA") to acquire the entire equity interest in Agricore Global Pte Ltd together with its subsidiaries (the "Target Group"), (referred to as the "Proposed Acquisition"). The Company has subsequently extended the longstop date of the Original SPA to October 12, 2018.

On October 18, 2018, the Company entered into a conditional share purchase agreement ("New SPA") with Vertex DG. Pte. Ltd. (the "Seller") in relation to the Proposed Acquisition ("Restructured Acquisition") by the Company of 12.25% of the issued and paid-up share capital of the Target Group from the Seller at cash consideration of $15 million, as opposed to acquisition of the entire equity interest of the Target Group under the Original SPA.

Following the Restructured Acquisition, the Original SPA has lapsed and terminated on October 12, 2018, being the longstop date under the Original SPA.

On January 18, 2019, the Company signed a letter of extension with the Seller to extend the longstop date of the New SPA from January 18, 2019 to March 31, 2019. The shareholders, at an Extraordinary General Meeting convened on March 12, 2019, approved the transaction.

It is not practical to disclose the financial impact of the transaction at the date of this report.

STATISTICS OF SHAREHOLDINGS

MARCH 22, 2019

Issued and fully paid capital	: $47,432,531
Number of ordinary shares (excluding treasury shares)	: 101,268,367
Number of treasury shares	: 2,253,333
Class of shares	: Ordinary shares
Voting rights	: On a poll: One vote for each ordinary share (excluding treasury shares)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT MARCH 22, 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	75	4.34	3,564	0.00
100 - 1,000	85	4.92	48,168	0.05
1,001 - 10,000	986	57.06	5,109,637	5.05
10,001 - 1,000,000	573	33.16	31,831,083	31.43
1,000,001 and above	9	0.52	64,275,915	63.47
Total	**1,728**	**100.00**	**101,268,367**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT MARCH 22, 2019

No.	Shareholder's Name	Number of Shares Held	%
1	WONG KAR KING	39,195,509	38.70
2	DBS NOMINEES PTE LTD	5,682,291	5.61
3	CHIANG TIN TIAH	5,000,000	4.94
4	RAFFLES NOMINEES (PTE) LIMITED	3,069,126	3.03
5	YANG WEIREN	2,806,566	2.77
6	YANG XIAOFEI	2,690,000	2.66
7	CHOO BOY LEE EMILY	2,206,600	2.18
8	WONG SWEE YOKE	1,830,333	1.81
9	PHILLIP SECURITIES PTE LTD	1,795,490	1.77
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	916,061	0.90
11	UOB KAY HIAN PTE LTD	824,997	0.81
12	TOMMIE GOH THIAM POH	805,666	0.80
13	LIM KHENG JIN JOHN (LIN QINGREN)	733,333	0.72
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	671,067	0.66
15	BD CORPORATION PTE LTD	670,000	0.66
16	OCBC NOMINEES SINGAPORE PTE LTD	573,333	0.57
17	MCCOOLE CONOR PATRICK	552,200	0.55
18	IWAN RUSLI @ LIE TJIN VAN	500,000	0.49
19	HENG YONG SENG	450,000	0.44
20	LAI WENG KAY	432,700	0.43
	TOTAL	**71,405,272**	**70.50**

Note:
The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 22 March 2019.

SUBSTANTIAL SHAREHOLDERS

MARCH 22, 2019

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at March 22, 2019)

Name of Substantial Shareholders	Direct Interest	%[1]	Deemed Interest	%[1]
Dr Wong Kar King[2]	39,195,509	38.70	2,206,600	2.18
Dr Choo Boy Lee Emily[3]	2,206,600	2.18	39,195,509	38.70

Notes:

(1) Percentage computed is based on 101,268,367 ordinary shares in issue (excluding 2,253,333 shares held as treasury shares) as at March 22, 2019.

(2) Dr Wong Kar King's deemed interest comprises 2,206,600 ordinary shares held by his wife, Dr Choo Boy Lee Emily.

(3) Dr Choo Boy Lee Emily's deemed interest comprises 39,195,509 ordinary shares held by her husband, Dr Wong Kar King.

As at March 22, 2019, 2,253,333 ordinary shares are held as treasury shares, representing 2.23% of the total number of issued ordinary shares excluding treasury shares.

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at March 22, 2019, approximately 57.3% of the issued ordinary shares of the Company is held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of SGX-ST has been complied with.

Note:
Percentage is based on 101,268,367 shares (excluding shares held as treasury shares) as at March 22, 2019.
Number of treasury shares as at March 22, 2019 is 2,253,333

NOTICE OF ANNUAL GENERAL MEETING

ADVANCED HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401856N)

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Advanced Holdings Ltd. (the "**Company**") will be held at 30 Woodlands Loop, Singapore 738319 on Tuesday, April 30, 2019 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended December 31, 2018 together with the Directors' Statement and the Auditors' Report of the Company. **(Resolution 1)**

2. To re-elect as a Director, Dr Ho Choon Hou, who is retiring under Article 91 of the Company's Constitution.

   Dr Ho Choon Hou will, upon re-election as a Director of the Company, remain as an Independent Director. He will remain as the Chairman of the Nominating Committee and a member of each of the Audit Committee and the Remuneration Committee. **(Resolution 2)**

3. To approve directors' fees of $170,000.00 for the financial year ending December 31, 2019, to be paid quarterly in arrears. **(Resolution 3)**

4. To re-appoint Messrs Deloitte and Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

5. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

   "That pursuant to Section 161 of the Companies Act, Cap. 50 ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided always that:

(I) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to the Shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.” **(Resolution 5)**

[See Explanatory Note 1]

By Order of the Board

Dr Wong Kar King
Managing Director
15 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

1. The Ordinary Resolution 5 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro-rata* basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf at the Annual General Meeting. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, 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 form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Woodlands Loop, Singapore 738319 at least 48 hours before the time fixed for the Meeting.

5. A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the Annual General Meeting.

Personal Data Protection:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), the publication of the names and comments of the members at the Annual General Meeting, 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.

NOTICE OF ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr Ho Choon Hou is the Director seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2019 ("**AGM**") (the "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	DR HO CHOON HOU
Date of Appointment	4 January 2013
Dates of last re-appointment	25 April 2013 29 April 2016
Age	46
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Dr Ho Choon Hou for re-appointment as Independent Director, and as the Chairman of the Nominating Committee and a member of each of the Audit Committee and the Remuneration Committee. The Board has reviewed and concluded that Dr Ho Choon Hou possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director; NC Chairman; AC Member; RC Member
Professional qualifications	Bachelor of Medicine and Bachelor of Surgery, University of Sheffield (1996) Master of Medicine (Surgery), National University of Singapore (2003) Master of Business Administration (Honours), The University of Chicago (The Graduate School of Business) (2006)
Working experience and occupation(s) during the past 10 years	Principal, Southern Capital Group Limited
Shareholding interest in the listed issuer and its subsidiaries	N/A
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No

NOTICE OF ANNUAL GENERAL MEETING

	DR HO CHOON HOU
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships (for the last 5 years) * "Principal Commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	Past (for the past 5 years): N/A Present: Principal at Southern Capital Group Limited, a private equity firm; Vice Chairman and Independent Director of Cordlife Group Limited, a company listed on the Mainboard of the SGX-ST; Chairman and Independent Director of Vividthree Holdings Ltd., a company listed on the Catalist of the SGX-ST; Independent Director of Mclean Technologies Berhad, a company listed on Bursa Malaysia; Non-Executive Director of Stemlife Berhad; Non-Executive Director of Agricore Global Pte. Ltd.; Non-Executive Director of Hoch Ventures Pte. Ltd.; Non-Executive Director of Catermas Engineering Private Limited; Non-Executive Director of Core Equipment Holdings Pte. Ltd.; Non-Executive Director of Fuelcore Pte. Ltd.; Non-Executive Director of SCG+ Private Limited; Non-Executive Director of Southern Star Gourmet Pte. Ltd.; Non-Executive Director of Star Learners Group Pte. Ltd.; Non-Executive Director of Straits Group Pte. Ltd.; Non-Executive Director of Catermas Investments Limited; Non-Executive Director of Invictus Medical Investments; Non-Executive Director of Maestro Group Holdings Limited

NOTICE OF ANNUAL GENERAL MEETING

	DR HO CHOON HOU
Other Information	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

NOTICE OF ANNUAL GENERAL MEETING

	DR HO CHOON HOU
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Prior Experience	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A

PROXY FORM

ANNUAL GENERAL MEETING
ADVANCED HOLDINGS LTD.
Company Registration Number: 200401856N
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the AGM.

I/We, ______________________________ (Name)

of ______________________________ (Address)

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

Name	Address	NRIC/ Passport Number	Proportion of my/our Shareholding (%)	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of my/our Shareholding (%)	
			No. of shares	%

or failing him/her, the Chairman of the Fifteenth Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company, to be held at **30 Woodlands Loop, Singapore 738319** on **Tuesday, 30 April 2019** at **2.00 p.m.**, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Fifteenth Annual General Meeting.

(If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Accounts		
2.	Re-appointment of Dr Ho Choon Hou		
3.	Approval of Directors' Fees for FY2019, payable quarterly in arrears.		
4.	Re-appointment of Auditors		
	Special Business		
5.	Authority to allot and issue new shares		

Dated this __________ day of __________ 2019.

Number of Shares held in	
CDP Register	
Member's Register	
TOTAL	

____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares registered in your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of 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 instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, 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 form of proxy 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 form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **30 Woodlands Loop, Singapore 738319**, not less than 48 hours before the time set for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

8. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Annual General Meeting if he is able to do so.

9. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal Data Protection:

By attending the Annual General Meeting 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 Annual General Meeting.

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