advanced

Science. Engineered, Delivered.

ENGINEERED

TO DELIVER

ANNUAL REPORT 2015

OUR MISSION
Advancing innovations in engineering science.

OUR VISION
To be the most advanced organisation in engineering science.

CONTENTS

ABOUT US

CORPORATE VALUES

A DHERENCE
To Advanced's Ethical Principles

C ARE
For Our Stakeholders,
The Community, The Environment
And Respect For The Rights,
Difference And Dignity Of Others

E XCELLENCE
Is A Virtue We Fully Commit
To All Stakeholders

VALUE PROPOSITION

Innovative Engineering
Technologies & Solutions

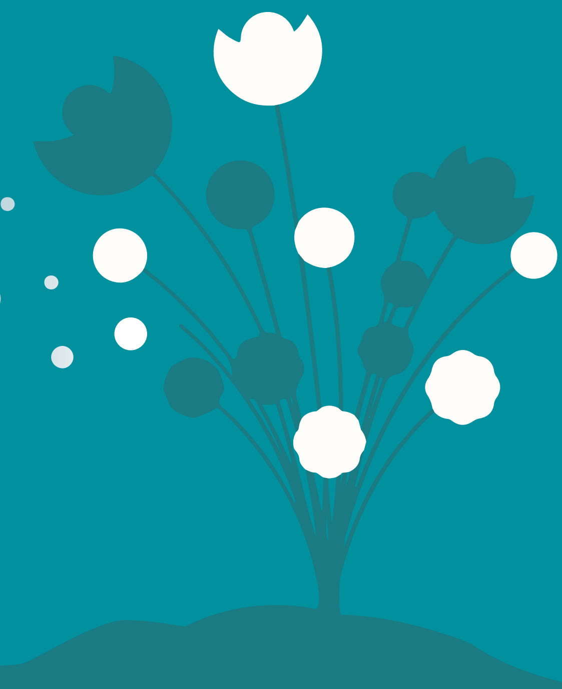
CREATING VALUE BY

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

DEVELOPING
solutions capabilities tailored to the requirements of customers worldwide.

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

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



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 Clean Energy-related businesses, products & services
- Enhance environmental solutions in process technologies, products & services

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

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

OUR BUSINESS

Advanced's two key business divisions comprise Engineering Services & Equipment and Clean Technologies.

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)

The division is composed of 3 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

Houston-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 20 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.

Since 1972 SOFRASER Leader in Process Viscometry

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 and China, Advanced CAE Pte Ltd ("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

APPLIED ENGINEERING

An established engineering and fabrication company based in Singapore, Applied Engineering Pte Ltd ("AEPL") specialises in the design and fabrication of process equipment such as reactors, towers, columns, process units, pressure vessels and heat exchangers for the chemical, petrochemical, petroleum and energy-related industries.

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.

Clean Technologies

- Provide innovative solutions to improve the environment by reducing/eliminating Green House Gas (GHG) emissions, GHG by-products and other pollutants from the environment
- Clean Development Mechanism (CDM) project development and technologies to produce energy
- Industrial effluent treatment
- Provide proprietary, state-of-the-art technology for waste water treatment solutions

OUR SYSTEMS & PRODUCTS

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

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

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

4) COLUMN
Cladded Column fabricated for Shell Eastern Petroleum Pte Ltd EGS plant.

5) DUPLEX REACTOR
Duplex Reactor fabricated for Metso Paper Sundsvall AB project in Indonesia.

6) FINE FILTER SKID
Supply, fabrication and installation of Fine Filter Skid Package for Maersk Oil Qatar 16-BE Process and Utility Project.

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

8) KNOCK-OUT DRUM
Knock-Out Drum (weight 365 ton), fabricated for Shell Eastern Petroleum ECC Project, Singapore.

9) LNG REGASIFICATION MODULE
A standardised LNG Regasification Module with intermediate fluid vaporisers suitable for FSRU and FSU applications. Appropriate for installation on a vessel, barge, jetty, or structural offshore platform. Modular design facilitating off-site construction, pre-assembly and installation as complete packages, as well as phased offshore installation to meet any increased throughput requirements.

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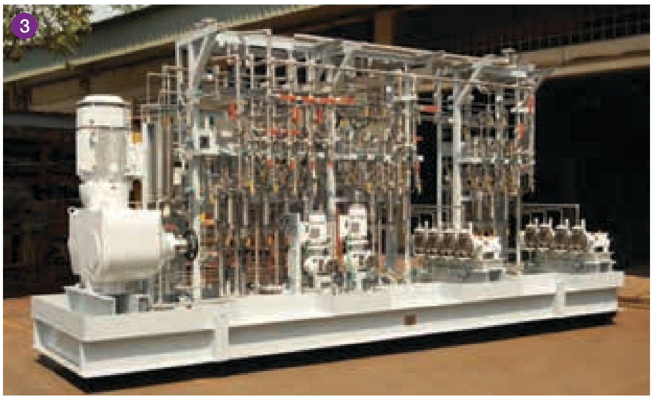

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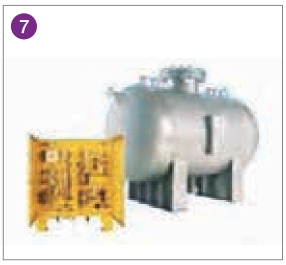

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10) NEAR INFRARED (NIR) ONLINE PROCESS ANALYSER

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.

11) PIG LAUNCHERS/ RECEIVERS

Pig Launchers/Receivers fabricated for MODEC & Toyo Offshore Production Systems Pte Ltd/Petrobras FPSO MV26 Project.

12) PROCESS ANALYSER SYSTEM

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

13) 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.

14) 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.

15) TEST SEPARATOR

Test Separator complete with process internals fabricated for PTTEP – Long Term Contract for the EPCI of Wellhead Platform, Associated Pipelines and Tie-In Works.

16) 1077 VISCOMETER+

The 1077 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.

ASSOCIATED PARTNERS

Analysers & Systems

CIRCOR Energy | Texas Sampling

Manufacturing custom closed loop sampling systems designed for use in industrial environments.

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.

Control Instruments Corporation

Provides Flame-Temperature, Calorific, Infrared, and Flame-Ionization Analysers, as well as Catalytic and Electrochemical Sensors.

Passionate about Particulate PCME

Market leader in dust particulate measurement. Manufacturer of high quality analysers for both emission monitoring and process control.

Specialty Valves & Equipment

perrin Ein Unternehmen der KITZ Gruppe

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.

Process Technologies

Axens IFP Group Technologies

A world leader in areas such as petroleum hydrotreating & hydroconversion, Fluidised Catalytic Cracking (FCC) gasoline desulfurisation, catalytic reforming, Benzene-Toluene-Xylenes (BTX) production & purification, selective hydrogenation, Claus and Tail Gas Treatment (TGT).

"Advanced has planned with forethought to ensure we can provide a wide range of products, combined with agility and flexibility in our mindset, skills and services, **in order to remain competitive."**

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Advanced Holdings Ltd ("Advanced" or "Group") it is my pleasure to present our Annual Report for the financial year ended December 31, 2015 ("FY2015").

In our last Annual Report I outlined the business challenges the Group would have to contend with during 2015. Namely, an uncertain economic environment, falling oil prices, projects being put on hold and lay-offs by several major multinationals in the oil and gas industry.

These themes are set to continue in the coming year. The economic environment is still uncertain, China's slowest GDP growth in 25 years and falling commodities prices in the US being contributing factors. The weakness in oil prices remains, more staff cuts are predicted in the oil and gas industry[1] and there are some US$380 billion worth of projects currently on hold globally[2].

Confronted with such stark facts the outlook may seem grim. However, through our efforts in product and technology developments, acquisitions and investments in quality companies and organic expansion, Advanced has planned with forethought to ensure we can provide a wide range of products, combined with agility and flexibility in our mindset, skills and services, in order to remain competitive.

FY2015 FINANCIAL REVIEW

The Group completed the disposal of its water treatment business in China in 3Q2015 for a disposable gain of S$1.8 million and net cash consideration of S$12.6 million. Profits from the water business prior to the completion of disposal were included in the financial report under discontinued operations and amounted to S$0.8 million. With this disposal we are unlocking the value of the water business, which is consistent with our intent of maximizing returns to the shareholders. It also allows us to re-strategize our financial and capital resources.

The Group's continuing operations saw a 22.4% increase in year-on-year revenue, from S$87.1 million in FY2014 to S$106.6 million in FY2015. Growth is mainly attributed to a large-scale ongoing project in Vietnam. Vietnam accounted for 18.1% of total revenue with S$19.3 million in FY2015 compared to S$0.6 million a year ago. Singapore and China remain key markets for us, accounting for 18.3% of total revenue with S$19.5 million and 35.8% of total revenue with S$38.2 million in revenue respectively.

1 http://www.usatoday.com/story/money/2015/12/31/energy-oil-gas-us-jobs/78066610/

2 http://www.oilandgaspeople.com/news/6820/380-billion-of-projects-on-hold/

The Group reported a net profit of S$1.9 million attributable to the owners of the company, compared to a net loss of S$1.7 million for FY2014.

In line with these figures, gross profit increased by 11.2% to S$21.7 million in comparison to S$19.5 million in FY2014 due to the improved topline. Gross profit margin fell by 2 percentage points to 20.4% in FY2015 from 22.4% the previous financial year. This squeezing of gross margins was a result of challenging market conditions.

The Group reported a net profit of S$1.9 million attributable to the owners of the company, compared to a net loss of S$1.7 million for FY2014. We also provided for impairment losses of S$2.8 million on goodwill arising on consolidation from the acquisition of Applied Engineering Pte Ltd and S$0.2 million on our investment in associate. With the disposal of the water business completed our cash reserves are very healthy standing at S$33.6 million as at 31 December 2015, from S$14.4 million as at 31 December 2014.

OUTLOOK FOR THE FUTURE

The Group anticipates further challenges to its business during the coming year. The economic climate combined with the sustained depression in oil prices and the slowdown in emerging markets necessitates careful maneuvering in this hazardous environment.

In terms of organic growth, we are expanding into the Middle East where we plan to open manufacturing facilities for our System Integration Business. This solidifies our presence in the region and opens up more opportunities for business. Likewise, on the other side of the globe, we are establishing our business track record in the USA and are looking to set up manufacturing facilities there as well.

We will continue with our proven methods of both organic and inorganic growth, and explore avenues of investment and acquisition with the requisite prudence.

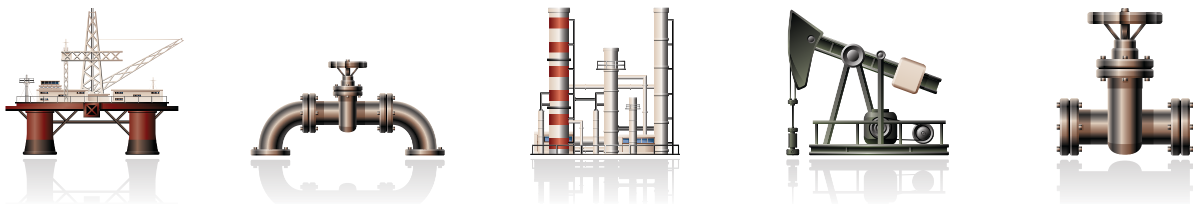
Yours Sincerely,
Dr Wong Kar King
Managing Director

FINANCIAL HIGHLIGHTS

	2011	2012	2013*	2014*	2015*
Revenue ($'000)	95,171	109,132	114,155	91,343	109,329
Profit (Loss) after tax ($'000)	4,090	4,526	6,413	(1,972)	2,011
Shareholders' equity ($'000)	69,981	67,272	74,397	71,449	72,291
Cash and cash equivalents ($'000)	38,159	32,897	25,908	14,442	33,588
Earnings (Losses) per share "EPS" (cents)#	3.72	4.33	6.49	(1.71)	1.92
Dividend per share "DPS" (cents)#	2.40	5.10	2.70	0.90	-
Net asset value per share "NAV" (cents)#	69.10	66.43	73.47	70.55	71.39
Current ratio (times)	2.49	2.06	1.77	1.77	1.96

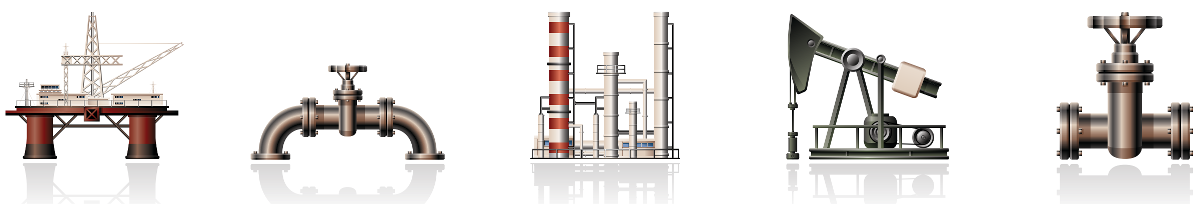
For meaningful comparison, the EPS, DPS and NAV for financial years 2011 to 2014 were restated based on the total number of issued shares excluding treasury shares of 101,268,367 after the share consolidation of three shares into one effected on 7 December 2015

Revenue ($M)



95.2	109.1	114.2	91.3	109.3
2011	2012	2013*	2014*	2015*

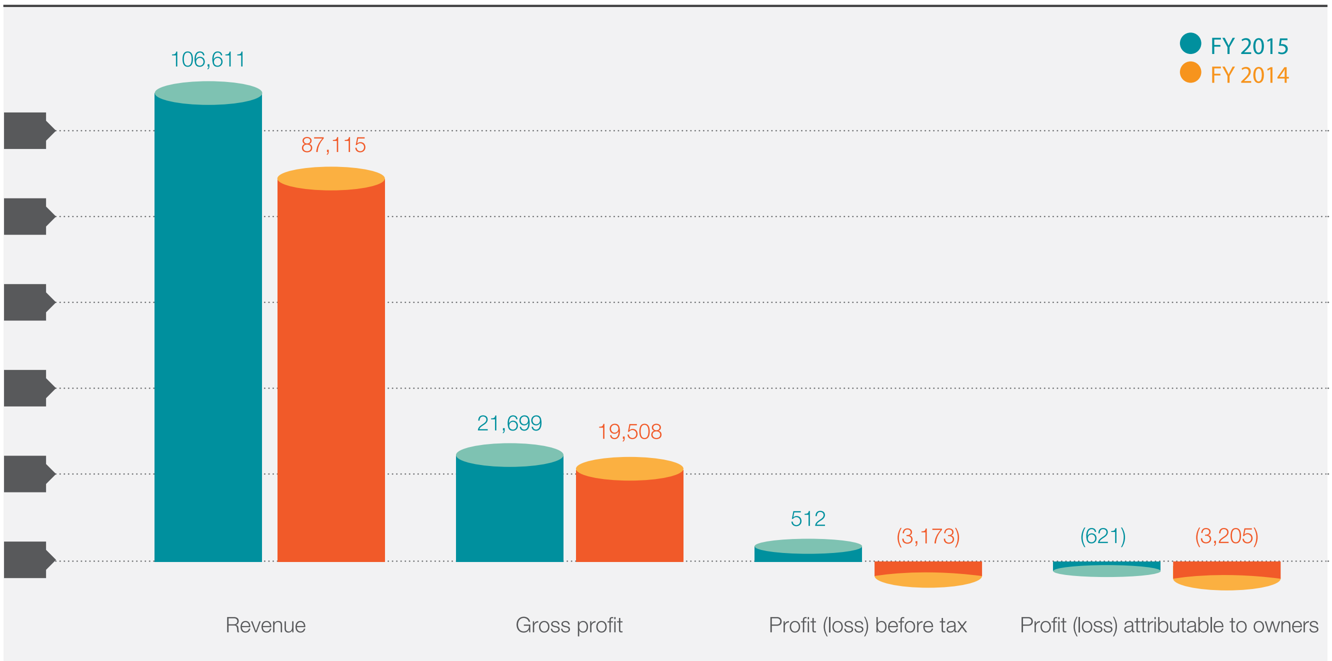
Profit (Loss) After Tax ($M)



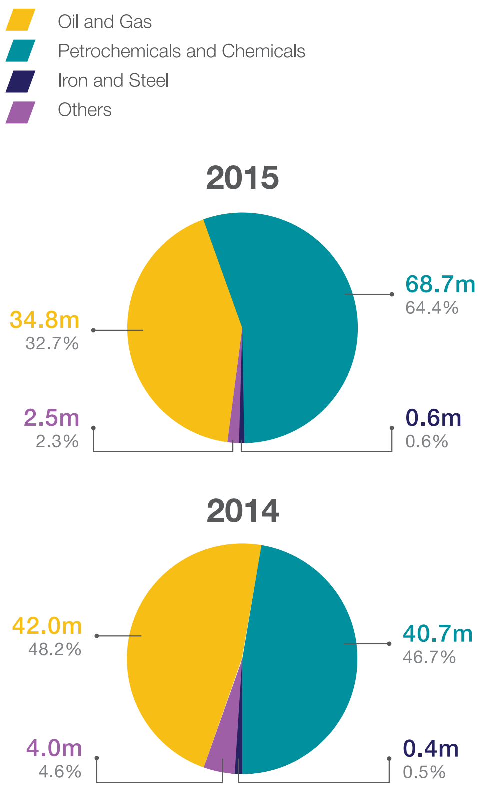
4.1	4.5	6.4	(2.0)	2.0
2011	2012	2013*	2014*	2015*

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

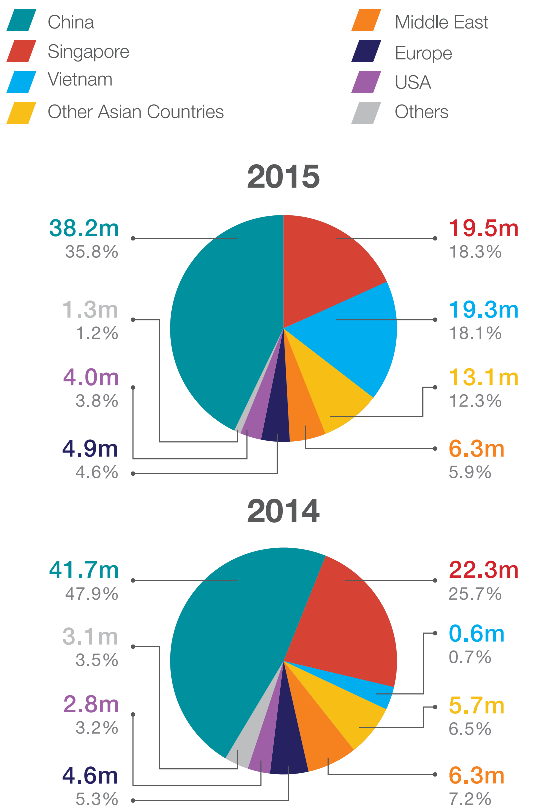
Two Years Comparison ($'000)
(For continuing operations)



Revenue By Industry ($M)
(For continuing operations)



Revenue By Geographical Market ($M) *(For continuing operations)*



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 31 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 sits on the boards of several companies and he is well-regarded in the accounting industry having been chairman of the Public Accounting Practice Committee of the Institute of Singapore Chartered Accountants ("ISCA") from 2008 to 2012 when he was a Council Member of the Institute. Currently, he still serves as a trainer with the ISCA's Public Practice Programme, a compulsory course for any applicant wishing to register as a public accountant in Singapore. 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 the ISCA and a Fellow of the Institute of Chartered Accountants in Ireland. He holds a Master of Business Administration degree from the University of Ulster, Northern Ireland, 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 sits on several boards including Cordlife Group Ltd and Stemlife Bhd where he is the Non-executive chairman of both companies and serves as an independent director of Mclean Technologies Berhad. He is also a Principal at Southern Capital Group Limited, a private equity firm, where he is responsible for 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 Science from The University of Sheffield, 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 (The Graduate School of Business).

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.

CHENG JOO KIAT
(General Manager, Applied Engineering Pte Ltd)

Mr Cheng Joo Kiat is the General Manager of the Group's subsidiary, Applied Engineering Pte Ltd ("AEPL"). He is in charge of the Sales & Marketing and Management & Operations of AEPL. Mr Cheng has over 15 years of experience in the Group's fabrication business, specialising in the design and fabrication of process equipment such as pressure vessels and heat exchanges for the chemical, petrochemical, petroleum and energy related industries. Mr Cheng received both his Executive Master of Business Administration and Bachelor of Engineering (Mechanical & Production Engineering) from Nanyang Technological University, Singapore.

CHEW NAM YEO
(Chief Financial Officer)

Ms Chew joined the company in 2009 as the Group Financial Controller and was appointed to the role of Chief Financial Officer in February 2015. She is responsible for the Group's overall finance, compliance, corporate governance and accounting functions. Prior to joining the Group, she was the Financial Controller in listed companies such as Best World International Ltd and Sincere Watch Limited. Adding to her breadth of experience, she also spent several years as an auditor in an established public accounting firm and is a member of the Institute of Singapore Chartered Accountants ("ISCA"). Ms Chew graduated from the National University of Singapore with a Bachelor's Degree in Accountancy with Honours.

CHUA CHEE HOW
(Vice President, Corporate Finance)

Mr Chua joined the company in 2009 as the Corporate Finance Manager and was promoted to Vice President, Corporate Finance in January 2015. He is responsible for corporate finance as well as mergers and acquisitions of the Group. He has more than 10 years of transaction support, corporate finance and audit experience with established accounting firms in Singapore and Australia, including Deloitte & Touché and Ernst & Young. He is currently a member of the Institute of Chartered Accountant in Australia 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 analyzer 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 Analyzers for online process control. Ms Hall has a Bachelor's Degree in Electrical Engineering from New Jersey Institute of Technology.

LIU YONG RICHARD
(Vice President, Valves Division)

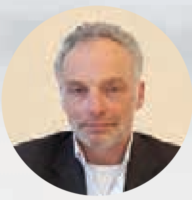
Mr Liu is the Vice President of the Group's valves division and is responsible for managing the Group's marketing and sales team, namely the sales of valves to petrochemical divisions in the PRC. Prior to joining the Group in 2003 as a Sales Manager, he was a General Engineer in an instruments company - Xin Jiang Oilfield Construction Co. Ltd - where he oversaw project management of the company. Mr Liu is a graduate of the Xin Jiang Coal College, majoring in Instrumentation and Automation.

NORBERT MARX
(Senior Managing Director, ZMK Technologies GmbH)

Mr Marx is the Senior 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 42 years of experience in the chemical and petrochemical industry, first as a project manager and then later as 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 and 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.

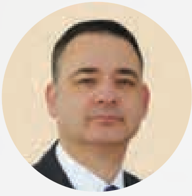


RÜDIGER KLEIN
(Managing Director, ZMK Technologies GmbH)

Rüdiger Klein took over the position of Managing Director upon joining ZMK Technologies GmbH ("ZMK") in January 2015. He has 22 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.

SUSAN JANETTE FOULK
(President at 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 28 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.

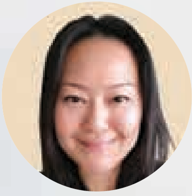


STEPHEN JAMES EDWARD MCRAE
(Finance & Managing Director of Analytical Technology & Control Ltd)

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.

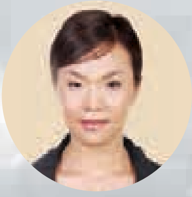
TAN CHUAN YANG JET
(General Manager, Advanced CAE Pte Ltd)

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 24 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
(Vice President, Group Business Development)

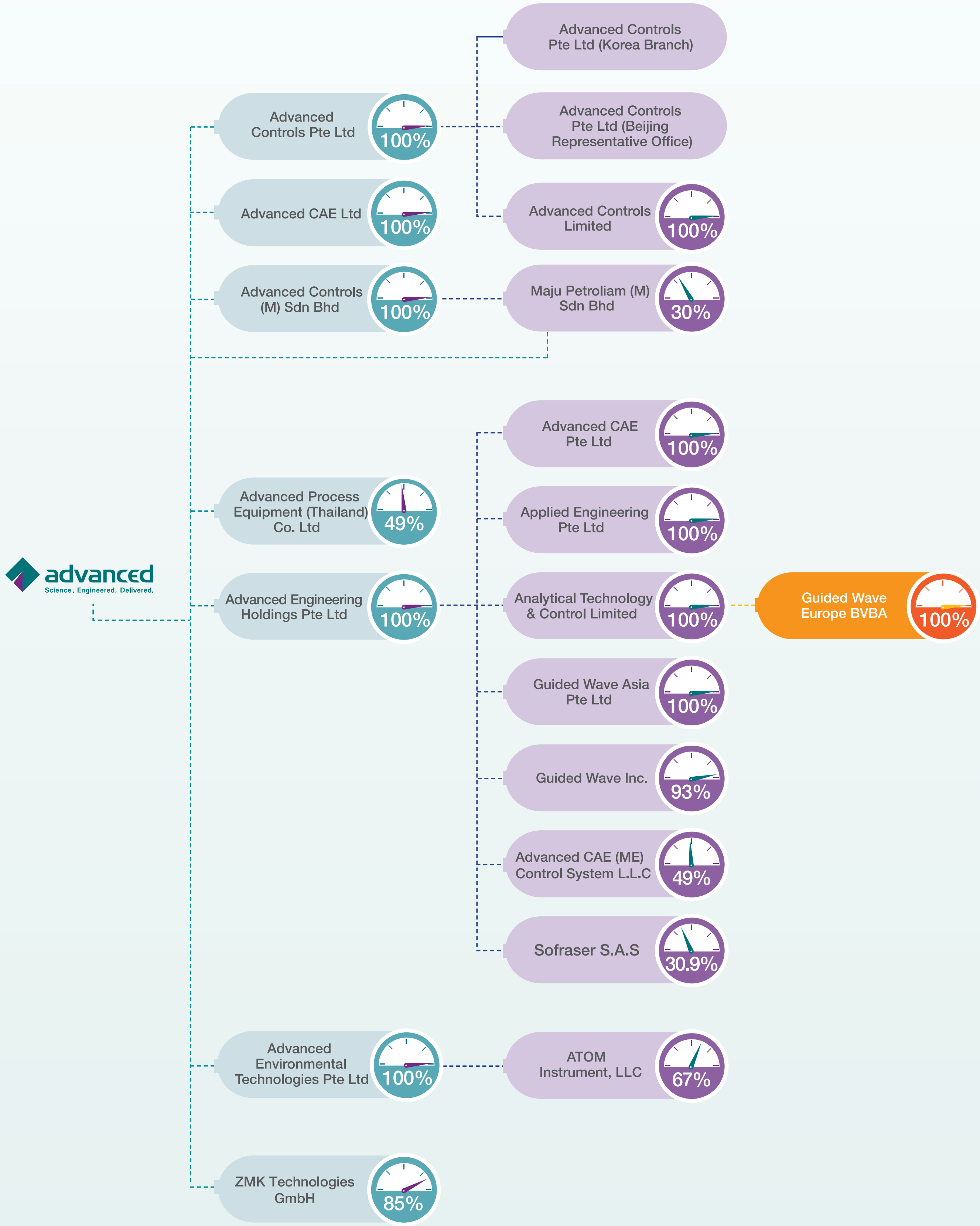
Ms Teo was appointed the Vice President, Group Business Development of the Group in January 2016. Her primary responsibilities include identifying and developing new businesses for the group, as well as enhancing the client engagement process for each entity. She will also be looking to better the sales and marketing efforts for targeted businesses. Ms Teo brings with her more than 15 years of experience in business development, sales and marketing, 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)

REGISTERED OFFICE

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Tel : +65 6854 9000
Fax: +65 6779 5400
Website:
www.AdvancedHoldings.com
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sales@AdvancedHoldings.com

SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
(A division of Tricor
Singapore Pte Ltd)
80 Robinson Road #02-00
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 Kee Cheng Kong Michael
Date of Appointment:
Since financial year ended
December 31, 2012

PRINCIPAL BANKERS

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65 Chulia Street
OCBC Centre
Singapore 049513

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

United Overseas Bank Ltd
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GLOBAL PRESENCE

SINGAPORE

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Guided Wave Asia Pte Ltd

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EUROPE & USA

USA

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1656 Townhurst, Suite G,
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EUROPE

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Leo de Bethunelaan, 105 /0001
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UNITED ARAB EMIRATES

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All Lasting Business
Is Build On Friendship.

FINANCIAL STATEMENTS

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.

BOARD MATTERS

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 success of the company. The Board works with Management to achieve this and the 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. At the beginning of the financial year ended December 31, 2015, the Board comprised the Non-Executive Chairman, three Executive Directors and two Independent Directors. Following the cessation of Mr Lim Gwee Koon Axron and Mr Alastair Lindsay Crawford as Executive Directors of the Company on March 2, 2015 and March 31, 2015 respectively, the Board currently comprises the 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 judgement, 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, Nominating Committee and 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.

STATEMENT OF CORPORATE GOVERNANCE

The Company's Directors and their membership on Board Committees (if any) during the financial year under review are 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	-	-	-
Mr Alastair Lindsay Crawford[(2)]	Executive Director	-	-	-
Mr Lim Gwee Koon Axron[(3)]	Executive Director	-	-	-
Dr Ho Choon Hou	Independent Director	Member	Chairman	Member
Mr Lim Boon Cheng	Independent Director	Chairman	Member	Chairman

Notes:

(1) Dr Choo Boy Lee Emily is the spouse of Dr Wong Kar King.
(2) Mr Alastair Lindsay Crawford stepped down from the Board with effect from March 31, 2015.
(3) Mr Lim Gwee Koon Axron stepped down from the Board with effect from March 2, 2015.

The Board meets at least four times a year. Regular meetings are scheduled at least one 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 or she 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.

STATEMENT OF CORPORATE GOVERNANCE

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	4	4	1	1
Number of meetings attended:				
Dr Choo Boy Lee Emily	4	4	1	1
Dr Wong Kar King	4	4*	-	1*
Mr Alastair Lindsay Crawford(1)	-	-	-	-
Mr Lim Gwee Koon Axron(2)	1	1*	-	1*
Dr Ho Choon Hou	3	3	-	-
Mr Lim Boon Cheng	4	4	1	1

* Attendance by invitation

Notes:

(1) Mr Alastair Lindsay Crawford stepped down from the Board with effect from March 31, 2015. As such, he did not attend the meetings of the Board held on May 13, 2015, August 12, 2015 and November 5, 2015.

(2) Mr Lim Gwee Koon Axron stepped down from the Board with effect from March 2, 2015. As such, he did not attend the meetings of the Board held on May 13, 2015, August 12, 2015 and November 5, 2015.

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 to the Company and the Company has a training budget which can be used by the Directors to attend courses that they are interested in.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement 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 one-third of the Board. The independence of each Independent Director is reviewed annually by the Nominating Committee.

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 judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when it arises.

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, 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 Management.

STATEMENT OF CORPORATE GOVERNANCE

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 Management, with a view of encouraging constructive relations and dialogue amongst them.

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 Non-Executive 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.

STATEMENT OF CORPORATE GOVERNANCE

The Group also releases announcements on appointment or cessation of Directors via SGXNET. Mr Lim Gwee Koon Axron and Mr Alastair Lindsay Crawford ceased to be Directors of the Company on March 2, 2015 and March 31, 2015 respectively.

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. The Managing Director shall however, not be subject to retirement by rotation by virtue of Article 87 of the Constitution or be taken into account in determining the number of Directors to retire.

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 is being given by the Directors to the affairs of the Group.

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	55	February 19, 2004	April 30, 2015	-
Dr Wong Kar King(1)	54	February 19, 2004	-	-
Dr Ho Choon Hou(2)	43	January 4, 2013	April 25, 2013	Cordlife Group Limited Mclean Technologies Berhad(3) Stemlife Berhad(3)
Mr Lim Boon Cheng	60	April 1, 2013	April 25, 2013	-

Notes:

(1) Dr Wong Kar King being the Managing Director is 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

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.

STATEMENT OF CORPORATE GOVERNANCE

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.

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, Board members 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, Management is required to provide timely information that requires 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 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 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.

STATEMENT OF CORPORATE GOVERNANCE

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 of Directors 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 in accordance with the rules of the Company's Share Option Scheme. The Remuneration Committee is also responsible for administering the AHL Performance Share Plan that was approved by the members of the Company at an Extraordinary General Meeting held on April 20, 2007 and renewed at every AGM since 2008. No Director or member of the Remuneration Committee is involved in deciding his own remuneration.

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. During the financial year under review, the Company engaged Aon Hewitt to provide consulting services in relation to total compensation and talent management development at the Company.

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 the Executive Director owes 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 29, 2016, 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 Board's approval.

STATEMENT OF CORPORATE GOVERNANCE

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 is also reviewed. The Remuneration Committee reviews and recommends the remuneration packages of key executives for 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.

Directors of the Company

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 Directors. The level and mix of remuneration paid to the Executive Directors in bands of $250,000 for the financial year ended December 31, 2015 are as follows:

Executive Directors	Remuneration Band	Salary including CPF	Performance Bonus	Benefits	Total
Dr Wong Kar King	Above $750,000 to $1,000,000	98%	-	2%	100%
Mr Lim Gwee Koon Axron[(1)]	Below $250,000	98%	-	2%	100%
Mr Alastair Lindsay Crawford[(2)]	Below $250,000	100%	-	-	100%

Notes:
(1) Mr Lim Gwee Koon Axron stepped down from the Board with effect from March 2, 2015.
(2) Mr Alastair Lindsay Crawford stepped down from the Board with effect from March 31, 2015.

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 30, 2015. The breakdown of directors' fees for the financial year ended December 31, 2015 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 10 key management personnel of the Company (excluding the Executive Directors) for the financial year ended December 31, 2015 is $2,408,000. 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	3	53%	47%	-	100%
Below $250,000	9	82%	18%	-	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.

STATEMENT OF CORPORATE GOVERNANCE

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 one 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, 2015. The details of such employee 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	$50,000 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 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 SGX (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 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 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 judgement 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.

STATEMENT OF CORPORATE GOVERNANCE

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, 2015.

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, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate as at December 31, 2015 in its current business environment.

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

The Board of Directors 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.

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 agrees 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 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 mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Therefore, there are no significant concentrations of credit risk within the Group.

STATEMENT OF CORPORATE GOVERNANCE

Liquidity Risk

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, 2015. Dr Wong Kar King, 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 Management, to consider any matters which might be raised privately.

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 and 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 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.

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 Audit Committes by the Singapore Exchange Trading Limited and/or the Singapore Accounting & Corporate Regulatory Authority.

STATEMENT OF CORPORATE GOVERNANCE

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, 2015 are $224,000 and $7,000 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 in 2015 engaged an in-house full-time internal auditor to perform the internal audit functions. 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 satisfied with the adequacy and effectiveness of the current internal audit function and will assess the same annually.

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 too. 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.

STATEMENT OF CORPORATE GOVERNANCE

The Company's website at 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.

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 Management, and such minutes are available to Shareholders upon their request. Results of the general meeting are also released as an announcement via SGXNET.

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, 2015. IPTs are disclosed on Page 79 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 periods commencing two weeks before the announcement of the Group's first three quarters results, and during the periods 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.

STATEMENT OF CORPORATE GOVERNANCE

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 Executive Director.

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	55	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

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, 2015.

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 40 to 121 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, 2015, 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 report 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***
<u>Advanced Holdings Ltd.</u>				
(Ordinary shares)				
Dr Choo Boy Lee Emily [(1)]	6,619,800	2,206,600	117,586,529	39,195,509
Dr Wong Kar King	117,586,529	39,195,509	6,619,800	2,206,600
Mr Alastair Lindsay Crawford (Resigned on March 31, 2015)	160,000	-	-	-
Mr Lim Gwee Koon Axron (Resigned on March 2, 2015)	205,000	-	-	-

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

*The change in the directors' interests in the ordinary shares of the Company was due to a Share Consolidation exercise during the year as disclose in Note 24 to the financial statements.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)

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, 2016 were the same at December 31, 2015.

4 SHARE OPTIONS

At an Extraordinary General Meeting held on August 10, 2004, the members of the Company adopted a share option scheme known as the Advanced Share Option Scheme (the "Scheme") for the granting of options to reward and retain employees of the Group whose services are vital to the Group's well-being and success.

At an Extraordinary General Meeting held on April 20, 2007, the members of the Company approved and adopted the AHL Performance Share Plan (the "Share Plan"), which is applicable for 10 years commencing from the date on which it was adopted by the Company.

The Scheme and the Share Plan are administered by the Remuneration Committee whose members are:

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

During the financial year, there were no options granted to any person to take up unissued shares of the Company or any corporation in the Group.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of 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.

At the end of the financial year, no options were granted under the Scheme nor shares were issued under the Share Plan.

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 financial statements of the Company and the consolidated financial statements of the Group for the financial year ended December 31, 2015 before their submission to the Board of Directors, as well as the independent auditors' report on the financial statements of the Company and the consolidated financial statements of the Group;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (cont'd)

(e) effectiveness of the Group's material internal controls, 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.

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 28, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
ADVANCED HOLDINGS LTD.

Report on the Financial Statements

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, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 121.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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 corporation incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
Singapore

March 28, 2016

STATEMENTS OF FINANCIAL POSITION

December 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and bank balances	7	33,588	14,442	7,655	272
Trade receivables	8	20,456	19,826	751	965
Other receivables and prepayments	9	5,904	5,889	5,426	3,504
Service concession receivables	10	-	-	-	-
Amount due from customers for contract work-in-progress	11	22,831	18,698	-	-
Inventories	12	16,338	18,632	-	-
		99,117	77,487	13,832	4,741
Assets classified as held for sale	13	-	18,646	-	-
Total current assets		99,117	96,133	13,832	4,741
Non-current assets					
Service concession receivables	10	-	-	-	-
Property, plant and equipment	14	28,312	31,747	91	279
Goodwill	15	2,805	5,635	-	-
Intangible assets	16	1,632	1,670	-	-
Investments in subsidiaries	17	-	-	45,333	54,575
Investment in an associate	18	75	365	-	-
Deferred tax assets	19	246	65	-	-
Total non-current assets		33,070	39,482	45,424	54,854
Total assets		132,187	135,615	59,256	59,595
LIABILITIES AND EQUITY					
Current liabilities					
Amount due to customers for contract work-in-progress	11	7,865	4,134	-	-
Bank borrowings	20	6,713	3,633	-	1,600
Trade and other payables	21	33,056	37,893	2,156	5,202
Derivative financial instruments	22	-	485	-	9
Provision for warranty	23	1,321	1,598	-	-
Income tax payable		1,574	938	80	-
		50,529	48,681	2,236	6,811
Liabilities directly associated with assets classified as held for sale	13	-	5,573	-	-
Total current liabilities		50,529	54,254	2,236	6,811
Non-current liabilities					
Bank borrowings	20	8,611	9,644	-	-
Deferred tax liabilities	19	490	182	-	-
Total non-current liabilities		9,101	9,826	-	-
Capital, reserves and non-controlling interests					
Share capital	24	47,433	47,433	47,433	47,433
Treasury shares	25	(1,837)	(1,837)	(1,837)	(1,837)
Foreign currency translation reserve		1,481	1,654	-	-
General reserve	26	1,130	1,045	-	-
Retained earnings		24,084	23,154	11,424	7,188
Equity attributable to owners of the Company		72,291	71,449	57,020	52,784
Non-controlling interests		266	86	-	-
Total equity		72,557	71,535	57,020	52,784
Total liabilities and equity		132,187	135,615	59,256	59,595

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2015

	Note	2015	2014
		$'000	$'000
Continuing operations			
Revenue	27	106,611	87,115
Cost of sales		(84,912)	(67,607)
Gross profit		21,699	19,508
Other operating income	28	1,209	956
Distribution and marketing costs		(8,825)	(9,310)
Administrative expenses		(9,178)	(9,623)
Other operating expenses	29	(2,213)	(2,895)
Other gains and losses	30	(1,718)	(1,489)
Finance cost	31	(328)	(229)
Share of results of associate		(134)	(91)
Profit (Loss) before income tax		512	(3,173)
Income tax expense	32	(1,066)	(270)
Loss for the year from continuing operations		(554)	(3,443)
Discontinued operation			
Profit for the year from discontinued operation	33	2,565	1,471
Profit (Loss) for the year	34	2,011	(1,972)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations representing total other comprehensive (loss) income for the year, net of tax		(163)	613
Total comprehensive income (loss) for the year		1,848	(1,359)
Profit (Loss) attributable to:			
Owners of the Company		1,944	(1,734)
Non-controlling interests		67	(238)
		2,011	(1,972)
Total comprehensive income (loss) attributable to:			
Owners of the Company		1,771	(1,125)
Non-controlling interests		77	(234)
		1,848	(1,359)
Earnings (Losses) per share (cents)	35		
From continuing and discontinued operations:			
Basic and diluted		1.92	(1.71)
From continuing operations:			
Basic and diluted		(0.61)	(3.16)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2015

	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, 2014		47,433	(1,837)	1,045	810	26,946	74,397	324	74,721
Total comprehensive income for the year									
Loss for the year		-	-	-	-	(1,734)	(1,734)	(238)	(1,972)
Other comprehensive income for the year		-	-	609	-	-	609	4	613
Total		-	-	609	-	(1,734)	(1,125)	(234)	(1,359)
Transaction with owners, recognised directly in equity									
Appropriation to general reserve		-	-	-	235	(235)	-	-	-
Acquisition of non-controlling interest	17	-	-	-	-	(1)	(1)	(4)	(5)
Dividend	40	-	-	-	-	(1,822)	(1,822)	-	(1,822)
Total		-	-	-	235	(2,058)	(1,823)	(4)	(1,827)
Balance as at December 31, 2014		47,433	(1,837)	1,654	1,045	23,154	71,449	86	71,535
Group									
Balance as at January 1, 2015		47,433	(1,837)	1,654	1,045	23,154	71,449	86	71,535
Total comprehensive income for the year									
Profit for the year		-	-	-	-	1,944	1,944	67	2,011
Other comprehensive (loss) income for the year		-	-	(173)	-	-	(173)	10	(163)
Total		-	-	(173)	-	1,944	1,771	77	1,848
Transaction with owners, recognised directly in equity									
Appropriation to general reserve		-	-	-	85	(85)	-	-	-
Non-controlling interest arise from acquisition of subsidiary		-	-	-	-	-	-	154	154
Acquisition of non-controlling interest	17	-	-	-	-	(18)	(18)	(51)	(69)
Dividend	40	-	-	-	-	(911)	(911)	-	(911)
Total		-	-	-	85	(1,014)	(929)	103	(826)
Balance as at December 31, 2015		47,433	(1,837)	1,481	1,130	24,084	72,291	266	72,557

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2015

	Note	Share capital	Treasury shares	Retained earnings	Total
		$'000	$'000	$'000	$'000
Company					
Balance as at December 31, 2013		47,433	(1,837)	8,046	53,642
Profit for the year, representing total comprehensive income for the year		-	-	964	964
Transaction with owners, recognised directly in equity					
Dividend	40	-	-	(1,822)	(1,822)
Balance as at December 31, 2014		47,433	(1,837)	7,188	52,784
Profit for the year, representing total comprehensive income for the year		-	-	5,147	5,147
Transaction with owners, recognised directly in equity					
Dividend	40	-	-	(911)	(911)
Balance as at December 31, 2015		47,433	(1,837)	11,424	57,020

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Operating activities		
Profit (Loss) before income tax	3,252	(1,403)
Adjustments for:		
Depreciation of property, plant and equipment	3,499	3,368
Allowance for impairment in value of inventories	43	120
Inventories written off	35	1
Amortisation of intangible assets	177	264
Allowance for doubtful trade debts	110	-
Write-off of trade receivables	1	163
Loss on disposal of property, plant and equipment	26	17
Share of results of associate	134	91
Impairment loss on goodwill	2,830	498
Impairment loss on investment in an associate	200	570
Impairment loss on intangible assets	-	101
Gain on disposal of subsidiaries (Note A)	(1,750)	-
Gain on bargain purchase (Note B)	(875)	-
Reversal of provision for warranty	(718)	(448)
Fair value (gain) loss on currency forward contracts	(485)	449
Interest expense	380	332
Interest income	(211)	(336)
Operating cash flows before movements in working capital	6,648	3,787
Inventories	2,636	(11,168)
Contract work-in-progress	605	(8,439)
Trade receivables	63	846
Other receivables and prepayments	(543)	(522)
Service concession receivables	(526)	278
Trade and other payables	(4,793)	12,083
(Utilisation of) Provision for warranty	(17)	132
Cash generated from (used in) operations	4,073	(3,003)
Income tax paid	(478)	(1,166)
Interest paid	(380)	(311)
Interest received	63	320
Net cash from (used in) operating activities	3,278	(4,160)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Investing activities		
Proceeds from disposal of property, plant and equipment	729	28
Proceeds from disposal of subsidiaries (Note A)	12,584	-
Net cash arising on acquisition of a subsidiary (Note B)	163	-
Purchase of property, plant and equipment (Note 14)	(761)	(4,172)
Investment in an associate (Note 18)	(5)	-
Acquisition of intangible assets	(3)	-
Acquisition of non-controlling interest (Note C)	(69)	(5)
Net cash from (used in) in investing activities	12,638	(4,149)
Financing activities		
Dividends paid to owners of the Company	(911)	(1,822)
Proceeds from bank borrowings	5,807	2,600
Repayment of bank borrowings	(4,205)	(1,451)
Decrease in pledged cash and bank balances and fixed deposits	97	618
Net cash from (used in) financing activities	788	(55)
Net increase (decrease) in cash and cash equivalents	16,704	(8,364)
Cash and cash equivalents at beginning of the year	16,302	24,791
Effects of exchange rate changes on the balance of cash held in foreign currencies	174	(125)
Cash and cash equivalents at end of the year	33,180	16,302

Cash and cash equivalents for statement of cash flows comprise:

Cash and bank balances	23,842	16,202
Fixed deposits	9,746	603
Cash and cash equivalents (Note 7)	33,588	16,805
Less: Restricted fixed deposits (Note 7)	(376)	(440)
Less: Restricted cash and bank balances (Note 7)	(32)	(63)
	33,180	16,302

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

Note A:

Disposal of subsidiaries

As referred to Notes 13 and 33, on August 28, 2015, the Group disposed its subsidiaries in non-core environmental technologies operation.

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost	**2015**
	$'000
Current assets	
Cash and cash equivalents	3,071
Trade receivables	245
Other receivables and prepayments	2,455
Service concession receivables	642
Amount due from customers for contract work-in-progress	406
Inventories	242
Total current assets	7,061
Non-current assets	
Service concession receivables	7,200
Property, plant and equipment	3,834
Intangible asset	4,302
Deferred tax assets	23
Total non-current assets	15,359
Current liabilities	
Bank borrowings	(1,238)
Trade and other payables	(4,278)
Income tax payable	(73)
Total current liabilities	(5,589)
Non-current liabilities	
Deferred tax liabilities	(422)
Total non-current liabilities	(422)
Net assets derecognised	16,409
Consideration received :	
Cash	15,703
Deferred consideration	1,241
Exchange differences	29
Total consideration	16,973
Gain on disposal:	
Total consideration received	16,973
Net assets derecognised	(16,409)
Expenses incurred in relation to the disposal of subsidiaries	(53)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	1,239
Gain on disposal	1,750
Total consideration received	16,973
Less: Deferred consideration receivable	(1,270)
Less: Expenses incurred in relation to the disposal of subsidiaries paid to date	(48)
Less: Cash and cash equivalents in subsidiaries disposed of	(3,071)
Net cash inflow arising on disposal	12,584

The deferred consideration will be settled in cash by the purchaser on or before August 31, 2016.

The impact of the disposal group on the Group's results and cash flows in the current and prior periods is disclosed in Note 33 to the financial statements.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2015

Note B:

Acquisition of subsidiary (Note 17)

On November 4, 2015, the Group acquired 85% equity interest in ZMK Technologies GmbH ("ZMK"), a German based company, for a cash consideration of Euro 1 (equivalent to $1.49).

ZMK is an entity incorporated in Germany and its principal activities are to develop, manufacture, and distribute specialty valves for chemical and petrochemical markets worldwide. The Group acquired ZMK to increase the Group's range of product offerings to its customers in the future.

Assets acquired and liabilities assumed at the date of acquisition

The fair value of the identifiable assets acquired and liabilities assumed and the cash flow effect of the acquisition are as follows:

	2015
	$'000
Current assets	
Cash and cash equivalents	163
Trade receivables	631
Other receivables and prepayments	26
Inventories	317
Amount due from customer for contract work-in-progress	1,005
	2,142
Non-current assets	
Property, plant and equipment	145
Intangible assets	43
Deferred tax assets	51
	239
Current liability	
Trade and other payables	(1,352)
Net Assets acquired net of liabilities assumed	1,029

Non-controlling interest

The non-controlling interest of 15% in ZMK recognised at the acquisition date was measured at 15% of the fair value of ZMK's identifiable net assets.

Gain on bargain purchase arising on acquisition

	$'000
Consideration transferred*	-
Non-controlling interest	154
Fair value of identifiable net assets acquired	(1,029)
Gain on bargain purchase arising on acquisition (Note 30)	(875)

The fair value of ZMK's net assets was determined by management after taking into consideration information in the financial statements of ZMK for the year ended December 31, 2015 (audited by a firm other than Deloitte & Touche LLP). Management is of the view that bargain purchase on acquisition arose as ZMK's business conditions and results were not favourable during the initial negotiation of the acquisition with the seller, but had improved subsequently towards the conclusion of the acquisition. No adjustment for the purchase consideration was made.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash inflow on acquisition of subsidiary

	$'000
Consideration paid in cash*	-
Cash and cash equivalent balances acquired	163
	163

* - Amount less than $1,000

Impact of acquisition on the results of the Group in 2015

Included in the profit for the year is profit of $815,000 attributable to ZMK. Revenue for the period from ZMK amounted to $2,582,000.

Had this business combination been effected at January 1, 2015, the revenue of the Group from ZMK would have been $4,763,000 and the profit for the year from ZMK would have been $695,000.

Note C:

Acquisition of non-controlling interests

In 2015, the Group acquired an additional 1.46% interest in shares in its subsidiary, Guided Wave Incorporated ("GWI") when GWI bought back its shares from the non-controlling interests. Cash outflow as a result of acquisition of non-controlling interests via share buy-back in the subsidiary is set out below:

	2015 $'000
Non-current assets	2
Inventories	26
Trade and other receivables	18
Other current assets	13
Trade and other payables	(13)
Net identifiable assets	46
Reduction in non-controlling interests	5
Loss from acquisition of non-controlling interests charged to equity	18
Net cash outflow on acquisition of non-controlling interests	69

In accordance with FRS 27 *Separate Financial Statements*, changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The resulting cash flows are classified as cash flows from financing activities.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 and the associate are disclosed in Notes 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, 2015 were authorised for issue by the Board of Directors on March 28, 2016.

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 ("FRS").

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 FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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.

2.2 *Adoption of new and revised standards*

On January 1, 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 ***Adoption of new and revised standards (cont'd)***

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers*[1]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[2]
- Amendments to FRS 16 *Property, Plant and Equipment and* FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
- Amendments to FRS 110 *Consolidated Financial Statements and* FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]

1 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
2 Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2015 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109 that are currently relevant to the Group and the Company:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 *Adoption of new and revised standards (cont'd)*

FRS 109 *Financial Instruments (cont'd)*

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 *Adoption of new and revised standards (cont'd)*

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative (cont'd)*

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to FRS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address 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.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 *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>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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 ***Basis of consolidation (cont'd)***

Changes in the Group's ownership interests in existing subsidiaries

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 FRSs). 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 FRS 39, or when applicable, the cost on initial recognition of an investment in an associate.

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

2.4 ***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 in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being 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 FRS 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 FRS 12 *Income Taxes* and FRS 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 with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 *Business combinations (cont'd)*

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 FRS.

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.

2.5 *Financial instrument*

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

(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 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 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.

(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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 ***Financial instrument (cont'd)***

(b) Financial assets (cont'd)

(ii) Impairment of financial assets (cont'd)

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 receivables where the carrying amount is reduced through the use of an allowance account. When a trade 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.

(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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 ***Financial instrument (cont'd)***

(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. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings 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.

(vi) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 22.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 *Financial instrument (cont'd)*

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

(vii) 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.

2.6 *Construction contracts*

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amount due from customers for contract work-in-progress. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amount due to customers for contract work-in-progress. Amounts received before the related work is performed are included in the consolidated statement of financial position, under amount due to customers for contract work-in-progress. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under amount due from customers for contract work-in-progress.

2.7 *Service concession arrangements*

The Group had entered into service concession arrangements with various bodies or agencies of the government in the People's Republic of China ("PRC") (the "grantors") to operate waste water treatment plants in Mumashan, Chengdu province and to supply tap water from water treatment plants in Pengxi, Sichuan province. Such concession arrangements fall within the scope of INT FRS 112 *Service Concession Arrangement*s and are accounted for as follows:

(a) Financial assets - service concession receivables

Under the concession arrangements, the Group will construct and/or operate the plants for a concession period of 20 years and transfer the plants to the grantors at the end of the concession periods.

The Group recognises a service concession receivable if it has a contractual right under the service concession arrangements to receive determinable payments during the concession period irrespective of the usage of the plants. Service concession receivable is measured on initial recognition at its fair value. Subsequent to initial recognition, the service concession receivable is carried at amortised cost using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 *Service concession arrangements (cont'd)*

(a) Financial assets - service concession receivables (cont'd)

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the service concession receivable (if any), which will be used to reduce the carrying amount of the service concession receivable in its statement of financial position, (ii) interest income, which will be recognised as finance income in its income statement and (iii) revenue from operating and maintaining the plants to be recognised in profit or loss.

(b) Intangible assets - concession rights

In respect of the operation in Pengxi, Sichuan province, the Group does not have any contractual right under the concession agreements over the physical infrastructure to receive determinable amount of payments during the concession period but is entitled to charge fees for services provided.

An intangible asset is recognised on the basis that the Group has a right to charge fees for the services provided.

Concession rights are stated at cost of operations acquired less accumulated amortisation and impairment losses. Concession rights are amortised in the profit or loss on a straight-line basis over the concession period of 50 years.

2.8 *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 a sale transaction rather than through continuing use. This condition is regarded as met only when the sale 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 disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.9 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs, sub-contracting charges 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 *Property, plant and equipment*

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

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 40 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

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.

2.11 *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.

2.12 *Intangible assets*

(a) <u>Intangible assets acquired separately</u>

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 the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 *Intangible assets (cont'd)*

(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 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.

2.13 *Impairment of tangible and intangible assets excluding goodwill*

At the end of each reporting period, 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 assets 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 as an expense 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 only to the extent 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.

2.14 *Associates*

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 ***Associates (cont'd)***

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 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 FRS 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 when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 FRS 39. The difference between the carrying amount of the associate 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate 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 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.

Where a Group entity transacts with an associate 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 that are not related to the Group.

2.15 ***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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 *Provisions (cont'd)*

(a) Warranties

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

Provisions for 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.

(b) Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily required by the restructuring and not associated with the ongoing activities of the Group. Restructuring provisions include lease termination penalties and employee termination payments.

2.16 *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.

2.17 *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.

(a) 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.

(b) 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 *Leases (cont'd)*

(b) The Group as lessee (cont'd)

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.

2.18 *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.

2.19 *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue from construction contracts is recognised in accordance with the Group's accounting policy on "Construction Contracts" in Note 2.6.

Revenue from service and commission income is recognised when services are rendered to customers.

(c) Service concession arrangements

(i) Construction services

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on revenue recognition on construction contracts (Note 2.6).

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 *Revenue recognition (cont'd)*

(c) Service concession arrangements (cont'd)

(ii) Operation services

Revenue derived from the provision of operating services under a service concession arrangement is recognised in the period in which these services are provided by the Group.

When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

(d) Finance income

Finance income, representing the interest income on the service concession receivables, is recognised in profit or loss using the effective interest method.

(e) Interest income

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

(f) Dividend income

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

(g) Rental income

The Group's policy for recognition of revenue from operating leases is as described above (Note 2.17).

2.20 *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 when 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.

2.21 *Research and development costs*

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

2.22 *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.

2.23 *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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 ***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 and associate, 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 at the end of each reporting period 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.

2.25 ***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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 *Foreign currency transactions and translation (cont'd)*

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. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

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.

2.26 *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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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.

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.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgemental estimates are required in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain. The Group recognises liabilities for estimated additional taxes based on expectations and experience in operating in those jurisdictions. Where the final outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Significant judgement is also involved in estimating deferred tax asset. Deferred tax asset is recognised to the extent future taxable profits are probable and sufficient for utilisation of deferred tax assets to offset taxable income. Details of deferred taxes are disclosed in Note 19.

(b) 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.

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) Allowance for doubtful debts

Management reviews its receivables for any indication of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management makes judgement as to whether there is observable information indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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

Key sources of estimation uncertainty (cont'd)

(a) Allowance for doubtful debts (cont'd)

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced.

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 work-in-progress are disclosed in Note 11.

(c) Allowance for 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 12.

(d) Impairment assessment of land use rights and property, plant and equipment

The Group follows the guidance of FRS 36 Impairment of Assets in assessing annually whether land use rights and property, plant and equipment have any indication of impairment. Where there are indications, management would estimate the value in use of the land use rights and property, plant and equipment. The value in use calculation requires the Group to estimate the future cash flows expected from the CGU and an appropriate discount rate in order to calculate the present value of the future cash flows. Management evaluated that the carrying amounts of these assets are recoverable.

The carrying amounts of the Group's land use rights and property, plant and equipment are disclosed in Notes 16 and 14 respectively.

(e) Depreciation and useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The estimated useful lives reflect the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

The carrying amounts of the Group's and Company's property, plant and equipment are disclosed in Note 14.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

Key sources of estimation uncertainty (cont'd)

(f) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

As at December 31, 2015, the following changes to the following estimates used in management's assessment will result in the value in use of the goodwill of ATOM and AEPL to be below the carrying amounts of related goodwill (on the basis that each of the other key assumptions remain unchanged):

ATOM Instrument LLC ("ATOM")

- Reduction in growth rate from 10% to 5%

Applied Engineering Pte Ltd ("AEPL")

- 8% decrease in projected revenue for 2016
- Reduction in growth rate from 5% to 2%

Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the estimated value in use of the goodwill at December 31, 2015 is recoverable.

Details of the impairment loss are disclosed in Note 15.

(g) Impairment assessment of investments in subsidiaries and associate

The Group determines whether investments in subsidiaries and associate are impaired in accordance with FRS 36 *Impairment of Assets*. This requires an estimation of the value in use of the subsidiaries and associate. The value in use calculation requires the Group to estimate the future cash flows expected from the CGU 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 and associate are disclosed in Notes 17 and 18 respectively.

(h) Provision for warranty

Provision for warranty is based on historical experience of the level of repairs and replacements. Management's estimate of the provision for warranty is based on the complexity of the projects. The Group recognises the estimated liability to repair or replace products that are still under warranty at the reporting date. The carrying amounts of the provision for warranty are disclosed in Note 23.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

a) *Categories of financial instruments*

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables:				
- Cash and bank balances	33,588	14,442	7,655	272
- Trade receivables	20,456	19,826	751	965
- Amounts due from customers for contract work-in-progress	22,831	18,698	-	-
- Other receivables	1,717	381	5,397	3,481
	78,592	53,347	13,803	4,718
Financial liabilities				
At amortised cost:				
- Trade and other payables	17,538	25,317	2,156	4,772
- Bank borrowings	15,324	13,277	-	1,600
	32,862	38,594	2,156	6,372
Derivative financial instruments	-	485	-	9
	32,862	39,079	2,156	6,381

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

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

Company

As at December 31, 2015

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements during the year.

As at December 31, 2014 ($'000)

Financial assets			
	(a)	***(b)***	***(c) = (a) – (b)***
Type of financial assets	*Gross amounts of recognised financial assets*	*Gross amounts of recognised financial liabilities set off in the statement of financial position*	*Net amounts of financial assets presented in the statement of financial position*
Other receivables and prepayments			
	550	*(550)*	*-*
Total	*550*	*(550)*	*-*

Financial liabilities			
	(a)	***(b)***	***(c) = (a) – (b)***
Type of financial liabilities	*Gross amounts of recognised financial liabilities*	*Gross amounts of recognised financial assets set off in the statement of financial position*	*Net amounts of financial liabilities presented in the statement of financial position*
Trade and other payables			
	4,300	*(550)*	*3,750*
Total	*4,300*	*(550)*	*3,750*

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those of the Company which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

The Group does not have any financial instruments which are subject to enforceable market netting arrangements or similar netting arrangements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

c) *Financial risk management policies and objectives*

The Group's overall policy with respect to managing risk arising in the normal course of the Group's business as well as that associated with financial instruments is to minimise the potential adverse effects from the unpredictability of financial markets 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 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				Company			
	Liabilities		Assets		Liabilities		Assets	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Denominated in:								
USD	4,477	1,457	13,828	7,635	45	-	37	13
EURO	1,667	11,995	2,646	1,596	-	-	1	1
GBP	455	7	241	158	-	-	-	-
RMB	-	-	1,252	-	-	-	1,241	-
SGD	-	-	290	-	-	-	-	-
Others	6	12	2	33	-	-	-	-

The Group's policy is to manage currency translation risk exposure by way of natural hedge. It 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. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details on the currency forward contracts derivative financial instruments are found in Note 22.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

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

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

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 when reporting foreign currency risk internally to key management personnel and 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, profit or loss will increase (decrease) by:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Impact on:				
USD	935	618	(1)	1
EUR	98	(1,040)	-	-
GBP	(21)	15	-	-
RMB	125	-	124	-
SGD	29	-	-	-

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effect on profit or loss 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, loans to subsidiaries and bank borrowings. The terms of repayment of the bank borrowings and their interest rates are disclosed in Note 20. The tenure of the Group's fixed deposits place with bank and their interest rates are disclosed in Note 7.

As at the end of the reporting period and in prior year, interest rate sensitivity analysis have not been performed as the impact on the Group's profit or loss are not expected to be material.

(iii) 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 trades only with recognised and creditworthy counterparties. It is the Group's policy to perform ongoing credit evaluation of its customers' financial condition. In addition, receivable balances are monitored on a monthly basis by the management.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

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

(iii) Credit risk management (cont'd)

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, except as follows:

	Company	
	2015	**2014**
	$'000	**$'000**
Corporate guarantees undertaken (Note 38)	93,604	98,677

The subsidiaries for which the guarantees were provided are in favourable net current asset positions.

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		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
PRC	8,171	11,178	-	-
Singapore	3,841	3,729	745	959
Other Asian countries	5,342	1,088	-	-
Europe and United States of America ("USA")	2,644	1,499	6	6
Others	458	2,332	-	-
	20,456	19,826	751	965

The Group's exposure to credit risk is determined mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has less of an influence on credit risk.

The trade receivables of the Group included 4 debtors (2014: 3 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.

(iv) 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

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

(iv) Liquidity risk management (cont'd)

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 the instrument included in the maturity analysis 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						
2015						
Non-interest bearing	-	17,538	-	-	-	17,538
Variable interest rate	2.63	6,978	6,136	3,519	(1,309)	15,324
		24,516	6,136	3,519	(1,309)	32,862
2014						
Non-interest bearing	-	25,317	-	-	-	25,317
Variable interest rate	1.85	3,794	4,604	5,737	(858)	13,277
		29,111	4,604	5,737	(858)	38,594
Company						
2015						
Non-interest bearing	-	2,156	-	-	-	2,156
2014						
Non-interest bearing	-	4,772	-	-	-	4,772
Variable interest rate	1.95	1,603	-	-	(3)	1,600
		6,375	-	-	(3)	6,372

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

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

(iv) Liquidity risk management (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of 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						
2015						
Non-interest bearing	-	68,846	-	-	-	68,846
Fixed interest rate instruments	2.24	9,690	60	-	(4)	9,746
		78,536	60	-	(4)	78,592
2014						
Non-interest bearing	-	52,744	-	-	-	52,744
Fixed interest rate instruments	2.75	590	15	-	(2)	603
		53,334	15	-	(2)	53,347
Company						
2015						
Non-interest bearing	-	13,803	-	-	-	13,803
2014						
Non-interest bearing	-	4,718	-	-	-	4,718

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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

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

(iv) Liquidity risk management (cont'd)

Derivative financial instruments

The financial derivative contracts of the Group and of the Company amounting to $485,000 and $9,000 respectively at December 31, 2014 has matured in 2015.

There was no outstanding derivatives contracts at December 31, 2015.

(v) Fair value of financial assets and financial liabilities

The Group and Company determines fair values of various financial assets and financial liabilities in the following manner:

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

The fair value of forward foreign exchange contracts are derived from observable forward exchange rates at the end of the reporting period and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties and falls within level 2 in the fair value hierarchy.

d) Capital risk 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 2014.

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

The Group is not subject to any externally imposed capital requirements, other than as disclosed in Note 26.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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	
	2015	**2014**
	$'000	**$'000**
Management fee income received/receivable from subsidiaries	3,404	3,687
Dividend income received/receivable from subsidiaries	-	550

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	
	2015	**2014**
	$'000	**$'000**
Short-term benefits	3,257	3,274
Post-employment benefits	181	181
Total	3,438	3,455
Comprises amounts paid/payable to:		
- Directors of the Company	1,030	1,441
- Other key management personnel	2,408	2,014
	3,438	3,455

During the year, a director who is also a substantial shareholder received rental income amounting to $10,555 (2014 : $11,618) 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.

No share options under the Advanced Share Option Scheme were granted nor were shares under the Advanced Performance Share Plan issued to the Company's directors or employees.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

7 CASH AND BANK BALANCES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	23,842	13,839	2,150	272
Fixed deposits	9,746	603	5,505	-
	33,588	14,442	7,655	272
Classified as part of a disposal group held for sale (Note 13)	-	2,363	-	-
	33,588	16,805	7,655	272
Analysed as:				
Pledged balance:				
- Cash and bank balances	32	63	-	-
- Fixed deposits	376	440	-	-
	408	503	-	-
Unpledged balance:				
- Cash and bank balances	23,810	13,776	2,150	272
- Fixed deposits	9,370	163	5,505	-
	33,180	13,939	7,655	272
Classified as part of a disposal group held for sale (Note 13)	-	2,363	-	-
Total	33,588	16,805	7,655	272

Fixed deposits earn effective interest rates ranging from 0.73% to 3.75% (2014 : 2.3% to 3.2%) per annum and for varying tenure periods of between 30 days and 3 years (2014 : 89 days and 3 years).

The pledged balance mainly relates to fixed deposits pledged to the banks for bankers' guarantees issued to customers in connection with customers' projects undertaken by the Group (Note 38).

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

8 TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Outside parties	20,661	19,894	-	-
Subsidiaries	-	-	751	965
Less: Allowance for doubtful debts	(228)	(124)	-	-
	20,433	19,770	751	965
Retention receivables	23	56	-	-
	20,456	19,826	751	965
Classified as part of a disposal group held for sale (Note 13)	-	247	-	-
	20,456	20,073	751	965

The retention receivables amount to approximately 10% (2014 : 5%) of the contract value.

The average credit period is 30 to 90 days (2014 : 30 to 90 days). No interest is charged on the outstanding balance.

Included in the Group's trade receivable balance are debtors with a carrying amount of $8,028,000 (2014 : $9,444,000) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts 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.

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not past due and not impaired	12,428	10,349	751	959
Past due but not impaired [(i)]	8,028	9,444	-	6
	20,456	19,793	751	965
Impaired receivables – individually assessed [(ii)]	228	157	-	-
Allowance for doubtful debts [(iii)]	(228)	(124)	-	-
	-	33	-	-
Total trade receivables, net	20,456	19,826	751	965

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

8 TRADE RECEIVABLES (cont'd)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
(i) Aging of receivables that are past due but not impaired				
Past due 1 to 30 days	2,310	4,320	-	6
Past due 31 to 60 days	921	1,642	-	-
Past due 61 to 90 days	1,096	1,640	-	-
More than 90 days	3,701	1,842	-	-
Total	8,028	9,444	-	6

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

(iii) Movement in allowance for doubtful debts:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at beginning of the year	124	125
Increase in allowance recognised in profit or loss (Note 30)	110	-
Amounts written off during the year	(1)	-
Exchange differences	(5)	(1)
Balance at end of the year	228	124

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loans to a subsidiary (Note 5)	-	-	5,680	3,964
Less: Allowance for impairment loss	-	-	(3,964)	(1,500)
	-	-	1,716	2,464
Sundry receivables	314	154	61	31
Other receivables from subsidiaries (Note 5)	-	-	2,379	983
Deposits	162	227	-	3
Deferred consideration receivable (Note A in consolidated statement of cash flows)	1,241	-	1,241	-
	1,717	381	5,397	3,481
Advance payments to suppliers	3,737	5,132	-	-
Prepayments	450	376	29	23
	5,904	5,889	5,426	3,504
Classified as part of a disposal group held for sale (Note 13)	-	605	-	-
	5,904	6,494	5,426	3,504

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

9 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

An allowance has been made for estimated irrecoverable loans to a subsidiary amounting to $3,964,000 (2014 : $1,500,000) in view of the adverse financial position of the subsidiary and uncertainties regarding recoverability from the subsidiary.

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

10 SERVICE CONCESSION RECEIVABLES

	Group	
	2015	**2014**
	$'000	**$'000**
Service concession receivables	-	-
Classified as part of a disposal group held for sale	-	7,183
	-	7,183

Service concession receivables have been classified and included under assets held for sale (Note 13) as follows:

	2015	**2014**
	$'000	**$'000**
Service concession receivables	-	7,183
Less: Amounts receivable within one year	-	(144)
Amounts receivable after one year	-	7,039

In 2014, service concession receivables represent receivables from one municipal government entity (the "grantor") which are not past due and not impaired.

Service concession receivables as at December 31, 2014 comprise a 20-year Build-Operate-Transfer ("BOT") contract to build and operate waste water treatment plant in Mumashan, Chengdu province, PRC. As at December 31, 2014, construction of this plant has been completed but operations have not commenced as the pipelines connecting the sewage collection plant to the waste water plant have yet to be completed.

The above arrangements have been classified as service concession arrangements under INT FRS 112. The Group has a contractual right under the concession arrangements to receive fixed and determinable amounts of payments during the concession period irrespective of the usage of the plants.

All the waste water treatment arrangements state the rights and obligations for the grantors and operator as follows:

(a) The operator has an unconditional right to use the land and infrastructure within the waste water treatment plant. The operator also has an unconditional right to receive payment from the local government for treatment of waste water.

(b) The operator has the obligation to treat the required amount of waste water and also to ensure that the treated water fulfil the standard quality requirement of the grantors. In addition, the operator cannot provide waste water treatment services to third parties without seeking permission from the grantors.

(c) The infrastructure including the plant and equipment, "know-how", operations manual, hand-over report, design of infrastructure and related documents, for the waste water treatment plant will be transferred over to the grantor or any grantor-appointed agencies at the end of the concession period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

10 SERVICE CONCESSION RECEIVABLES (cont'd)

(d) The arrangement is terminated only when the other party breaches the contract.

(e) The operator has the obligation to maintain and restore the waste water treatment plant to its operational condition upon transferring to the grantor at the end of the concession period.

The carrying value of the service concession receivables approximates its fair value, as management is of the opinion that the effective interest rate used is similar to the market interest rate for an instrument bearing the same risk profile and characteristics at the end of the reporting period.

The service concession receivables are denominated in the functional currencies of the respective entities.

The counterparties of the above service concession arrangements are municipal governments in PRC. Management is of the view that the associated credit risk is not significant.

In 2014, the Group has pledged certain service concession receivables amounting to $7,183,000 to secure a bank loan to finance the construction of the waste water treatment plant.

11 AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2015	2014
	$'000	$'000
Contract work-in-progress comprises:		
Aggregate costs incurred plus recognised profits (less recognised losses) to-date on uncompleted contracts	56,503	66,764
Less: Progress billings	(41,537)	(52,200)
	14,966	14,564
Classified as part of disposal group held for sale (Note 13)	-	412
	14,966	14,976
Presented as:		
Amount due from customers for contract work-in-progress	22,831	18,698
Amount due to customers for contract work-in-progress	(7,865)	(4,134)
	14,966	14,564

12 INVENTORIES

	Group	
	2015	2014
	$'000	$'000
Raw materials	2,322	1,678
Spare parts and consumable tools	922	881
Work-in-progress	11,617	14,075
Finished products	1,405	1,998
Goods in transit	72	-
	16,338	18,632
Classified as part of disposal group held for sale (Note 13)	-	183
	16,338	18,815

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

12 INVENTORIES (cont'd)

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

Movement in allowance for impairment in value of inventories:

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	730	605
Allowance for impairment in value of inventories	43	120
Amounts written off during the year	(93)	-
Exchange differences	8	5
At end of the year	688	730

Included in the allowance for impairment in inventories is $688,000 (2014 : $730,000) that relates to spare parts and consumable tools. Due to a change in the demand for certain goods and a result of changes in consumer preferences, the Group made an allowance of $43,000 (2014: $120,000) to reduce inventory to net realisable value to the current year profit or loss. The allowance is included in "Cost of sales".

13 ASSETS CLASSIFIED AS HELD FOR SALE

The Group's core business is that of supplying proprietary process equipment and technologies mainly in the chemical and petrochemical, oil and gas and power generation industries. Management has decided in 2014 to divest the Group's water treatment business and focus the Group's efforts on its existing core business. This will allow the Company to deploy resources and working capital on the core business and to undertake new investment opportunities that may arise in the future.

Therefore in 2014, the assets and liabilities of the disposal group was classified as held for sale and presented separately in the statement of financial position and the results of the disposal group was classified as a discontinued operation in the consolidated statement of profit or loss and other comprehensive income (Note 33) for the year ended December 31, 2014. The operations of the disposal group were included in the Group's environmental technologies operations for segment reporting purposes (Note 39) as at December 31, 2014.

On December 17, 2014, the Company entered into a conditional share purchase agreement (the "SPA") with a third party purchaser (the "Purchaser") pursuant to which the Company agreed to sell and the Purchaser agreed to purchase for a total consideration of $17.357 million:

i) the whole of the issued and paid-up share capital of its wholly-owned subsidiary, Advanced Resources Holdings Pte. Ltd. ("ARH"), together with ARH's wholly-owned subsidiaries, Advanced Water (Pengxi) Co., Ltd and Advanced Water Reclamation (Chengdu) Co., Ltd,; and

ii) the whole of issued and paid-up share capital of its wholly-owned subsidiary, Advanced Water Engineering Pte. Ltd. ("AWE") together with AWE's wholly-owned subsidiary, Advanced Water Technologies Chengdu Co., Ltd;

collectively known as the "disposal group".

Certain material conditions precedent have not been satisfied on or prior to February 28, 2015 (the "long stop date") as required in the SPA. At March 25, 2015, the SPA was considered as effectively terminated, unless both parties are able to agree on the terms of extension at a subsequent date.

On August 4, 2015, the Company entered into a supplementary agreement with the Purchaser to extend the completion of the SPA to August 31, 2015 for a total revised consideration of $16.973 million.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

13 ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

The disposal group was disposed on August 28, 2015, on which date, control of the disposal group was passed to the acquirer.

The disposal resulted in a gain on disposal of subsidiaries amounting to $1,750,000. The effects of the disposal are disclosed in Note 33.

The major classes of assets and liabilities comprising the disposal group classified as held for sale as at December 31, 2014 were as follows:

	2014
	$'000
Current assets	
Cash and cash equivalents	2,363
Trade receivables	247
Other receivables and prepayments	605
Service concession receivables	144
Amount due from customers for contract work-in-progress	412
Inventories	183
Total current assets	3,954
Non-current assets	
Service concession receivables	7,039
Property, plant and equipment, net	3,427
Intangible assets	4,203
Deferred tax assets	23
Total non-current assets	14,692
Total assets classified as held for sale	18,646
Current liabilities	
Bank borrowings	1,619
Trade and other payables	3,470
Income tax payable	118
Total current liabilities	5,207
Non-current liability	
Deferred tax liabilities	366
Total liabilities associated with assets classified as held for sale	5,573
Net assets of disposal group	13,073

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties and improvements	Plant and equipment	Renovation	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost:					
At January 1, 2014	28,691	9,785	2,439	893	41,808
Additions	168	3,827	108	69	4,172
Disposals	(36)	(73)	(5)	-	(114)
Reclassified as held for sale (Note 13)	(280)	(3,612)	-	(10)	(3,902)
Exchange differences	106	77	28	1	212
At December 31, 2014	28,649	10,004	2,570	953	42,176
Additions	10	151	63	118	342
Arising on acquisition of a subsidiary	-	150	-	33	183
Disposals	(572)	(205)	-	(260)	(1,037)
Reclassification	-	66	-	(66)	-
Exchange differences	150	75	27	4	256
At December 31, 2015	28,237	10,241	2,660	782	41,920
Accumulated depreciation:					
At January 1, 2014	2,987	3,875	202	469	7,533
Depreciation charge for the year	1,562	1,381	328	97	3,368
Disposals	(26)	(38)	(5)	-	(69)
Reclassified as held for sale (Note 13)	(79)	(390)	-	(6)	(475)
Exchange differences	7	39	10	-	56
At December 31, 2014	4,451	4,867	535	560	10,413
Depreciation charge for the year	1,589	1,352	355	80	3,376
Arising on acquisition of a subsidiary	-	34	-	4	38
Disposals	-	(99)	-	(199)	(298)
Reclassification	-	4	-	(4)	-
Exchange differences	13	42	6	2	63
At December 31, 2015	6,053	6,200	896	443	13,592
Accumulated impairment loss:					
At January 1, 2014	-	15	-	-	15
Exchange differences	-	1	-	-	1
At December 31, 2014	-	16	-	-	16
Exchange differences	-	-	-	-	-
At December 31, 2015	-	16	-	-	16
Carrying amount:					
At December 31, 2015	22,184	4,025	1,764	339	28,312
At December 31, 2014	24,198	5,121	2,035	393	31,747

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Company			
Cost:			
At January 1, 2014	92	550	642
Additions	11	-	11
Disposals/write-off	(8)	-	(8)
At December 31, 2014	95	550	645
Additions	2	-	2
Disposals/write-off	(14)	(229)	(243)
At December 31, 2015	83	321	404
Accumulated depreciation:			
At January 1, 2014	57	242	299
Depreciation charge for the year	14	55	69
Disposals/write-off	(2)	-	(2)
At December 31, 2014	69	297	366
Depreciation charge for the year	15	36	51
Disposals/write-off	(14)	(90)	(104)
At December 31, 2015	70	243	313
Carrying amount:			
At December 31, 2015	13	78	91
At December 31, 2014	26	253	279

Details of the leasehold properties held by the Group as at December 31, 2015 are set out below:

Location	Gross area (sq. m.)	Tenure	Use
30 Woodlands Loop Singapore 738319	8,104	42 years	Leasehold factory and office
No. 238 Fengcun Road, Qingcun Town, Fengxian District, 201514 Shanghai PRC	15,817	47 years	Leasehold factory and office

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

14 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					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Cost of sales	1,875	1,855	84	88	1,959	1,943
Distribution and marketing costs	461	417	-	-	461	417
Administrative expenses	1,040	955	39	53	1,079	1,008
	3,376	3,227	123	141	3,499	3,368
Other information:						
Purchase of property, plant and equipment	342	2,230	419	1,942	761	4,172

The Group has pledged one of its leasehold properties having a carrying amount of $14,826,826 (2014 : $15,252,000) to secure 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 indication that those assets have suffered impairment loss. No impairment loss was determined in 2015 and 2014 as a result of such assessment.

15 GOODWILL

	Group
	$'000
Cost:	
At January 1, 2014	8,073
Exchange differences	(4)
At December 31, 2014 and December 31, 2015	8,069
Allowance for impairment loss:	
At January 1, 2014	1,936
Impairment loss for the year	498
At December 31, 2014	2,434
Impairment loss for the year	2,830
At December 31, 2015	5,264
Carrying amount:	
At December 31, 2015	2,805
At December 31, 2014	5,635

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

15 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	
	2015	**2014**
	$'000	**$'000**
Engineering service and manufacturing:		
Atom Instrument LLC	75	75
Analytical Technology & Control Ltd	1,896	1,896
Applied Engineering Pte Ltd	5,385	5,385
Advanced CAE Pte Ltd	175	175
Guided Wave Incorporated	538	538
	8,069	8,069

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 changes to selling prices and direct costs during the period. 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 practices and expectations of future changes in market.

For determination of value in use, the Group prepares cash flow forecasts derived from the most recent financials budgets approved by management for the next five years and extrapolates cash flows for the following five years based on estimated growth rates of -1% to 10% (2014 : 5% to 22%) per annum and 85% for 2016 for one of the CGU.

The rates used to discount the forecast cash flows are 10.04% to 11.72% (2014: 10.50% to 12.83%) per annum based on the weighted average cost of capital of the respective CGUs.

During the year, an impairment loss of $2,830,000 was recognised on the goodwill allocated to Applied Engineering Pte Ltd ("AEPL") due to the uncertain global economic conditions and the challenging climate still surrounding the oil and gas industry.

In 2014, an impairment loss of $238,000 and $260,000 was recognised on the goodwill allocated to Guided Wave Incorporated ("GWI") and Analytical Technology & Control Ltd ("ATAC") respectively due to the uncertain global economic conditions and the challenging climate surrounding the oil and gas industry with the recent weakness in oil prices.

Sensitivity analysis

If the discount rate used to derive the value in use calculation had been 50 basis point higher and all other key assumptions remain unchanged, the Group's profit for the year ended December 31, 2015 would decrease by $740,000.

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16 INTANGIBLE ASSETS

	Land use rights	Customer order books	Software	Concession rights	License fee and patents	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost:						
At January 1, 2014	1,436	175	119	4,752	657	7,139
Reclassified as held for sale (Note 13)	-	-	-	(4,843)	-	(4,843)
Exchange differences	27	-	4	91	13	135
At December 31, 2014	1,463	175	123	-	670	2,431
Arising on acquisitions of a subsidiary	-	-	54	-	1	55
Additions	-	-	-	-	3	3
Exchange differences	34	-	8	-	21	63
At December 31, 2015	1,497	175	185	-	695	2,552
Accumulated amortisation:						
At January 1, 2014	15	175	30	516	244	980
Amortisation	9	-	44	111	100	264
Reclassified as held for sale (Note 13)	-	-	-	(640)	-	(640)
Exchange differences	1	-	2	13	8	24
At December 31, 2014	25	175	76	-	352	628
Arising on acquisitions of a subsidiary	-	-	12	-	-	12
Amortisation	32	-	13	-	74	119
Exchange differences	23	-	(18)	-	15	20
At December 31, 2015	80	175	83	-	441	779
Impairment loss:						
At January 1, 2014	-	-	-	-	31	31
Impairment loss for the year	-	-	35	-	66	101
Exchange differences	-	-	-	-	1	1
At December 31, 2014	-	-	35	-	98	133
Exchange differences	-	-	2	-	6	8
At December 31, 2015	-	-	37	-	104	141
Carrying amount:						
At December 31, 2015	1,417	-	65	-	150	1,632
At December 31, 2014	1,438	-	12	-	220	1,670

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

16 INTANGIBLE ASSETS (cont'd)

Concession rights include land use rights and other infrastructure acquired on March 28, 2008 from the local municipal government in Pengxi, Sichuan province, PRC and are amortised to profit or loss on a straight-line basis over the concession period of 50 years. Concession rights which had been classified and included under assets held for sale as at December 31, 2014, were subsequently disposed on August 28, 2015.

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.

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

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Cost of sales	9	15	-	-	9	15
Distribution and marketing costs	4	4	-	-	4	4
Other operating expenses (Note 29)	106	134	58	111	164	245
	119	153	58	111	177	264

Impairment loss in 2014 was recorded in other gains and losses (Note 30).

17 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	46,417	55,659
Less: Allowance for impairment loss	(1,084)	(1,084)
	45,333	54,575

During the financial year, management has assessed the recoverable amount of its investments in subsidiaries. The recoverable amount has been determined on the basis of their value in use. Based on the assessment, no additional allowance for impairment loss is required.

In 2014, the assessment led to a reversal of impairment loss of $2,820,000 recognised in the profit or loss.

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December 31, 2015

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries as at December 31, 2015 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2015	2014	2015	2014
			%	%	%	%
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
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
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	PRC	100	100	100	100
Advanced Environmental Technologies Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100
Advanced Engineering Holdings Pte. Ltd. (1)	Investment holding	Singapore	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

NOTES TO FINANCIAL STATEMENTS

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17 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	
			2015 %	2014 %	2015 %	2014 %
Held by the Company (cont'd)						
Advanced Water Engineering Pte. Ltd. [d]	Investment holding	Singapore	-	100	-	100
Advanced Resources Holdings Pte. Ltd. [d]	Investment holding	Singapore	-	100	-	100
ZMK Technologies GmbH [e][10]	Manufacture and distribute special valves for chemical and petrochemical related industries	Germany	85	-	85	-
Held through subsidiaries						
Advanced Controls Limited [6]	Dormant	Hong Kong	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
Atom Instrument LLC [7]	Design, manufacture and supply of analysers and specialises in research and development	USA	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

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December 31, 2015

17 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	
			2015 %	2014 %	2015 %	2014 %
Held through subsidiaries (cont'd)						
Applied Engineering 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
Applied Shipyard Pte. Ltd. [(b)]	Dormant	Singapore	100	100	100	100
Guided Wave Asia Pte. Ltd. [(1)]	Marketing and sale of Guided Wave products	Singapore	100	100	100	100
Guided Wave Incorporated [(c)(7)]	Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	USA	93	91.6	93	91.6
Advanced Water (Pengxi) Co., Ltd [(d)(8)]	Operation of water treatment plant	PRC	-	100	-	100
Guided Wave Europe BVBA [(9)]	Marketing and sales of Guided Wave products	Belgium	100	100	100	100
Advanced Water Technologies (Chengdu) Co., Ltd [(d)]	To provide water treatment facilities and technologies in the PRC	PRC	-	100	-	100
Advanced Water Reclamation (Chengdu) Co., Ltd [(d)(11)]	Operation of water treatment plant	PRC	-	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

(a) The Group holds 49% (2014 : 49%) effective shareholdings in Advanced Process Equipment (Thailand) Co., Ltd.

The Group's effective shareholdings of 30% (2014 : 30%) in Maju Petroliam (M) Sdn. Bhd. comprises 15% (2014 : 15%) held by the Company and 15% (2014 : 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, 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 Shipyard Pte. Ltd. was struck off on March 3, 2016.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) The Group's shareholding in Guided Wave Incorporated ("GWI") increased to 93.03% (2014 : 91.57%) during the financial year as a result of share buy-back by GWI pursuant to a Shareholders' Rights Agreement and an acquisition of additional 1.46% (2014 : 0.12%) interest in shares through direct share purchase from the non-controlling interests in GWI.

The effects of the above changes in the Group's ownership interest that did not result in change of control are as follows:

	2015 $'000	2014 $'000
Amounts paid on changes in ownership interest in subsidiary	69	5
Non-controlling interest acquired	(51)	(4)
Difference recognised in equity reserves	18	1

(d) These subsidiaries are components of the disposal group as disclosed in Note A in the consolidated statement of cash flows, Notes 13 and 33 and were disposed on August 28, 2015.

(e) ZMK Technologies GmbH was acquired on November 4, 2015.

(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 Jonten Certified Public Accountants Ltd, Beijing, PRC
(9) Audited by Haines Watts Swindon, United Kingdom
(10) Audited by Dr. Schmitz Simon Bücken & Partner, Düren, Germany
(11) Reviewed for consolidation purposes only by Deloitte & Touche LLP, Singapore

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, 2015	December 31, 2014
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 PRC Malaysia	3 1 1	3 1 1
Investment holding	Singapore	2	4
Marketing and sale of Guided Wave products	Singapore Belgium	1 1	1 1
Fabrication, repair and maintenance of marine vessels	Singapore	1	1
Operation of water treatment plant	PRC	-	2
To provide water treatment facilities and technologies in the PRC	PRC	-	1

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

Design, manufacture and supply of analysers and specialises in research and development	United Kingdom	1	1
Dormant	Hong Kong	1	1
		12	17

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries	
		December 31, 2015	December 31, 2014
Design, manufacture and supply of analysers and specialises in research and development	USA	1	1
Design, manufacture and supply of valves	Germany	1	-
Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	USA	1	1
Provide biofuels process technology, plant equipment, engineering, construction, start-up, commissioning, maintenance and operations of biodiesel plants	Malaysia	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
		5	4

18 INVESTMENT IN AN ASSOCIATE

	Group	
	2015	2014
	$'000	$'000
Cost of investment in an associate	1,013	1,008
Share of post-acquisition results	(168)	(73)
Less: Allowance for impairment loss	(770)	(570)
	75	365

Management assessed the recoverable amounts of its investment in an associate on the basis of its value in use and recognised additional impairment loss of $200,000 (2014 : $570,000) in the profit or loss for the year.

During the year, the associate issued 468 new shares and the Group subscribed 120 of these new shares for a total cash consideration of Euro 3,100 ($5,000). As a result, the Group's interest in the associate decreased from 31% to 30.9%.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

18 INVESTMENT IN AN ASSOCIATE (cont'd)

Details of the Group's associate at December 31, 2015 is as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
			2015	2014	2015	2014
			%	%	%	%
Sofraser S.A.S [(1)]	Specialises in research, design and manufacture of process viscometers	France	31	31	31	31

[(1)] Audited by Arnaud Villedieu, France.

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

	2015	2014
	$'000	$'000
Current assets	1,081	1,502
Non-current assets	106	122
Current liabilities	(444)	(380)
Non-current liabilities	(8)	(171)
Revenue	1,250	1,605
Loss for the year, representing total comprehensive loss for the year	(433)	(296)

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:

	2015	2014
	$'000	$'000
Net assets of the associate	735	1,073
Proportion of the Group's ownership interest in Sofraser S.A.S	31%	31%
Goodwill	583	583
Allowance for impairment loss	(770)	(570)
Exchange differences	34	19
Carrying amount of the Group's interest in Sofraser S.A.S	75	365

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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	
	2015	**2014**
	$'000	**$'000**
Deferred tax assets	(246)	(65)
Deferred tax liabilities	490	182
Net	244	117
Classified as part of a disposal group held for sale, net (Note 13)	-	343
	244	460

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

	Tax losses	**Provisions**	**Total**
	$'000	**$'000**	**$'000**
Group			
Deferred tax assets			
At January 1, 2014	(22)	86	64
Charged (Credited) to profit or loss for the year	22	(246)	(224)
Reclassified as held for sale	-	23	23
Exchange differences	-	(1)	(1)
At December 31, 2014	-	(138)	(138)
Acquisition of subsidiary	(51)	-	(51)
Under recognition in prior years	-	7	7
Credited to profit or loss for the year	53	(243)	(190)
Exchange differences	(2)	-	(2)
At December 31, 2015	-	(374)	(374)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

19 DEFERRED TAX (cont'd)

	Accelerated tax depreciation	Service concession receivables	Total
	$'000	$'000	$'000
Deferred tax liabilities			
At January 1, 2014	116	270	386
Overprovision in prior years	(26)	-	(26)
Charged to profit or loss for the year	165	88	253
Reclassified as held for sale (Note 13)	-	(366)	(366)
Exchange differences	-	8	8
At December 31, 2014	255	-	255
Underprovision in prior years	136	-	136
Charged to profit or loss for the year	227	-	227
At December 31, 2015	618	-	618
Carrying amount:			
At December 31, 2015			244
At December 31, 2014			117

Subject to agreement by the tax authorities, the Group has unabsorbed tax losses and credits at the end of the reporting period amounting to $6,739,000 (2014: $6,938,000), which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unabsorbed tax losses and credits due to unpredictability of future profit streams. Unabsorbed tax losses and credits 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 21% to 34% (2014: 21% to 34%).

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries amounted to $3,587,000 (2014: $6,737,000) for which deferred tax liabilities have not been recognised was $521,000 (2014: $535,000). 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

20 BANK BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Bank loan A	9,645	10,677	-	-
Bank loan B	-	1,600	-	1,600
Bank loan C	1,000	1,000	-	-
Bills Payable	4,679	-	-	-
	15,324	13,277	-	1,600
Less: Amount due for settlement within 12 months (shown under current liabilities)	(6,713)	(3,633)	-	(1,600)
Amount due for settlement after 12 months	8,611	9,644	-	-
Classified as part of disposal group held for sale (Note 13)	-	1,619	-	-
	8,611	11,263	-	-
Non-Current				
Between 2 to 5 years	4,133	4,133	-	-
After 5 years	4,478	5,511	-	-
	8,611	9,644	-	-

The Group has four bank loans:

(a) Bank loan A was raised on April 30, 2014. It is secured by the leasehold property at 30 Woodlands Loop, Singapore 738319 (Note 14) and is covered by a corporate guarantee from the Company.

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

The loan bears interest at variable rates ranging from 1.99% to 2.88% (2014 : 1.56% to 1.99%) per annum.

(b) Bank loan B comprised two draw downs on May 12, 2014 and December 11, 2014. The loans were revolving credit facilities and repayable on demand. It was covered by a corporate guarantee from a related company.

The loans bore effective interest rates ranging from 1.89% to 2.00% (2014 : 1.89% to 2.00%) per annum.

Bank loan B was repaid in 2015.

(c) Bank loan C was drawn down on October 31, 2014. The loan is a revolving credit facility and repayable on demand. It is covered by a corporate guarantee from the Company.

The loan bears effective interest rate of 2.74% (2014 : 1.85%) per annum.

(d) Bills payable bear interest ranging from 1.54% to 2.65% (2014: Nil) per annum and have varying tenure of period of between 43 to 89 days (2014: Nil) days.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	11,212	17,743	54	51
Loans from subsidiaries (Note 5)	-	-	1,017	3,750
Accrued operating expenses	5,918	6,480	854	832
Other payables	408	1,094	7	67
Other payables to related companies	-	-	224	72
	17,538	25,317	2,156	4,772
Advanced receipts from customers	15,518	12,146	-	-
Deposits	-	430	-	430
	33,056	37,893	2,156	5,202
Classified as part of disposal group held for sale (Note 13)	-	3,470	-	-
	33,056	41,363	2,156	5,202

The credit period on purchases of goods generally ranges from 30 to 60 days (2014 : 30 to 60 days).

22 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-hedging instruments:				
Forward foreign exchange contracts	-	485	-	9

The Group and Company utilises forward foreign exchange contracts to manage its exchange risk exposures.

The following table details the forward foreign exchange contracts outstanding as at the end of the reporting period:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2015	2014	2015	2014	2015	2014	2015	2014
			FC'000	FC'000	$'000	$'000	$'000	$'000
Held by the Company								
Sell GBP/ Buy SGD	-	2.028	-	300	-	608	-	(9)
Less than 3 months								

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

22 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2015	2014	2015	2014	2015	2014	2015	2014
			FC'000	FC'000	FC'000	FC'000	$'000	$'000
Held by a subsidiary								
Sell USD/Buy EUR	-	0.761	-	4,200	-	3,196	-	(412)
Less than 6 months								
Sell EUR/Buy USD	-	1.256	-	1,243	-	1,561	-	(64)
Less than 6 months								

The forward foreign exchange contracts are measured at fair value. The fair values are estimated based on contracted rates and observable forward rates at the end of the reporting period, discounted at a rate that reflects the credit risk of various counterparties and are categorised as Level 2 in the fair value hierarchy.

23 PROVISION FOR WARRANTY

The Group provides 1 to 5 years (2014 : 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	
	2015	2014
	$'000	$'000
At beginning of the year	1,598	1,914
Reversal of warranty	(718)	(448)
Reclassification from trade and other payables	456	-
Provision during the year	-	127
Utilisation of provision	(17)	-
Exchange differences	2	5
At end of the year	1,321	1,598

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

24 SHARE CAPITAL

	Group and Company			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid up:				
At beginning of the year	310,567,176	310,567,176	47,433	47,433
Adjustment for Share Consolidation	(207,045,476)	-	-	-
At the end of the year	103,521,700	310,567,176	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.

The Company undertook a share consolidation of every three (3) existing issued ordinary shares in the share capital of the Company into one (1) consolidated share, which was approved by the shareholders at the Extraordinary General Meeting of the Company held on November 26, 2015 (the "Share Consolidation").

Following the completion of the Share Consolidation, which became effective on December 7, 2015, the number of ordinary shares of the Company as at December 31, 2015 was reduced to 103,521,700 and the number of treasury shares was reduced to 2,253,333. Fractions of ordinary shares arising from the Share Consolidation were disregarded.

25 TREASURY SHARES

	Group and Company			
	2015	**2014**	**2015**	**2014**
	Number of ordinary shares		**$'000**	**$'000**
At beginning of the year	6,760,000	6,760,000	1,837	1,837
Adjustment for share consolidation	(4,506,667)	-	-	-
At the end of the year	2,253,333	6,760,000	1,837	1,837

26 GENERAL RESERVE

	Group	
	2015	**2014**
	$'000	**$'000**
At beginning of the year	1,045	810
Current year additions	85	235
At end of the year	1,130	1,045

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% (2014: 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

27 REVENUE

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Sales of goods	49,035	31,170	1,213	1,780	50,248	32,950
Contract income	51,961	51,173	-	-	51,961	51,173
Service income	3,458	3,842	-	-	3,458	3,842
Commission income	2,157	930	-	-	2,157	930
Concession revenue	-	-	1,505	2,448	1,505	2,448
	106,611	87,115	2,718	4,228	109,329	91,343

Operation revenue arising from the service concession arrangements is included in concession revenue.

28 OTHER OPERATING INCOME

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Interest income from fixed deposits	57	47	5	5	62	52
Finance income from service concession agreements	-	-	149	284	149	284
Government grants	510	367	-	-	510	367
Rental income	458	415	-	-	458	415
Sale of scraps	78	87	-	-	78	87
Sundry income	106	40	53	159	159	199
	1,209	956	207	448	1,416	1,404

29 OTHER OPERATING EXPENSES

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Research and development expenses	2,107	2,755	-	-	2,107	2,755
Amortisation of intangible assets (Note 16)	106	134	58	111	164	245
Sundry expenses	-	6	-	-	-	6
	2,213	2,895	58	111	2,271	3,006

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

30 OTHER GAINS AND LOSSES

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Allowance for impairment in value of inventories	43	120	-	-	43	120
Inventories written off	35	1	-	-	35	1
Allowance for doubtful receivables	110	-	-	-	110	-
Write-off of trade receivables	1	163	-	-	1	163
Loss on disposal of property, plant and equipment	26	17	-	-	26	17
Impairment loss on goodwill	2,830	498			2,830	498
Impairment loss on investment in an associate	200	570	-	-	200	570
Impairment loss on intangible assets	-	101	-	-	-	101
Gain on bargain purchase (Note B in the consolidated statement of cash flows)	(875)	-	-	-	(875)	-
Foreign exchange gain	(167)	(430)	-	-	(167)	(430)
Fair value loss (gain) on foreign exchange forward contracts	(485)	449	-	-	(485)	449
	1,718	1,489	-	-	1,718	1,489

31 FINANCE COST

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Interest on bank loans	328	229	52	103	380	332

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

32 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Current income tax	1,079	345	175	211	1,254	556
Deferred tax (Note 19)	37	(59)	-	88	37	29
Under (Over) provision in prior years						
- Current income tax	(193)	10	-	-	(193)	10
- Deferred tax (Note 19)	143	(26)	-	-	143	(26)
	1,066	270	175	299	1,241	569

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2015	2014
	$'000	$'000
Profit (Loss) before income tax		
- Continuing operations	512	(3,173)
- Discontinued operation	2,740	1,770
	3,252	(1,403)
Income tax (credit) expenses at 17% (2014 : 17%)	553	(239)
Effect of different tax rates of subsidiaries operating in other jurisdictions	200	57
Tax effect on non-allowable items	885	520
Tax effect on non-taxable items	(524)	(41)
Effect of tax concessions	(91)	(128)
Effect of share of results of associate	(40)	(59)
Tax savings on partial exempt income	(84)	(29)
Benefit from tax losses not recognised	456	489
Effect of utilisation of tax losses previously not recognised	(28)	-
(Over) Under provision of current income tax in prior years	(193)	10
Under (Over) provision of deferred tax in prior years (Note 19)	143	(26)
Others	(36)	15
	1,241	569

NOTES TO FINANCIAL STATEMENTS

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33 DISCONTINUED OPERATION

As disclosed in Note 13, the Company completed the disposal of its subsidiaries involved in non-core environmental technologies operations on August 28, 2015.

The profit for the year from the discontinued operation is analysed as follows:

	2015	2014
	$'000	$'000
Profit from environmental technologies operation up to the date of disposal	815	1,471
Gain on disposal of subsidiaries	1,750	-
	2,565	1,471

The results of the environmental technologies operations up to the date of disposal are as follows:

	2015	2014
	$'000	$'000
Revenue	2,718	4,228
Cost of sales	(1,154)	(1,849)
Other operating income	207	448
Distribution and marketing costs	(7)	(22)
Administrative expenses	(664)	(821)
Other operating expenses	(58)	(111)
Finance cost	(52)	(103)
Profit before income tax	990	1,770
Income tax expense	(175)	(299)
Profit for the year (attributable to owners of the Company)	815	1,471

During the year, the subsidiaries contributed $432,000 (2014 : cash inflows $2,862,000) to the Group's net operating cash outflows, paid $403,000 (2014 : $1,921,000) in respect of investing activities and paid $444,000 (2014 : $418,000) in respect of financing activities.

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34 PROFIT FOR THE YEAR

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

	Group					
	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Directors' fees	174	170	-	-	174	170
Employees benefit expense (including directors)	10,396	10,160	361	444	10,757	10,604
Defined contribution plans (including directors)	799	604	86	110	885	714
Cost of inventories recognised as expense	75,589	59,259	20	34	75,609	59,293
Depreciation of property, plant and equipment	3,376	3,227	123	141	3,499	3,368
Reversal of warranty provision	(718)	(448)	-	-	(718)	(448)
Audit fees:						
Paid/payable to auditors of the Company	224	205	-	4	224	209
Paid/payable to other auditors	90	73	59	39	149	112
Non-audit fees:						
Paid/payable to auditors of the Company	7	158	-	-	7	158
Paid/payable to other auditors	12	11	-	-	12	11

35 EARNINGS (LOSSES) PER SHARE

From continuing and discontinued operations

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

	Group	
	2015	2014
	$'000	$'000
Earnings (Losses)		
Earnings (Losses) for the purposes of basic and diluted earnings (losses) per share (profit (loss)for the year attributable to owners of the Company)	1,944	(1,734)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

35 EARNINGS (LOSSES) PER SHARE (cont'd)

From continuing and discontinued operations (cont'd)

	Group		
	2015	2014	2014
	$'000	$,000	$'000
		(As adjusted)	(As previously reported)
Number of shares			
Number of ordinary shares outstanding* for the purposes of basic earnings (losses) per share ('000)	101,268	101,268	303,807
Basic and diluted earnings (losses) per share (cents)	1.92	(1.71)	(0.57)

From continuing operations

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

Losses figures are calculated as follows:

	Group	
	2015	2014
	$'000	$'000
Profit (Loss) for the year attributable to owners of the Company	1,944	(1,734)
Less: Profit for the year from discontinued operation	2,565	1,471
Losses for the purposes of basic and diluted losses per share from continuing operations	(621)	(3,205)

	Group		
	2015	2014	2014
	$'000	$,000	$'000
		(As adjusted)	(As previously reported)
Number of shares			
Number of ordinary shares outstanding* for the purposes of basic losses per share	101,268	101,268	303,807
Basic and diluted losses per share (cents)	(0.61)	(3.16)	(1.05)

*Excludes treasury shares

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

35 EARNINGS (LOSSES) PER SHARE (cont'd)

Diluted earnings 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.

For meaningful comparison, the calculation of basic and diluted earnings per share is based on profit (loss) attributable to owners of the Company in the respective periods divided by the weighted average number of ordinary shares of 101,268,367 after Share Consolidation (Note 24). The comparative earnings per share for December 31, 2014 were adjusted based on the post consolidation weighted average number of shares of 101,268,367.

36 COMMITMENTS

	Group	
	2015	2014
	$'000	$'000
Purchase of plant and equipment	152	20

37 OPERATING LEASE ARRANGEMENTS

The Group as lessee

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	
	2015	2014
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense during the year	1,171	1,156

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

	Group	
	2015	2014
	$'000	$'000
Within one year	1,179	1,202
In the second to fifth years inclusive	4,253	4,657
Total	5,432	5,859

In addition to the above commitments, the Group leases the land occupied by its leasehold property at an annual rental of $169,000 (2014 : $181,000) 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

37 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor

During the year, the Group rents out a portion of its property in Singapore under operating leases. Property rental income earned during the year was $636,000 (2014 : $574,000).

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

	Group	
	2015	**2014**
	$'000	**$'000**
Within one year	216	193
In the second to fifth years inclusive	93	32
Total	309	225

38 BANKERS' AND FINANCIAL GUARANTEES

	Group	
	2015	**2014**
	$'000	**$'000**
Bankers' guarantees with recourse to the Group	11,381	14,794

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

Bankers' guarantees of $11,301,000 (2014 : $14,595,000) issued by the banks were drawn on credit facilities granted by the banks as provided below. The remaining bankers' guarantees of $80,000 (2014 : $199,000) were secured by fixed deposits placed with the banks.

The Company provided corporate guarantees up to $93,604,000 (2014 : $98,676,600) to certain banks and financial institutions for credit facilities granted to the subsidiaries. One of the subsidiaries also provided a corporate guarantee of $14,000,000 (2014 : $15,000,000) for credit facilities granted to the Company.

In addition to the above corporate guarantees, the Company issued a corporate guarantee of $26,895,000 (2014 : $25,126,000) to a customer to enable the subsidiary to enter into a project contract with the customer.

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.

At the end of the reporting period, the Company was not required to fulfil any corporate guarantee given to banks.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 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 FRS 108 are therefore as follows:

1) Engineering service and manufacturing - This segment includes design, manufacture and supply of process equipment, instrumentation systems and related products for oil, gas and petrochemical plants.

2) Environmental technologies - This segment participates in portable, waste water and industrial waste treatment to improve the environment by reducing or eliminating pollution. It also includes design and supply of clean energy solutions as well as technologies and products to reduce greenhouse gas emissions.

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's continuing operations is presented below.

(a) Analysis by business segment

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 work-in-progress and property, plant and equipment, net of allowances and provisions. Segment assets do not include deferred tax asset and available-for-sale financial 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 work-in-progress. Current and deferred income tax liabilities are not allocated.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

Segment information about the Group's continuing and discontinued operations' revenue and results is presented below:

	Engineering service and manufacturing	Inter-segment elimination	Total
	$'000	$'000	$'000
2015			
Continuing operations			
Revenue			
External revenue			
Petrochemicals and Chemicals	68,731	-	68,731
Oil & Gas	34,842	-	34,842
Iron and Steel	615	-	615
Others	2,423	-	2,423
	106,611	-	106,611
Inter-segment revenue			
Petrochemicals and Chemicals	5,091	(5,091)	-
Oil & Gas	2,821	(2,821)	-
Iron and Steel	861	(861)	-
Others	308	(308)	-
	9,081	(9,081)	-
Total revenue	115,692	(9,081)	106,611
Segment results			
Segment result	74	-	74
Share of results of associate			(134)
Interest income			58
Interest expense			(328)
Unallocated income			842
Profit before tax			512
Income tax			(1,066)
Loss for the year			(554)

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

	Engineering service and manufacturing	Inter-segment elimination	Total
	$'000	$'000	$'000
2015 (cont'd)			
Assets			
Segment assets	123,941	(10,054)	113,887
Deferred tax assets			246
Cash and cash equivalents			7,655
Unallocated assets			10,399
			132,187
Liabilities			
Segment liabilities	65,453	(10,054)	55,399
Current and deferred tax liabilities			2,064
Unallocated liabilities			2,167
			59,630
Other information			
Capital additions:			
- Property, plant and equipment	340	-	340
- Unallocated property, plant and equipment			2
			342
Impairment loss on goodwill	2,830	-	2,830
Impairment loss on investment in an associate	200	-	200
Gain on bargain purchase of a subsidiary	(875)	-	(875)
Inventories written off	35	-	35
Allowance for impairment in value of inventories	43	-	43
Allowance for doubtful trade debts	110	-	110
Depreciation and amortisation	3,444	-	3,444
Unallocated depreciation and amortisation			51
			3,495

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

	Environmental technologies $'000	Inter-segment elimination $'000	Total $'000
2015			
Discontinued operation			
Revenue			
External revenue			
Others	2,718	-	2,718
	2,718	-	2,718
Inter-segment revenue	-	-	-
Total revenue	2,718	-	2,718
Segment results			
Segment results	889	-	889
Share of result of associate			-
Interest income			153
Interest expense			(52)
Gain on disposal of subsidiaries			1,750
Profit before income tax			2,740
Income tax			(175)
Profit for the year			2,565
Other information			
Capital additions:			
- Property, plant and equipment			419
Depreciation and amortisation			181

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

	Engineering service and manufacturing	Inter-segment elimination	Total
	$'000	$'000	$'000
2014			
Continuing operations			
Revenue			
External revenue			
Petrochemicals and Chemicals	40,640	-	40,640
Oil & Gas	42,041	-	42,041
Iron and Steel	421	-	421
Others	4,013	-	4,013
	87,115	-	87,115
Inter-segment revenue			
Petrochemicals and Chemicals	1,320	(1,320)	-
Oil & Gas	6,034	(6,034)	-
Iron and Steel	284	(284)	-
Others	540	(540)	-
	8,178	(8,178)	-
Total revenue	95,293	(8,178)	87,115
Segment results			
Segment result	(3,063)	4	(3,059)
Share of results of associate			(91)
Interest income			47
Interest expense			(229)
Unallocated income			159
Loss before tax			(3,173)
Income tax			(270)
Loss for the year			(3,443)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

	Engineering service and manufacturing	Inter-segment elimination	Total
	$'000	**$'000**	**$'000**
2014 (cont'd)			
Assets			
Segment assets	118,108	(7,784)	110,324
Deferred tax assets			65
Cash and cash equivalents			272
Unallocated assets			6,308
			116,969
Liabilities			
Segment liabilities	60,307	(7,788)	52,519
Current and deferred tax liabilities			1,120
Unallocated liabilities			4,868
			58,507
Other information			
Capital additions:			
- Property, plant and equipment	2,219	-	2,219
- Unallocated property, plant and equipment			11
			2,230
Impairment loss on goodwill	498	-	498
Impairment loss on investment in an associate	570	-	570
Impairment loss on intangible assets	101	-	101
Inventories written off	1	-	1
Allowance for impairment in value of inventories	120	-	120
Write-off of trade receivables	163	-	163
Depreciation and amortisation	3,310	-	3,310
Unallocated depreciation and amortisation			70
			3,380

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(a) Analysis by business segment (cont'd)

	Environmental technologies $'000	Inter-segment elimination $'000	Total $'000
2014			
Discontinued operation			
Revenue			
External revenue	4,228	-	4,228
Others	4,228	-	4,228
Inter-segment revenue	30	(30)	-
Others	30	(30)	4,228
Total revenue	4,258	(30)	4,228
Segment results			
Segment results	1,584	-	1,584
Interest income			289
Interest expense			(103)
Profit before income tax			1,770
Income tax			(299)
Profit for the year			1,471
Assets			
Assets classified as held for sale			18,646
Liabilities			
Liabilities directly associated with assets classified as held for sale			5,573
Other information			
Capital additions:			
- Property, plant and equipment	1,942	-	1,942
Depreciation and amortisation			252

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(b) Analysis by geographical segment

(i) Analysis of the Group's sales based on the geographical presence of the customers.

Revenue

	Continuing operations		Discontinued operation		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
PRC	38,191	41,720	2,718	4,228	40,909	45,948
Singapore	19,498	22,346	-	-	19,498	22,346
Vietnam	19,288	602	-	-	19,288	602
Other Asian countries	13,119	5,703	-	-	13,119	5,703
Middle East	6,291	6,296	-	-	6,291	6,296
Europe	4,940	4,581	-	-	4,940	4,581
USA	3,978	2,778	-	-	3,978	2,778
Others	1,306	3,089	-	-	1,306	3,089
	106,611	87,115	2,718	4,228	109,329	91,343

(ii) Analysis of the carrying amount of non-current assets in the geographical area in which the amounts are located.

Non-current assets

	2015	2014
	$'000	**$'000**
PRC	8,522	9,166
Singapore	23,903	29,715
Europe and USA	615	564
Others	30	37
	33,070	39,482
Classified as part of a disposal group held for sale (Note 13)	-	14,692
	33,070	54,174

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

39 SEGMENT INFORMATION (cont'd)

(c) Revenue from major products and services

	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Process equipment, instrumentation systems and related products and services	106,611	87,115	-	-	106,611	87,115
Operation and maintenance services in relation to service concession	-	-	1,505	2,448	1,505	2,448
Other products	-	-	1,213	1,780	1,213	1,780
	106,611	87,115	2,718	4,228	109,329	91,343

Process equipment, instrumentation systems and related products and services are usually bundled as a package and sold as a whole. Hence, the Group considers that it is not cost effective to determine the revenue from each product and service generated by the engineering service and manufacturing segment.

(d) Information about major customers

During the year, the Group had revenue transactions with one (2014 : one) major single customer that amounted to more than 10% of the Group's revenue.

40 DIVIDENDS

	Company	
	2015	2014
	$'000	$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2014 : $0.003 (2013 : $0.006) per share	911	1,823
Refund of previous years unclaimed dividends	-	(1)
	911	1,822

No dividend was proposed by the Company for the year ended December 31, 2015.

41 EVENTS AFTER REPORTING PERIOD

Subsequent to the financial year end, the Company had incorporated a joint venture company, Advanced CAE (ME) Control System LLC through its wholly-owned subsidiary, Advanced Engineering Holdings Pte. Ltd., with a joint venture partner in Abu Dhabi which the Company has 49% equity interest, comprising 147 ordinary shares amounting to AED180,000. The purpose of the joint venture is to expand Advanced Holdings Ltd and its subsidiaries' market share in the Middle East.

STATISTICS OF SHAREHOLDINGS

March 16, 2016

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 16, 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	16	0.91	845	–
100 - 1,000	76	4.33	44,472	0.04
1,001 - 10,000	1,069	60.95	5,453,015	5.39
10,001 - 1,000,000	581	33.13	27,769,596	27.42
1,000,001 and above	12	0.68	68,000,439	67.15
Total	**1,754**	**100.00**	**101,268,367**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT MARCH 16, 2016

No.	Shareholder's Name	Number of Shares Held	%
1	Wong Kar King	39,195,509	38.70
2	BD Corporation Pte Ltd	5,670,000	5.60
3	DBS Nominees Pte Ltd	4,924,323	4.86
4	Raffles Nominees (Pte) Ltd	3,852,925	3.80
5	Yang Xiao Fei	2,690,000	2.66
6	Yang Weiren	2,458,666	2.43
7	Choo Boy Lee Emily	2,206,600	2.18
8	Wong Swee Yoke	1,913,333	1.89
9	United Overseas Bank Nominees Pte Ltd	1,675,965	1.65
10	Phillip Securities Pte Ltd	1,190,825	1.18
11	Maybank Kim Eng Securities Pte Ltd	1,116,627	1.10
12	Tommie Goh Thiam Poh	1,105,666	1.09
13	UOB Kay Hian Pte Ltd	900,996	0.89
14	OCBC Securities Private Ltd	745,660	0.74
15	Lim Kheng Jin John (Lin Qingren)	733,333	0.72
16	OCBC Nominees Singapore Pte Ltd	612,933	0.61
17	Viking Offshore And Marine Limited	591,333	0.58
18	Heng Yong Seng	450,000	0.44
19	Siah Iek Hoi	333,333	0.33
20	See Mei Li	316,666	0.31
	Total	**72,684,693**	**71.76**

Note:
Percentage is based on 101,268,367 shares (excluding shares held as treasury shares) as at March 16, 2016.
Number of treasury shares as at March 16, 2016 is 2,253,333 shares.

SUBSTANTIAL SHAREHOLDERS

March 16, 2016

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at March 16, 2016)

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
BD Corporation Pte Ltd	5,670,000	5.60	-	-
Lim Pang Hern (4) (6)	2,666	0.00	5,670,000	5.60
Ng Kok Teck (4) (5) (6)	-	-	5,986,666	5.91
See Mei Li (5) (6)	316,666	0.31	5,670,000	5.60

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 16, 2016.

(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.

(4) Lim Pang Hern and Ng Kok Teck are deemed to be interested in the 5,670,000 Shares held by BD Corporation Pte. Ltd. as they hold 55% shareholding interest and 35% shareholding interest in BD Corporation Pte. Ltd. respectively.

(5) Ng Kok Teck and See Mei Li are spouses. Ng Kok Teck is deemed interested in the 316,666 Shares held by See Mei Li and See Mei Li is deemed interested in the 5,670,000 Shares that Ng Kok Teck has deemed interest in.

(6) Based on Lim Pang Hern's, Ng Kok Teck's and See Mei Li's shareholding interest in the Company as announced via SGXNET.

As at March 16, 2016, 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 16, 2016, approximately 51.3% 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 16, 2016.
Number of treasury shares as at March 16, 2016 is 2,253,333

NOTICE OF ANNUAL GENERAL MEETING

December 31, 2015

ADVANCED HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401856N)

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Advanced Holdings Ltd. (the "**Company**") will be held at 30 Woodlands Loop, Singapore 738319 on Friday, April 29, 2016 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, 2015 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 Remuneration Committee. **(Resolution 2)**

3. To approve directors' fees of $170,000.00 for the financial year ending December 31, 2016, 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 pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

December 31, 2015

provided always that:

(I) the aggregate number of shares (including shares to be issued in pursuant 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."

[See Explanatory Note 1] **(Resolution 5)**

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"Resolved that the Board of Directors of the Company be and is hereby authorised to offer and grant options ("**Options**") in accordance with the provisions of the Advanced Share Option Scheme (the "**Advanced Share Option Scheme**") and pursuant to the Act to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Advanced Share Option Scheme provided always that the aggregate number of new shares to be issued pursuant to the Advanced Share Option Scheme shall not exceed 10% of the issued share capital of the Company (excluding treasury shares) from time to time."

[See Explanatory Note 2] **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

December 31, 2015

8. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without any modifications:

   "Resolved that the Board of Directors of the Company be and is hereby authorised to offer and grant awards ("**Awards**") in accordance with the provisions of the AHL Performance Share Plan (the "**AHL Performance Share Plan**") and pursuant to Section 161 of the Act to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the AHL Performance Share Plan provided always that the total number of new shares to be issued pursuant to the Awards granted under the AHL Performance Share Plan, when added to the number of new shares issued and issuable in respect of:

   (a) all Awards granted under the AHL Performance Share Plan; and

   (b) all Options granted under the Advanced Share Option Scheme,

   shall not exceed 15% of the issued share capital of the Company from time to time."

   [See Explanatory Note 3] **(Resolution 7)**

By Order of the Board

Dr Wong Kar King
Managing Director
April 14, 2016

Explanatory Notes:

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.

2. The Ordinary Resolution 6 proposed under item 7 above, if passed, will authorise the Directors to offer and grant options in accordance with the provisions of the Advanced Share Option Scheme and pursuant to Section 161 of the Act to allot and issue shares in the Company up to a number not exceeding 10% of the issued shares in the capital of the Company (excluding treasury shares) under the Advanced Share Option Scheme. The Advanced Share Option Scheme was first approved by the Shareholders of the Company in the Extraordinary General Meeting held on August 10, 2004. Please refer to the Company's Prospectus dated September 14, 2004 for further details.

3. The Ordinary Resolution 7 proposed under item 8 above, if passed, will authorise the Directors to offer and grant Awards in accordance with the provisions of the AHL Performance Share Plan and pursuant to Section 161 of the Act to allot and issue shares under the AHL Performance Share Plan. The AHL Performance Share Plan was first approved by the Shareholders of the Company in the Extraordinary General Meeting held on April 20, 2007. Please refer to the Company's Circular to Shareholders dated March 28, 2007 for further details.

NOTICE OF ANNUAL GENERAL MEETING

December 31, 2015

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 proxies to attend, speak and vote on his/her behalf at the Annual General 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 Act) is entitled to appoint more than two 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 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), 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.

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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 Twelfth Annual General Meeting, or failing *him/her, the Chairman of the Twelfth Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company, to be held at **30 Woodlands Loop, Singapore 738319 on Friday, April 29, 2016** 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 Twelfth 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 FY2016, payable quarterly in arrears.		
4.	Re-appointment of Auditors		
	Special Business		
5.	Authority to allot and issue new shares		
6.	Authority to allot and issue new shares pursuant to the Advanced Share Option Scheme		
7.	Authority to allot and issue new shares pursuant to the AHL Performance Share Plan		

Dated this __________ day of __________ 2016.

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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ADVANCED HOLDINGS LTD

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