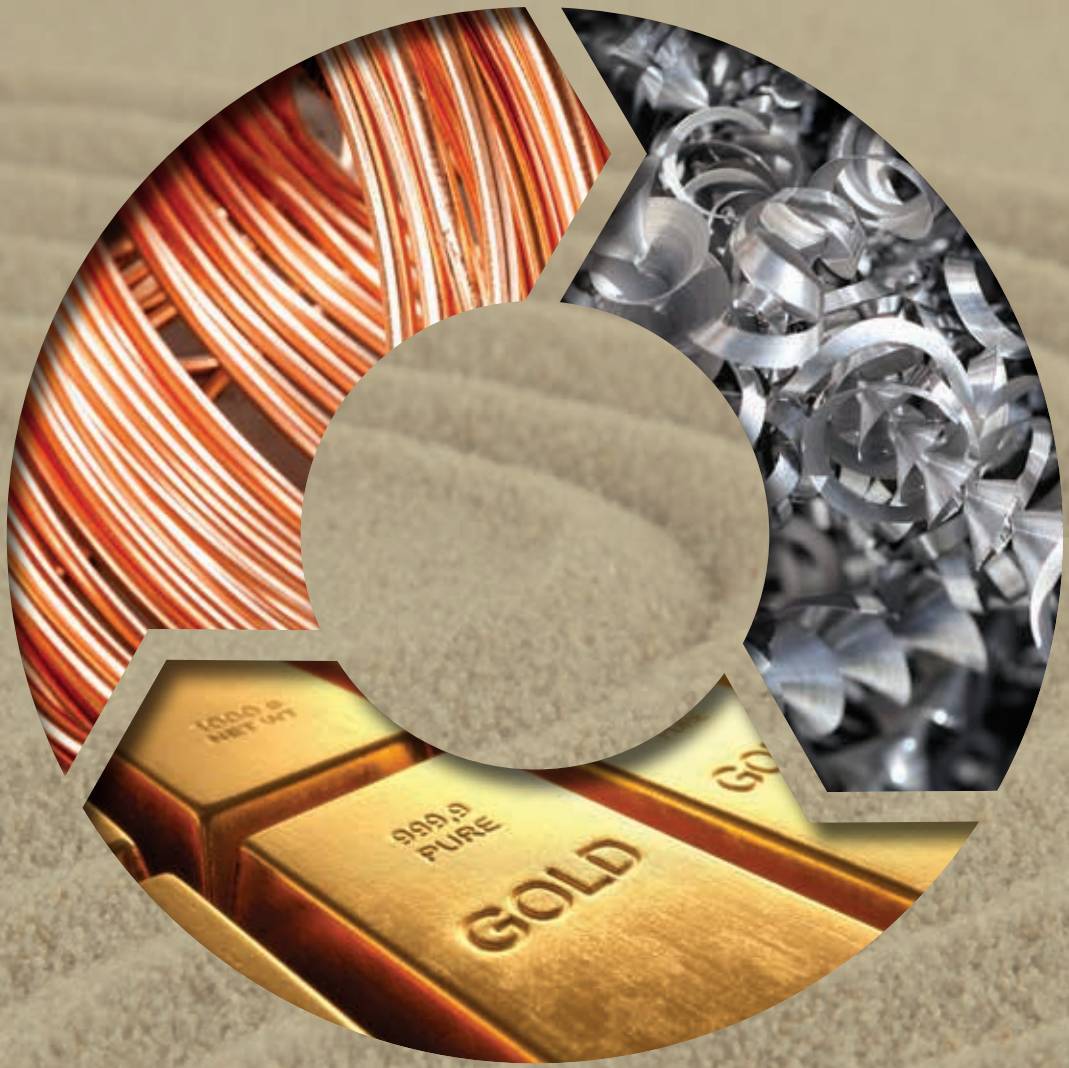
advance SCT limited



ANNUAL REPORT 2017

CORPORATE PROFILE

Advance SCT Limited (the "Company") is a supplier of copper-related products. By leveraging on its past expertise in the metal industry, the Company has gained acceptance among major metal traders in the world.

Advance SCT Limited has been listed on the main board of the Singapore Exchange since 24 November 2004.

CONTENTS

CHAIRMAN'S MESSAGE	2
BOARD OF DIRECTORS	3
KEY EXECUTIVES	4
CORPORATE INFORMATION	5
CORPORATE GOVERNANCE STATEMENT	6
FINANCIAL STATEMENTS	28
STATISTICS OF SHAREHOLDINGS	97
NOTICE OF ANNUAL GENERAL MEETING	99
PROXY FORM	

CHAIRMAN'S MESSAGE

A SUCCESSFUL RECOVERY

Following a profitable financial year ended 31 December 2017 ("FY2017") and after converting a significant portion of its debts to equity on 27 and 28 February 2018, the Company has lifted the suspension of trading of its shares on 1 March 2018. On the same day, the audited financial statement for FY2017 was completed. On 3 March 2018, the Company submitted an application to the SGX-ST to exit the Watch-List.

For the full year of FY2017, the Group generated a revenue of close to S$80 million, a 70% increase compared to FY2016. At the same time, gross profit improved by 281% to S$1.43 million. Significantly, the Group had achieved an **operating net profit of ca. S$0.67 million** despite an increase in finance cost. Including net other income, the Group has generated a net profit of S$1.51 million in FY2017, compared to a net loss of S$8.52 million in FY2016.

On 27 February 2018, the Company received approval from shareholders for the following:

(1) The capitalisation of total debt owing by the Company to creditors into 22,374,343,660 Capitalisation Shares ("Cap Shares") at a Capitalisation Price of S$0.0005 per Cap Share, and the allotment and issuance of 22,374,343,660 Cap Shares to the creditors ("DCE");

(2) The transfer of controlling interest in the company to Mr. Zhang Baoan in connection with the DCE; and

(3) Issuance of 3% redeemable convertible bonds due 2021 ("RCB") of an aggregate principal value of S$2,000,000 to Baycrest International Inc ("Baycrest") or its nominees and the allotment and issuance of 4,000,000,000 Conversion Shares ("RCB Shares") pursuant to the conversion of the redeemable convertible bonds.

Following the approval, Baycrest has converted its entire RCB into the RCB Shares; and the Cap Shares and RCB shares have been issued to the subscribers. Upon completion of the DCE and RCB, total issued shares of the Company has been increased to 41,316,907,761.

LOOKING AHEAD

Riding on its success in the financial year 2017, the Company intends to beef up its current business while seeking new investors and partners to explore various other options to grow the Company.

BOARD OF DIRECTORS

MR SIMON ENG

Executive Director & Chairman

Mr Simon Eng joined the Advance SCT Group on 12 March 2009 as its Chief Executive Officer. After the AGM in August 2009, Mr Eng took on the additional responsibility as the Chairman of the Board. In this capacity, he is responsible for the overall direction and strategic development of the Group.

Mr Eng served 18 years as a senior officer in an elite service of the Singapore Government until 2004, when he retired to join Singapore-listed United Engineers Ltd. He then served as UE's China CEO and lived in Beijing and Shanghai until 2007. Mr Eng left UE in 2008 to set up a wastes and wastewater treatment company that invested in several treatment facilities in China. He has since sold the company. In addition to his private sector experience, his many years in the public sector as well as his stint as Singapore's representative to the United Nations in 1996 has also given him extensive experience in government and diplomatic matters and exposure to international affairs.

Mr Eng graduated from the University of Hamburg, Germany, as a Naval Architect under a Singapore Public Service Commission scholarship in 1985. Post-graduation, he attended an advance management programme at the Harvard Business School.

MR LEE SUAN HIANG

Lead Independent Director and NC Chairman

Mr Lee Suan Hiang joined the Advance SCT Group on 1 January 2014 as an Independent Director, Chairman of the Nominating Committee and a Member of the Audit and Remuneration Committee. Prior to joining the Group, he had a varied career in the Public Service as Deputy Managing Director of the Economic Development Board and Chief Executive of SPRING Singapore, National Productivity Board, Singapore Institute of Standards and Industrial Research and National Arts Council before retiring in 2011. He is currently the President of the EDB Society, Chairman of the Singapore Note & Coin Advisory Committee and Chairman of Global Cultural Alliance. He is also a Director & Council Member of the Singapore Institute of Directors, Trustee of the INSEAD Singapore Fund and a member of the Board of Governors of the Chartered Management Institute. He also sits on the board of several other listed companies as an independent director.

Mr Lee is a Colombo Plan Scholar in Industrial Design (Engineering) and a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing and the World Academy of Productivity Science. He is also a graduate of the International Executive Programme at INSEAD (1988), the Leaders in Administration Programme at the Singapore Civil Service College (1997) and the Advanced Management Programme at Harvard University (1998).

MR ANDREW CHAN KENG HO

Independent Director and AC Chairman

Mr Andrew Chan joined Ever Glory Logistics Pte Ltd (EGL), a subsidiary of Daito Koun Co., Ltd whom is a public company listed on Tokyo Stock Exchange Inc., JASDAQ Standard Market, in January 2015. He leads the Finance & Admin function of EGL and Sunrise Investors Pte Ltd (an investment company), particularly in their business performances, P&L reporting, and costs analysis in order to optimize business strategies and implement new practices for business growth and profitability.

Prior to this, he was the Financial Services Consultant at AIA Singapore, where he achieved three consecutive years of Million Dollars Club (MDC) Silver Award between the periods 2011-2013. He had honed his skill set especially in areas of financial-need analysis for both individuals as well as risk management and succession planning for corporate clients.

Mr Chan started his career as an external auditor with KPMG Malaysia in 1997 with various audit experiences in logistic businesses and manufacturing companies. He

BOARD OF DIRECTORS

has more than 10 years of financial experiences in various organizations and industries including iPropertyNet, MediaCorp Publishing, Nicheview Corporation, AXP Solutions and ST Electronics.

Mr Chan is a member of the Chartered Accountants Australia and New Zealand (CA ANZ) and Malaysian Institute of Accountants (CA M) since year 2000. He graduated from Nelson Marlborough Institute of Technology, New Zealand with a Bachelor of Commerce Degree in Accounting.

MR PAUL LIM CHOON WUI

Independent Director and RC Chairman

Mr Paul Lim was the founder and Chief Executive Officer of Secura Group Limited, an integrated security solutions provider listed on SGX-Catalist in 2016. He stepped down from this role on 10 Oct 2017. Mr Lim actively contributes to the business ecosystem as a Committee Member of the Youth Business Affairs Committee of the Singapore Chinese Chamber of Commerce and Industry (SCCCI); Committee Member of the Singapore Business Federation SME Committee; Council Member of the SGTech; Member of the Action Centre for Entrepreneurs (ACE) Internationalisation Committee and the Singapore Institute of Directors (SID); Founding Member of the Hong Kong-ASEAN Economic Co-operation Foundation (HKAECF). Mr Lim also has investments and mentors some companies in industries such as Mechanical and Engineering, Digital Technology, Social Enterprise, E-commerce and HR Tech.

Prior to this, between 1990 and 2010, Mr Lim held various senior postings in the Singapore Police Force (SPF).

Mr Lim graduated from Cambridge University with a Bachelor of Arts (Honours) (Mathematics) in 1993 and a Master of Arts in 1997. He also attained a Master in Public Management (Lee Kuan Yew Fellowship) from National University of Singapore in 2002.

KEY EXECUTIVES

MR SIMON ENG

Chief Executive Officer

Mr Simon Eng is responsible for the overall operations and business development, corporate affairs and finance of Advance SCT Ltd and its subsidiaries (the "Group").

MS MONICA KWOK

Vice President, Corporate Affairs & Communications

Ms Monica Kwok is responsible for the full spectrum of corporate and secretarial functions of the Group, including investor relations and Group human resource management. Ms Kwok joined the Group in November 2007. Prior to joining the Group, she was the General Manager of the Money World Group of companies, a leading foreign exchange player, for about 12 years.

Ms Kwok graduated from Southern Cross University, Australia with a Master of Business Administration.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Simon Eng
Chairman
Group Chief Executive Officer
Executive Director
Lee Suan Hiang
Lead Independent Director
Andrew Chan Keng Ho
Independent Director
Paul Lim Choon Wui
Independent Director

AUDIT COMMITTEE

Andrew Chan Keng Ho
(Chairman)
Paul Lim Choon Wui
Lee Suan Hiang

NOMINATING COMMITTEE

Lee Suan Hiang
(Chairman)
Paul Lim Choon Wui
Andrew Chan Keng Ho

REMUNERATION COMMITTEE

Paul Lim Choon Wui
(Chairman)
Andrew Chan Keng Ho
Lee Suan Hiang

COMPANY SECRETARY

Linus Ng Siew Hoong

REGISTERED OFFICE

65 Tech Park Crescent
Singapore 637787

AUDITORS

Moore Stephens LLP
Public Accountants and
Chartered Accountants
Partner-in-charge: Chang Fook Kay
(Appointed since financial year ended 31 December 2017)

SHARE REGISTRAR/SHARE TRANSFER AGENT

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

Overseas Chinese-Banking Corporation
63 Chulia Street
Singapore 049514

GROUP COMPANIES:

SINGAPORE

Asiapac Recycling Pte Ltd
Core Business:

- Dealer of ferrous and non-ferrous metals and insulated cable scraps

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Advance SCT Limited (the "**Company**", and together with its subsidiaries the "**Group**") is committed to achieving and maintaining high standards of corporate governance within the Group. We have adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") where applicable to the Group. The Company recognises the importance of good corporate governance for continued growth and investors' confidence.

This report describes the Company's corporate governance practices that were in place throughout the 12 months financial period ended 31 December 2017 ("**FY2017**"), with specific reference to the Code. The Group has adhered to the principles and guidelines as set out in the Code. In so far as any principles and/or guideline has not been complied, appropriate explanations had been provided.

(A) BOARD MATTERS

Principle 1: **The Board's Conduct of Affairs**

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board

The primary function of the Board is to oversee the business and corporate affairs of the Group so as to protect and enhance long-term shareholders' value. Besides carrying out its statutory responsibilities, the Board's principal responsibilities includes, among others:

(a) to provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) to establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) to review Management performance;

(d) to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

CORPORATE GOVERNANCE STATEMENT

(e) to set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) to consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board is also responsible for the approval of major investment and divestment proposals. The day-to-day management of the Group's businesses and affairs, the formulation of corporate strategies have been entrusted to the Management that is led by the chief executive officer ("the **CEO**"). The Directors exercise due diligence and independent judgment in making decisions on the recommendations of the Management and take objective decisions in the interests of the Group.

The Board will prepare and publish its Sustainability Report as required under Rule 711A of the Listing Manual of SGX-ST within the prescribed timeline.

Board Committees

To assist the Board in the execution of its responsibilities, the Board has delegated specific responsibilities to various Board committees (the "**Board Committees**"), namely the Nominating Committee (the "**NC**"), the Remuneration Committee (the "**RC**") and the Audit Committee (the "**AC**"). Each Board Committee function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. Minutes of the Board Committee meetings are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

Board Meetings

The Board meets at least quarterly to review and consider the Group's key activities, strategies, financial performance and to approve the release of the results of the Group. The schedule of the next Board meeting is planned well in advance. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

The Constitution of the Company provide for directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

CORPORATE GOVERNANCE STATEMENT

The number of Board meetings and Board Committees meetings held in FY2017 and the attendances of the Directors at these meetings are set out below:

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Simon Eng	4	4	4	4*	1	1*	1	1*
Linus Ng Siew Hoong[1]	4	4	4	4	1	1	1	1
Lee Suan Hiang	4	4	4	4	1	1	1	1
Mark Leong Kei Wai[2]	4	2	4	2	1	1	1	1
Andrew Chan Keng Ho[3]	4	1	4	1	1	N.A.	1	N.A.
Paul Lim Choon Wui[4]	4	N.A.	4	N.A.	1	N.A.	1	N.A.

1 Resigned on 7 June 2017

2 Retired on 26 April 2017

3 Appointed on 7 June 2017

4 Appointed on 20 October 2017

* Attendance by invitation of the Committee

Matters Requiring Board Approval

The Company has in place internal guidelines on a number of corporate events and actions for which Board's approval is required. They include, among others, the following:

(a) results announcement;
(b) annual report and financial statements;
(c) declaration of interim and/proposal of final dividends;
(d) authorisation of new banking facilities;
(e) changes in corporate strategy;
(f) convening of shareholders' meeting; and
(g) acquisitions and disposals and funding of investments.

Training of Directors

Newly appointed Directors receive appropriate orientation to provide them with background information about the Group's history, strategic directions and industry-specific knowledge, as well as the Company's governance practices. They are also advised of their statutory duties as well as their other responsibilities as Directors. In addition, Directors also have the opportunity to visit the Groups' operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

CORPORATE GOVERNANCE STATEMENT

Directors are kept abreast of any developments which are relevant to the Group and are informed of regulatory changes affecting the Group via electronic mails. The Company encourages Directors to attend training courses organised by the Singapore Institute of Directors or other training institutions to better understand and perform their duties. During FY2017, the Board was briefed and/or updated on the changes of rules and/or regulations, including but not limited to:

(a) amendments to the Companies Act;

(b) amendments to the Listing Manual; and

(c) recent changes to the Singapore Financial Reporting Standards.

Principle 2: **Board Composition and Guidance**

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

Members of the Board of Directors

The Board presently comprises one (1) Executive Director, and three (3) Independent Directors:

Name of Directors	Designation	Date of Appointment	Date of Last Re-election	AC	NC	RC
Simon Eng	Chairman and Chief Executive Officer	12 March 2009	26 April 2017	N.A.	N.A.	N.A.
Lee Suan Hiang	Independent Director	1 January 2014	29 April 2016	Member	Chairman	Member
Andrew Chan Keng Ho	Independent Director	7 June 2017	N.A.	Chairman	Member	Member
Paul Lim Choon Wui	Independent Director	20 October 2017	N.A.	Member	Member	Chairman

Where the Chairman and the Chief Executive is the same person, the independent directors shall make up at least half of the Board. The Company has complied with the relevant guideline of the Code as half of the Board members are independent directors.

CORPORATE GOVERNANCE STATEMENT

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. In its deliberation as to the independence of a Director, the NC, took into account examples of relationship as set out in the Code, and is satisfied that the Independent Directors are independent in character and judgement and that they do not have any relationships with the Company, its related companies, its 10% shareholders or its officers, nor are there any circumstances, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The Board is of the view that no individual or small group of individuals dominates the Board's decision-making process.

None of the current independent directors has served on the Board beyond nine years from the respective date of their first appointment.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's business and the requirements of the business, the Board believes that its current board size and the existing composition of the Board Committee are appropriate.

The Board and its Board Committees collectively provide core competencies and diversity of experience to effectively contribute to the Company. Their varied experience is particularly important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company and the Group. Profiles of the Directors, including their academic, professional qualifications and experiences are set out in the Board of Directors section of this Annual Report.

To ensure that independent directors, whom are non-executive directors, are well informed of the Group's business and the industry the Group operates in and well supported by accurate, complete and timely information, they have unrestricted access to the Management, and have sufficient time and resources to discharge their oversight functions effectively. The independent directors also receive board briefings on prospective deals and potential development at an early stage before formal board approval is sought.

Principle 3: **Chairman and CEO**

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing company's business. No one individual represents a considerable concentration of power.

Given the number of manpower and amount of business of the Group is limited, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

CORPORATE GOVERNANCE STATEMENT

All major proposals and decisions made by the Chairman and the CEO are discussed and reviewed by the Board as a whole. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the Board Committees consist of all independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against concentration of power and authority in a single individual.

Mr Simon Eng is both the Chairman and the CEO of the Company. The Chairman is responsible for the effective conduct of Board meetings. The Chairman's responsibilities in respect of Board proceedings include:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the Directors receive complete, adequate and timely information;

(e) ensuring effective communication with shareholders;

(f) encouraging constructive relations within the Board and between the Board and Management;

(g) facilitating the effective contribution of Non-Executive Directors in particular; and

(h) promoting high standards of corporate governance.

As CEO of the Company, Mr Eng is responsible for corporate affairs, finance and overseeing the overall management and strategic development of the Group. Mr Eng reports to the Board and ensure that policies and strategies adopted by the Board are implemented.

The Board has appointed Mr Lee Suan Hiang as the Lead Independent Director to lead and coordinate the activities of the Independent Directors of the Company.

CORPORATE GOVERNANCE STATEMENT

Principle 4: **Board Membership**

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The NC comprises the following Independent Directors:

Lee Suan Hiang (Chairman)
Andrew Chan Keng Ho (Member)
Paul Lim Choon Wui (Member)

The NC meets at least once a year. Additional meetings are scheduled if considered necessary by the chairman of the NC.

The NC has adopted specific terms of reference and its principal functions are as follows:

(a) the review of board succession plans for Directors, in particular, the Chairman and for the CEO;

(b) the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;

(c) the review of training and professional development programs for the Board; and

(d) the appointment and re-appointment of Directors (including alternate Directors, where applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.

The search and nomination process for new Directors, if any, will be through search companies, contacts and recommendations to cast its net as wide as possible for the right candidate. The NC determines the selection criteria in consultation with the Board and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The NC will shortlist candidates for interview before nominating the most suitable candidate to the Board for approval. The NC will evaluate a Director in accordance with a set of criteria approved by the Board before recommending him/her to the Board for re-election.

In identifying new appointees as Directors, the Board considers the range of skills and experience required in the light of:

(a) the geographical spread and diversity of the Group's businesses;

(b) the strategic directions and advancement of the Group;

CORPORATE GOVERNANCE STATEMENT

(c) the current composition of the Board; and

(d) the need for a strong and independent element on the Board.

All Directors, including the CEO, submit themselves for re-nomination and re-appointment at regular intervals of at least once in every three years.

Under Regulation 108 of the Company's Constitution, newly appointed Directors would be required to submit themselves for re-nomination and re-election at the forthcoming AGM. Regulation 104 of the Company's Constitution requires one-third of the directors to retire by rotation at every AGM. In accordance with the Company's Constitution, Mr Lee Suan Hiang shall retire by rotation pursuant to Regulation 104 and the newly appointed Directors, Mr Andrew Chan Keng Ho and Mr Paul Lim Choon Wui shall retire pursuant to Regulation 108 of the Company's Constitution at the forthcoming AGM. Mr Lee Suan Hiang has indicated that he will not be seeking re-election at the forthcoming AGM due to personal commitments while Mr Andrew Chan Keng Ho and Mr Paul Lim Choon Wui had given their consent to remain in office. The Company will endeavor to fill the vacancy of the Audit Committee within the prescribed timeline set out in Rule 704(8) of the Listing Manual of SGX-ST.

The Independent Directors have declared their independence for the FY2017 in accordance with the guideline under the Code. Following its annual review, the NC has considered Mr Lee Suan Hiang, Mr Andrew Chan Keng Ho and Mr Paul Lim Choon Wui as independent.

All Directors are required to declare their board representations. The NC and the Board are of the view that it is not meaningful to set a limit on the number of listed Company board representations a director should have as the contribution of each director would depend on their individual circumstances, including whether they have a full-time vocation or other responsibilities. Further, the directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. Instead, the NC will assess each potential or existing director relative to his/her abilities and known commitments and responsibilities. Specific considerations are also given to their attendance, contactability and responsiveness, as well as contributions and individual capabilities.

During the FY 2017, the NC has reviewed and is satisfied that sufficient time and attention are being given by each Director to the affairs of the Group and each Director is able to and has been adequately carrying out his duties as a Director of the Company, notwithstanding that some of the Directors have multiple board representations. The Directors are not related to each other and none of the Directors' immediate family members were employees of the Group or related to any Director or directly associated with its 10% shareholder.

CORPORATE GOVERNANCE STATEMENT

As at the date of this report, the list of directorships or chairmanships held by Directors presently or in the preceding three years in other listed companies, and other principal commitments are set out below:

Name of Director	Date of appointment	Directorships or Chairmanships in other listed companies and other principal commitments	
		Present	Past 3 years
Simon Eng	Appointed as Non-Executive Chairman on 10 November 2014 Appointed as Executive Director on 1 January 2015	Metech International Ltd	Teledata (Singapore) Ltd
Lee Suan Hiang	12 Apr 2010 19 Jan 2011 18 Dec 2013 27 Oct 2014 19 Sep 2017 8 Nov 2017	Viking Offshore & Marine Ltd Citic Envirotech Ltd Anacle Systems Ltd Perennial Real Estate Holdings Ltd United Engineers Ltd MindChamps PreSchool Ltd	
Andrew Chan Keng Ho		NIL	NIL
Paul Lim Choon Wui		NIL	Secura Group Limited

As at 31 December 2017, there is no alternate director on the Board.

Principle 5: **Board Performance**

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 recognises the merit of having some degree of formal assessment of the effectiveness of the Board as a whole and the Directors individually. The NC has considered the guidelines contained in the Code and formulated a plan to evaluate the performance of the Board as well as the individual Directors using a set of objective performance criteria (the "**Evaluation Plan**"). The Evaluation Plan allows for comparison with industry peers and evaluates how the Board has enhanced long-term shareholder value.

CORPORATE GOVERNANCE STATEMENT

In line with the principles of good corporate governance, the NC adopts, with the approval of the Board, the Evaluation Plan to evaluate the effectiveness of the Board as a whole, its Board Committees, and the contribution by the Chairman and each individual Director to the effectiveness of the Board. Each Director is required to individually complete a board evaluation form (the "**BEF**") annually, to facilitate the NC in its assessment of the overall effectiveness of the Board. Through the BEF, feedback is collated from the Board on various aspects of the Board's performance. The NC reviews the feedback collated from the BEF and recommends steps which need to be taken to strengthen the Board's stewardship. The individual director evaluation exercise assist the NC in determining whether to re-nominate directors who are due for retirement at the forthcoming AGM, and in determining whether directors with multiple board representations are able to and have adequately discharged their duties as directors of the Company.

Following the review in FY2017, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The Board also receives regular reports from the Board Committees on their activities.

Principle 6: **Access to Information**

In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are furnished with information on matters to be considered at Board and Board Committees meetings through the circulation of comprehensive Board papers to ensure that they are provided with timely, complete and adequate information by the Management. The Board papers include sufficient background and explanatory information on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. Where appropriate, senior members of the Management or external consultants engaged on specific projects provide explanatory information in the form of briefings to the Directors or formal presentations at Board meetings.

All Directors are, from time to time, furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the Company's Management. The Board has unrestricted access to the Company's records and information. The Directors may also liaise with the Management as and when required to seek additional information. In addition, the Directors have separate and independent access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary are subject to the approval of the Board.

The Directors, in furtherance of their duties, are allowed to seek and obtain legal and other independent professional advice, if necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their roles and responsibilities as Directors.

CORPORATE GOVERNANCE STATEMENT

(B) REMUNERATION MATTERS

Principle 7: **Procedures for Developing Remuneration Policies**

There should be 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 RC comprises the following Independent Directors:

Paul Lim Choon Wui (Chairman)
Andrew Chan Keng Ho (Member)
Lee Suan Hiang (Member)

The RC has adopted specific terms of reference and its principal responsibilities include the following:

- reviews and recommends to the Board a general framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each Director as well as for the key management personnel. The RC's recommendations are submitted for endorsement by the entire Board;

- reviews and recommends to the Board the terms of service agreements of the Directors; and

- administers the Advance SCT Employee Share Option Scheme and Advance SCT Performance Shares Scheme.

The members of the RC shall ensure that each Director is not involved in deciding his own remuneration.

The RC has access to advice from the internal human resource department, and if necessary, expert advice from outside the Company is sought. During the financial year, the RC did not require the service of an external remuneration consultant.

The RC reviews the Company's obligation arising in the event of termination of key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

CORPORATE GOVERNANCE STATEMENT

Principle 8: **Level and Mix of Remuneration**

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 RC meets at least once a year. Additional meetings are scheduled if considered necessary by the chairman of the RC. The RC will review annually all aspect of remuneration, including Directors' fees, salaries, allowance, bonuses and benefits in kind to ensure that the remuneration packages are appropriate in attracting, retaining and motivating the managers and the Directors capable of meeting the Company's objectives and to reflect their duties and responsibilities.

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate managers and Directors. The remuneration packages take into account the performance of the Group and the individual Directors.

The Independent Directors are paid yearly Directors' fees which are determined by the Chairman on the recommendation of the RC, based on the effort and time spent, and their responsibilities. These fees are subject to shareholders' approval at each AGM of the Company.

In recommending the remuneration packages of the Executive Director and key management personnel, the RC is largely guided by the financial performance of the Company and the Group. The remuneration for Executive Directors comprises a basic salary and a variable component which comes in the forms of an annual bonus and share options or performance shares. Service contracts for the Executive Directors, if any, do not contain clauses that make their removal onerous.

The Group had introduced long-term incentive schemes. The shareholders had approved the adoption of two long-term incentive schemes, namely the ASCT Performance Shares Scheme (the "**Performance Scheme**") and Advance SCT Employee Share Option Scheme (the "**Option Scheme**") at extraordinary general meetings held on 13 July 2007 (and subsequently renewed on 29 April 2016) and 30 April 2015 respectively.

The Option Scheme is a plan for eligible employees, executive directors and non-executive directors. However, the Performance Scheme is a plan only for eligible executives and executive directors.

The RC has been given the responsibility to administer both the Option Scheme and Performance Scheme.

CORPORATE GOVERNANCE STATEMENT

Principle 9: **Disclosure on Remuneration**

Each 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.

The RC had reviewed the remuneration of the Directors and the executives, having regard to their contributions as well as the financial needs of the Company. The RC is of the view that the remuneration policy and amounts paid to the Directors and key management personnel are adequate and are reflective of the present market conditions.

The annual aggregate amount of the total remuneration paid to top 5 key executive in FY2017 is approximately S$123,900. The exact remuneration of the Directors and key executives (who are not Directors) is not disclosed in the AR2017 as the Company does not believe it to be in its interest to disclose these details, having regard to the highly competitive human resource environment, the confidential nature of remuneration matters and so as not to hamper the Company's efforts to retain and nurture its talent pool.

Details of remuneration and fees, including any termination, retirement and post-employment benefits, paid by the Group to the Directors and key management personnel for FY2017 are set out below:

Name of Directors	Remuneration Band	Salary (%)	Bonus (%)	Fee (%)	Allowances and other benefits in kind (%)	Total (%)
Simon Eng	Below $250,000	88	12	–	–	100
Lee Suan Hiang	Below $250,000	–	–	100	–	100
Linus Ng Siew Hoong[1]	Below $250,000	–	–	100	–	100
Mark Leong Kei Wai[2]	Below $250,000	–	–	100	–	100
Andrew Chan Keng Ho[3]	Below $250,000	–	–	100	–	100
Paul Lim Choon Wui[4]	Below $250,000	–	–	100	–	100

1 Resigned on 7 June 2017

2 Retired on 26 April 2017

3 Appointed on 7 June 2017

4 Appointed on 20 October 2017

CORPORATE GOVERNANCE STATEMENT

Name of Key Management Personnel (who are not Directors or the CEO)	Remuneration Band	Salary (%)	Bonus (%)	Allowances and other benefits (%)	Total (%)
Monica Kwok	Below $250,000	77	15	8	100

There are no employees receiving more than $50,000 in remuneration in FY2017 who are immediate family members of the Directors and the CEO.

For the financial year, there is no amount of any termination, retirement and post-employment benefits that may be granted to Directors and the key management personnel.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: **Accountability**

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board reviews and approves the results as well as any announcements before its release.

In presenting the annual financial statements and interim announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced assessment of the Group's performance, financial position and business prospects. The Board is committed to providing shareholders and stakeholders with timely and accurate financial statements, and is accountable to them while the Management is accountable to the Board.

Periodic financial statements as well as announcements on business and other significant corporate developments and activities of the Group are made via SGXNet to keep shareholders informed about the Group's financial positions and its progress. In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its interim quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. In addition, the Company had, pursuant to Rule 720(1) of the Listing Manual of the SGX-ST, received undertakings from all its Directors that they each shall, in the exercise of their powers and duties as Directors, comply with the best of their abilities with the provisions of the SGX-ST's listing rules, the Securities and Futures Act, the Code on Takeovers & Mergers, and the Companies Act and will also procure the Company to do so.

CORPORATE GOVERNANCE STATEMENT

The Group recognises the importance of providing the Board with accurate and relevant information on timely basis. The Management provides the Board with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties. All Board members are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

Principle 11: **Risk Management and Internal Controls**

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.

Internal Control Systems

The Board recognises that it is responsible for ensuring that the Management maintains a sound system of internal control to safeguard shareholders' investments and the Group's business and assets. The Board determines the Company's level of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no internal control system can ever preclude all errors and irregularities. Such a system is designed to manage rather than eliminate the risk of not achieving business objectives, and can provide only reasonable and not absolute assurance against material mis-statement or loss. The Board believes that in the absence of any evidence to the contrary, and from due enquiry, the system of internal controls that has been maintained by the Management is adequate to meet the needs of the Group in its current business environment.

As part of the annual statutory audit, the Company's external auditors will highlight any material weaknesses in financial controls over the areas which are significant to the audit. Any material non-compliances or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditors in this respect, if any.

CORPORATE GOVERNANCE STATEMENT

Risk Management

No separate risk committee has been established as the AC has assumed the responsibility of the risk management function and oversees the overall adequacy and effectiveness of the Company's risk management systems and procedures. However, the Management has engaged external advisers for consultation on the Company's Risk Governance and Internal Control Framework including requirements under the Listing Manual of the securities exchange's compliance policies (the "**Framework**") and will continuously review the Framework manuals regularly to ensure its application and relevance to the Company. The Board also receives, at regular intervals, updates from the Board Committees on the key business risks, the material controls to manage these risks, and the internal audit reports on the operational effectiveness of the material controls.

The Company is aware that each business and transaction of operation carries risk whether internally and/or externally in the form of environmental, operational, financial and/or Management decision making risk. The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Other risks would include legal risk and strategic risk (the risk of a loss arising from a poor strategic business decision). The Company's Financial Risk Management policies are further outlined in the Annual Report under heading **Financial Risk Management**.

The Group regularly reviews and improves its business and operations to identify areas of significant business risks as well as to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

For the financial year under review, the Board has received assurance from the CEO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations, finances and information technology and the Company's risk management and internal control systems in place are adequate and effective.

The AC has reviewed the Company's system of internal controls and is satisfied that the overall systems of controls are adequate to meet the needs of the Group in its current environment. Based on the reports by external auditors and reviews performed by the Management and the AC, the Board, with the concurrence of the AC, is satisfied and of the opinion that there are adequate and effective internal controls in place for the Group to address key financial, operational, compliance and information technology risks during the year and adequate and effective risk management systems.

CORPORATE GOVERNANCE STATEMENT

Principle 12: **Audit Committee**

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises the following Independent Directors:

Andrew Chan Keng Ho (Chairman)
Paul Lim Choon Wui (Member)
Lee Suan Hiang (Member)

The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's responsibilities.

The AC meets at least four times a year. Additional meetings are scheduled if considered necessary by the chairman of the AC. During the financial year, the AC met with the external auditors once, without the presence of the Management.

The AC meets periodically with the Group's external auditors to review accounting, auditing and financial reporting matters so as to ensure that effective internal control is maintained in the Group.

The AC carried out its functions which include, among others, the following:

(a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviews and reports to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

(c) reviews the effectiveness of the Company's internal audit function;

(d) reviews the scope and results of the external audit, and the independence and objectivity of the external auditors;

(e) makes recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

CORPORATE GOVERNANCE STATEMENT

(f) reviews transactions falling within the scope of Chapter 9 of the Listing Manual; and where necessary, reviews and seeks approval for interested person transactions;

(g) reviews the non-audit services provided by the external auditors and whether the provision of such services affects their independence; and

The AC has full access to the Management and also full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. The AC is authorised to obtain independent professional advice if they deemed necessary to properly discharge their responsibilities. Such expenses are borne by the Company.

The Company has appointed a suitable auditing firm to meet its audit obligation, having regard for the adequacy and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the particular audit.

The auditing firm appointed by the Company is registered with the Accounting and Corporate Regulatory Authority acceptable by the SGX-ST.

The Company therefore confirms that Rule 712 of the Listing Manual is complied with.

The Company's subsidiaries had appointed the same auditing firm to meet its audit obligations as disclosed in Note 13 to the financial statements in this Annual Report.

The AC is also tasked to conduct a review of all non-audit services provided by the external auditors, and the AC is of the opinion, after having undertaken such a review, that the nature and volume of non-audit services provided by the external auditors will not affect the independence of the auditors. Save as disclosed in Note 7 to the financial statements in this Annual Report, there were no other non-audit fees paid to the external auditors for FY2017.

The audit partner was assigned to the audit in his first audit with the Company, has not been in charge of more than 5 consecutive audits. Consequently, the AC recommended the re-appointment of Moore Stephens LLP as auditors at the forthcoming AGM, and this recommendation was approved by the Board.

The Company has in place a Whistle-Blowing Policy and a set of accompanying procedures since 1 January 2010 to guide the staff of the Company in reporting matters concerning suspected fraud, corruption, dishonest practices or other similar breaches regarding accounting, financial and audit matters, as well as alleged irregularities and violations of a general, operational and financial nature against the Company or against any applicable law. All employees are given the contact details of the Chairman of the AC for this purpose. There were no reported incidental pertaining to whistle blowing for FY2017.

CORPORATE GOVERNANCE STATEMENT

During FY2017, the AC had held four (4) meetings to review and undertake the scope of work as set out above. The AC has also received regular updates from the independent auditor on changes and amendments to accounting standards to keep abreast of these changes and their corresponding impact on the financial statements, if any.

The AC is kept abreast by the Management and the external auditors of changes to the financial reporting standards, Listing Rules and the SGX-ST and other codes and regulations which could have an impact on the Group's business and financial statements, in addition to trainings and seminars conducted by professionals and external parties.

Principle 13: **Internal Audit**

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

Given the number of manpower and amount of business of the Group were limited, it does not warrant the Group to have an independent internal audit function. The AC will review the adequacy of the internal audit function is adequately resourced and has appropriate standing within the Group.

The scope of internal audit is to:

- assess if adequate systems of internal control are in place to protect the funds and assets of the Group and ensure control procedures are complied with;

- assess if operations of the business processes under review are conducted efficiently and effectively and provide assurance that key operational risks are identified and managed; and

- identify and recommend improvement to internal control procedures, where required.

CORPORATE GOVERNANCE STATEMENT

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: **Shareholder Rights**

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 Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all of the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to provide shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspaper and posted onto the SGXNet.

The Group strongly encourages shareholder participation during the AGM, where the relevant rules and procedures governing the meetings will be clearly communicated. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business related matters.

The Company's Constitution provides that a member may appoint not more than two (2) proxies to attend and vote at general meeting in his/her stead. For shareholders who hold shares through Relevant Intermediaries are now able to attend and vote at general meetings under the multiple proxy regime.

Principle 15: **Communication with Shareholders**

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

The Company believes in a timely and accurate dissemination of information to its shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Listing Manual and the Companies Act (Cap. 50) of Singapore. Where inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly as soon as practicable. Communication to shareholders is normally made through:

(a) annual reports that are prepared and issued to all shareholders;

CORPORATE GOVERNANCE STATEMENT

(b) half yearly financial results containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST; and

(e) the Group's website at http://www.advancesct.com at which shareholders can access information on the Group.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. These meetings provide excellent opportunities for the Board to engage with shareholders to solicit their feedback.

Principle 16: **Conduct of shareholder meetings**

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.

Shareholders are encouraged to attend the general meetings to promote a healthy exchange of views between the Company and shareholders and to ensure high level of accountability and to stay informed of the Group's strategies and visions. The Board views the AGM as the principal forum for dialogue with shareholders. During the general meeting, shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGMs and extraordinary general meetings, and shareholders will be given the chance to share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

The Chairman of the Board Committees as well as the auditors will be present and on hand to address all issues raised at these meetings.

The Company has not amended its Constitution to provide other methods of voting in absentia due to security and integrity concerns. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

In accordance with the Code, separate resolutions are proposed at general meetings for each distinct issue. Where appropriate, an explanation for any proposed resolution would be provided.

CORPORATE GOVERNANCE STATEMENT

To promote greater transparency in voting process and effective participation, the Company conducted electronic poll voting for all its resolutions to be passed at its AGM. Through the service provider's poll voting system, the total number of votes cast for and against and the respective percentages on each resolution were tallied and instantaneously displayed on the screen during the AGM.

An independent scrutineer was present to validate the votes at the AGM. The details results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution, were announced after the AGM via SGXNet.

OTHER GOVERNANCE PRACTICES

DEALINGS IN SECURITIES

The Company has devised and adopted an internal compliance code on securities transactions to provide guidance to its Directors and officers with regard to dealing by the Company, its Directors and its officers in the Company's securities, and setting out the implications of insider trading.

In line with the internal compliance code, the Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material and/or price-sensitive information and during the "closed period", which is defined as two weeks and one month before the announcement of the Group's quarterly and full year financial results respectively. Directors and officers are also advised not to deal in the Company's securities on short term considerations.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has adopted an internal policy in respect of any transactions with interested persons and has procedures established for the review and approval of the Group's interested person transactions. Excluding interested person transactions carried out by the Company which fall below S$100,000, there were no interested person transactions entered into by the Group in FY2017. The Company has not obtained an IPT mandate from shareholders.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Chief Executive Officer, each Director or controlling shareholder still subsisting at the end of FY2017 or entered into since the end of FY2016.

TREASURY SHARES

There are no treasury shares held by the Company at the end of FY2017.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Advance SCT Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 39 to 96 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 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay their debts as and when they fall due.

1 Directors

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

Simon Eng	
Lee Suan Hiang	
Chan Keng Ho	(Appointed on 7 June 2017)
Paul Lim Choon Wui	(Appointed on 20 October 2017)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Plans" on page 29 of this report.

DIRECTORS' STATEMENT

3 Directors' Interests in Shares and Debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Shareholdings in which directors are deemed to have an interest	
Name of Directors	**At the beginning of the financial year**	**At the end of the financial year**
The Company		
Number of ordinary shares		
Simon Eng	2,795,598,403*	2,795,598,403*

The director's interests in the shares of the Company at 21 January 2018 was the same as at 31 December 2017.

* Simon Eng is deemed interested in shares held through Belle Forte Ltd, Fort Canning (Asia) Pte Ltd and Metech International Limited.

Except as disclosed in this report, no director who held office at the end of the financial year had any interests in shares, share options, warrants or debentures of the Company or of related corporations, either at the beginning or at the end of the financial year.

4 Share Plans

Advance SCT Employee Share Option Scheme

The Advance SCT Employee Share Option Scheme was approved by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 20 September 2004 and re-adopted at an EGM held on 30 April 2015.

A revision to the Advance SCT Employee Share Option Scheme to abolish the "par value" was approved at the EGM on 18 February 2011.

DIRECTORS' STATEMENT

4 Share Plans (Continued)

Advance SCT Employee Share Option Scheme (Continued)

The Remuneration Committee (the "RC") administering the Advance SCT Employee Share Option Scheme comprises directors, Mr Paul Lim Choon Wui (Chairman of the Committee), Mr Chan Keng Ho and Mr Lee Suan Hiang.

Options granted and exercised during the financial year and unissued ordinary shares under option at the end of the financial year pursuant to the Advance SCT Employee Share Option Scheme were as follows:

Date of grant	Balance at 1 January 2017	Granted	Exercised	Lapsed	Balance at 31 December 2017	Exercise price per share S$	Exercisable Period
12 October 2010	8,286,000	–	–	–	8,286,000	0.0500	12 October 2011 to 11 October 2020
12 August 2011	8,700,000	–	–	–	8,700,000	0.0250	12 August 2012 to 11 August 2021
27 March 2012	7,600,000	–	–	(1,000,000)	6,600,000	0.0290	27 March 2013 to 26 March 2022
11 April 2014	14,000,000	–	–	(2,000,000)	12,000,000	0.0024	11 April 2015 to 10 April 2024
	38,586,000	–	–	(3,000,000)	35,586,000		

Each share option entitles the director or employee of the Company to subscribe for one new ordinary share in the Company.

The exercise price for each share in respect of the Option, which the Option is exercisable shall be determined by the RC at its absolute discretion, and fixed by the RC at a price (the "Market Price") equal to the average of the last dealt price for a share, as determined by reference to the daily official list or other publication published by the SGX-ST for the 5 consecutive trading days immediately preceding the Grant Date of the Option, rounded up to the nearest whole cent in the event of fractional prices provided in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or his associate, the Exercise Price for each Share shall be equal to the average of the last dealt process for a Share, as determined by reference to the daily official list published by the SGX-ST, for the 5 consecutive trading days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the shareholder proposing to seek their approval of the grant of such Options to such Controlling Shareholder or his associate.

DIRECTORS' STATEMENT

4 Share Plans (Continued)

Advance SCT Employee Share Option Scheme (Continued)

An option shall, to the extent unexercised, immediately lapse and become null and void and a participant shall have no claim against the Company in the event that the RC shall deem it appropriate that the option granted to a participant shall lapse on the grounds that any of the objectives of the Advance SCT Employee Share Option Scheme have not been met.

These options are exercisable during the period commencing after the first anniversary of the offer date of that option and expiring on the tenth anniversary of the relevant offer date, provided that the Options are granted to a participant not holding a salaried office or employment in the Group, such exercise period shall expire on the fifth anniversary of the grant date.

The following are participants of the Advance SCT Employee Share Option Scheme who received 5% or more of the total number of options available under the Scheme, or are directors of the Company:

Name	Options granted during the financial year	Aggregate options granted since commencement of the plan to the end of the financial year	Aggregate options exercised since commencement of the plan to the end of the financial year	Aggregate options outstanding as at the end of the financial year
Simon Eng	–	31,286,000	–	31,286,000
Monica Kwok	–	4,300,000	–	4,300,000
Total	–	35,586,000	–	35,586,000

Other than as disclosed in this Report, since the commencement of the employee share option plans till the end of the financial year:

(i) No options have been granted to the controlling shareholders of the Company and their associates;

(ii) No participant other than those mentioned above has received 5% or more of the total options available under the plans;

(iii) No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and

(iv) No options have been granted at a discount.

DIRECTORS' STATEMENT

4 Share Plans (Continued)

ASCT Performance Shares Scheme ("ASCT PS Scheme")

The ASCT PS Scheme was approved by the shareholders of the Company at an Extraordinary General Meeting held on 13 July 2007. The Remuneration Committee was tasked to administer the Advance SCT Employee Share Option Scheme and the ASCT PS Scheme. As at the date of this report, no shares have been awarded or issued under the ASCT PS Scheme.

5 Audit Committee

The Audit Committee ("AC") comprises the following members, all of whom are Independent Directors:

Chan Keng Ho	(Chairman and Independent Director)
Paul Lim Choon Wui	(Member and Independent Director)
Lee Suan Hiang	(Member and Lead Independent Director)

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Group and the Company, and reviews the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

- Reviews the financial statements and the auditors' report on the annual financial statements of the Company before submission to the Board of Directors;

- Reviews 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;

- Reviews the cost effectiveness and the independence and objectivity of the external auditors;

- Reviews the nature and extent of non-audit services provided by the external auditors;

- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors', and reviews the scope and results of the audit;

DIRECTORS' STATEMENT

5 Audit Committee (Continued)

- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and

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

The AC, having reviewed all non-audit services (if any) provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened 4 meetings in 2017 with full attendance from all members. The AC has also met with the external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

6 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

_____

Simon Eng
Director

_____

Chan Keng Ho
Director

Singapore
1 March 2018

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Advance SCT Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, as set out on pages 39 to 96, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (SFRS), so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and its consolidated financial performance, its consolidated statement of changes in equity and its consolidated statement of cash flows for the year then ended.

Basis for Qualified Opinion

The Auditor's Report dated 3 April 2017 on the financial statements for the previous year ended 31 December 2016 contained a disclaimer of opinion because we were unable to determine whether:

(a) adjustments to the loss on disposal of subsidiaries of S$824,000 (Note 9) in the consolidated statement of comprehensive income and the Group's opening accumulated losses might be necessary for the financial year ended 31 December 2016; and
(b) the use of going concern assumption is appropriate in the preparation of the financial statements.

Our opinion for the current financial year ended 31 December 2017 is modified because of the possible effect of item (a) on the comparability of the current year's figure and the corresponding figure.

The matter in relation to item (b) has been resolved as disclosed in Note 2(a) to the accompanying financial statements.

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

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	**How our audit addressed the key audit matter**
Revenue Recognition The Group derives revenue primarily from its dealing in copper-related products through its wholly-owned subsidiary, Asiapac Recycling Pte Ltd. The Group sources its copper-related products from suppliers and sells to customers under import/export via bills of lading and/or back-to-back sales including warehousing arrangements. We have identified the risk of overstatement of revenue to be a Key Audit Matter. The Group's disclosures on revenue recognition are included in the significant accounting policy in Note 2(s) to the financial statements.	**Our response:** We evaluated the Group's policies for revenue recognition for appropriateness against the FRS 18 *Revenue*. We verified samples of revenue against supporting documentation for revenue recognition. We performed cut off testing by identifying and selecting the appropriate lead time for items despatched closer to year end and reviewed credit notes and returns of items after year end. We carried out analytical reviews on the items sold, analysed the gross margins for reasonableness and reviewed customers' trend for significant fluctuations identified. **Our findings:** We found management's recognition of revenue to be appropriate based on available evidence.

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements (Continued)

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statement

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chang Fook Kay.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
1 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Continuing operations			
Revenue	4	79,692	46,843
Cost of sales		(78,265)	(46,468)
Gross profit		1,427	375
Other income	5	1,860	350
Administrative expenses		(540)	(1,463)
Other expenses		(1,018)	(6,826)
Finance costs	6	(221)	(134)
Profit/(Loss) before income tax	7	1,508	(7,698)
Income tax expense	8	–	–
Net profit/(loss) from continuing operations, net of tax		1,508	(7,698)
Discontinued operations			
Loss for the year from discontinued operations	9	–	(824)
Net profit/(loss) for the financial year		1,508	(8,522)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
– Net loss relating to foreign currency translation differences arising from consolidation		(16)	(5)
Total comprehensive income/(loss) for the year		1,492	(8,527)
Net profit/(loss) after tax attributable to:			
Equity holders of the Company		1,508	(8,219)
Non-controlling interests		–	(303)
		1,508	(8,522)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		1,492	(8,224)
Non-controlling interests		–	(303)
		1,492	(8,527)
Profit/(Loss) per share attributable to owners of the Company (Cents) – continuing operations			
Basic	10	0.01	(0.05)
Diluted	10	0.01	(0.05)
Profit/(Loss) per share attributable to owners of the Company (Cents) – discontinued operations			
Basic	10	–	(0.01)
Diluted	10	–	(0.01)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
ASSETS					
Non-Current Assets					
Plant and equipment	11	–	–	–	–
Goodwill	12	–	–	–	–
Investment in subsidiaries	13	–	–	2	2
Financial receivables	14	–	–	–	–
		–	–	2	2
Current Assets					
Prepayments		5	5	4	4
Trade and other receivables	15	7,761	2,911	6	39
Cash and cash equivalents	16	490	68	32	37
		8,256	2,984	42	80
Total Assets		8,256	2,984	44	82
Current Liabilities					
Trade and other payables	17	8,114	4,636	3,096	3,890
Borrowings	18	12,931	4,341	11,762	2,741
Provision for legal claim	21	–	8,288	–	8,288
		21,045	17,265	14,858	14,919
Net Current Liabilities		(12,789)	(14,281)	(14,816)	(14,839)
Total Liabilities		21,045	17,265	14,858	14,919
Net Liabilities		(12,789)	(14,281)	(14,814)	(14,837)
Capital and Reserves					
Share capital	19(a)	196,454	196,454	196,454	196,454
Capital reserve	19(b)	(654)	(654)	–	–
Share application monies	19(c)	–	–	–	–
Share options reserve	19(d)	544	544	544	544
Foreign currency translation reserve	20	(1)	15	–	–
Accumulated losses		(209,132)	(210,640)	(211,812)	(211,835)
Total attributable to equity holders of the Company		(12,789)	(14,281)	(14,814)	(14,837)
Capital deficit		(12,789)	(14,281)	(14,814)	(14,837)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Attributable to the equity holders of the Company								
		Share capital S$'000	Capital reserve S$'000	Share application monies S$'000	Share option reserve S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Equity S$'000
Group										
2017										
Balance at 1 January		196,454	(654)	–	544	15	(210,640)	(14,281)	–	(14,281)
Net profit for the year		–	–	–	–	–	1,508	1,508	–	1,508
Other comprehensive loss		–	–	–	–	(16)	–	(16)	–	(16)
Total comprehensive income for the year		–	–	–	–	(16)	1,508	1,492	–	1,492
Balance at 31 December		196,454	(654)	–	544	(1)	(209,132)	(12,789)	–	(12,789)
2016										
Balance at 1 January		196,454	–	1,127	544	456	(202,421)	(3,840)	(351)	(4,191)
Net loss for the year		–	–	–	–	–	(8,219)	(8,219)	(303)	(8,522)
Other comprehensive loss		–	–	–	–	(5)	–	(5)	–	(5)
Total comprehensive loss for the year		–	–	–	–	(5)	(8,219)	(8,224)	(303)	(8,527)
Disposal of subsidiaries		–	–	(1,127)	–	(436)	–	(1,563)	–	(1,563)
Acquisition of non-controlling interest	19(b)	–	(654)	–	–	–	–	(654)	654	–
Balance at 31 December		196,454	(654)	–	544	15	(210,640)	(14,281)	–	(14,281)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit/(Loss) after tax from continuing operations	1,508	(7,698)
Loss after tax from discontinued operations	–	(824)
	1,508	(8,522)
Adjustments for:		
Allowance for stock obsolescence	–	146
Unrealised future trading loss/(gain)	149	(107)
Unrealised foreign exchange loss/(gain)	31	(29)
Depreciation of plant and equipment	–	178
Finance cost	221	134
Impairment of plant and equipment	–	860
(Gain)/Loss on disposal of subsidiaries	(169)	824
Loss on disposal of plant and equipment	–	5
Allowance for impairment of trade and other receivables, net	–	3
Provision for legal claims	733	4,864
Write back of trade and other payables	(1,682)	(79)
Write off of trade and other receivables	29	–
Write off of plant and equipment	–	23
Operating cash flows before changes in working capital	820	(1,700)
Working capital changes:		
Trade and other receivables	(5,155)	(1,568)
Trade and other payables	5,324	374
Cash generated from/(used in) operations	989	(2,894)
Interest paid	(75)	(134)
Net cash generated from/(used in) operating activities	914	(3,028)
Cash Flows from Investing Activities		
Proceeds from disposal of plant and equipment	–	30
Net cash outflow from disposal of subsidiaries	(12)	(189)
Net cash used in investing activities	(12)	(159)
Cash Flows from Financing Activities		
(Repayment of)/Proceeds from borrowings, net	(480)	2,741
Net cash (used in)/generated from financing activities	(480)	2,741
Net increase/(decrease) in cash and cash equivalents	422	(446)
Cash and cash equivalents at the beginning of the financial year	68	514
Cash and cash equivalents at the end of the financial year (Note 16)	490	68

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These notes form integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate Information

Advance SCT Limited ("the Company") is a limited liability company, incorporated and domiciled in Singapore with its registered office and principal place of business at 65 Tech Park Crescent, Singapore 637787. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

The Board of Directors has authorised the issue of the financial statements with a resolution of the directors on the date of the Directors' Statement.

2 Significant Accounting Policies

(a) Going Concern

As at 31 December 2017, the Group and the Company have net current liabilities of S$12,789,000 (2016: S$14,281,000) and S$14,816,000 (2016: S$14,839,000) respectively. As at that date, the Group and the Company have a capital deficiency of S$12,789,000 (2016: S$14,281,000) and S$14,814,000 (2016: S$14,837,000) respectively.

Despite the net current liabilities and capital deficiencies as described above, management has prepared the financial statements on a going concern basis because of the following factors:

(i) The ability of the Group and Company to generate cash flows from its ongoing operations;

(ii) The effect of the Debt Capitalisation Exercise of S$11,187,172 and the successful issuance and conversion of the S$2,000,000 redeemable convertible loan by the Company to a third party as disclosed in Note 29 to the financial statements;

(iii) Fort Canning (Asia) Pte Ltd ("Fort Canning") has extended the repayment date of its loan from 20 August 2018 to 15 August 2019 subsequent to the year end and Fort Canning will not be demanding repayment within 12 months after the year end date as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(a) Going Concern (Continued)

(iv) The management has prepared a cash flow forecast for the 12 months after year end and after taking into account the Debt Capitalisation Exercise including the issuance and conversion of a S$2,000,000 redeemable convertible loan by the Company to a third party, and the extended loan repayment date by Fort Canning, the Group and the Company are expected to generate positive cash flows and to repay its liabilities as and when due.

Accordingly, management is of the view that the preparation of financial statements on a going concern basis is appropriate.

(b) Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in Note 3 Critical Accounting Estimates, Assumptions and Judgements.

Convergence with International Financial Reporting Standards (IFRS)

Singapore-incorporated companies listed on the Singapore Exchange (SGX) are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SGIFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-FRS 115 Revenue from Contracts with Customers and SG-IFRS 9 Financial Instruments will be similar to adopting FRS 115 and FRS 109 as described in this note.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(b) Basis of Preparation (Continued)

Convergence with International Financial Reporting Standards (IFRS) (Continued)

No provision for impairment for trade receivables is expected to arise from the application of the expected credit loss impairment model under FRS109 as all goods traded are delivered against payment with an insignificant amount of residual credit risk.

Other than the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework. The Group is currently conducting a detailed analysis of the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

Adoption of New/Revised FRS

For the financial year ended 31 December 2017, the Group adopted the following new/revised FRS that are mandatory for application in the said year and which are relevant to the Group.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities in respect of:

(i) Changes from financing cash flows;

(ii) Changes arising from obtaining or losing control of subsidiaries or other businesses;

(iii) The effect of changes in foreign exchange rates;

(iv) Changes in fair values; and

(v) Other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. Comparatives are not required in the first year of adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(b) Basis of Preparation (Continued)

As this is a disclosure requirement, the application of this amendment has had no impact on the Group's consolidated financial statements.

New and revised FRS issued but not yet effective

At the date of authorisation of these financial statements, the relevant new FRS that have been issued but are not yet effective are as follow:

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The standard is effective for annual periods beginning on or after 1 January 2018.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets. Additional disclosures will also be made. It is currently expect no provision for impairment for trade receivables arise from the application of the expected credit loss impairment model under FRS109 as all goods traded are delivered against payment with an insignificant amount of residual credit risk.

Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*

The amendments clarify that the measurement of cash-settled share-based payment transactions that include vesting or non-vesting conditions should follow the same measurement principles used for measuring equity-settled share-based payments. Where a share-based payment is net-settled by withholding a specified portion of the shares to meet a statutory withholding obligation, the transaction should be accounted for as equity-settled in its entirety if it would have been classified as equity-settled if it had not included the net settlement feature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(b) Basis of Preparation (Continued)

New and revised FRS issued but not yet effective (Continued)

The amendments also address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. As the modification date, the liability for the original cash-settled share-based payment would be derecognised, and the equity-settled share-based payment would be measured at its fair value as at the modification date and recognised to the extent that the services have been rendered up to that date; and the difference between the carrying amount of the liability as at the modification date, and the amount recognised in equity as at that date, would be recognised in profit or loss immediately. The amendments are effective for annual periods beginning on or after 1 January 2018. Early application is permitted. The Group is in the process of assessing the impact on the financial statements.

FRS 115 *Revenue Contracts from Customers*

FRS 115 changes the revenue recognition model under Singapore Financial Reporting Standards. The core principle of FRS 115 is to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The standard is effective for annual periods beginning on or after 1 January 2018.

Management anticipates that the initial application of the new FRS 115 may result in changes to the accounting policies relating to revenue recognition. Additional disclosures for trade receivables and revenue may be required, including any significant judgement and estimation made. Management is currently still assessing the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(b) Basis of Preparation (Continued)

New and revised FRS issued but not yet effective (Continued)

FRS 116 *Leases*

FRS 116 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives; and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted for companies but only if it also apply FRS 115 Revenue from Contracts with Customers at or before the date of initial application of FRS 116. The Group assessed that there is no impact on the financial statements as there is no non-cancellable operating lease as at 31 December 2017.

(c) Basis of Consolidation

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(c) Basis of Consolidation (Continued)

Consolidation (Continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisition of business

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Contingent consideration arrangements arising from business combinations under the revised FRS 103 Business Combinations, are recognised at fair value at initial recognition, even if it is deemed not to be probable of payment at the date of the acquisition. All subsequent changes in the contingent consideration are recognised in profit or loss, rather than the goodwill.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(c) Basis of Consolidation (Continued)

Disposals of subsidiaries or businesses

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(d) Foreign Currency

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "functional currency"). The financial statements are presented in Singapore dollar ("SGD" or "S$"), which is the functional and presentation currency of the Company and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

(ii) Transactions and balances

Transactions in currencies other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and a net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(d) Foreign Currency (Continued)

(iii) Translation of Group entities' financial statements

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date;
- Income and expenses for each statement presenting profit or loss and other comprehensive income shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income.

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), are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is disposed of, such exchange differences are taken to profit or loss as part of the gain or loss on disposal.

(e) Plant and Equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal and restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure related to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the subsequent expenditure will flow to the Group and the cost of the subsequent expenditure can be measured reliably. Other subsequent expenditure that does not meet these requirements is recognised as repair and maintenance expenses in profit or loss during the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(e) Plant and Equipment (Continued)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Years
Plant and equipment	5 to 10
Office equipment, furniture and fittings	1 to 10
Motor vehicles	5 to 10

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(f) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

(g) Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(i) represents a separate major line of business or geographical area of operation; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation; or

(iii) is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(h) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associate is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash-generating-units ("CGU") that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Plant and equipment and investment in subsidiaries

Plant and equipment and investment in subsidiaries are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its plant and equipment and investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(h) Impairment of Non-Financial Assets (Continued)

(ii) Plant and equipment and investment in subsidiaries (Continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(i) Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(j) Financial Assets

Financial assets are recognised on the statement of financial position when, and only when, the Group and Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables including "trade and other receivables" and "cash and cash equivalents". Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(k) Impairment of Financial Assets

The Group and Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(k) Impairment of Financial Assets (Continued)

Loans and receivables

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(l) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, fixed deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(n) Financial Liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group and Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. All other borrowing costs are charged to profit or loss.

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(q) Employee Benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Social Insurance Schemes participated by the subsidiaries, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contributions to defined contributions are recognised as employee compensation expense when they are due.

Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(q) Employee Benefits (Continued)

Share-based payments (Continued)

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(r) Operating Leases – As lessee

Leases of office premises and factory where substantially all the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

(s) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Revenue is recognised net of sales commission, material claims, discounts and returns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(t) Income Taxes

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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 for taxable temporary differences associated with investments in subsidiaries and associates, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(t) Income Taxes (Continued)

(ii) Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on 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 set off 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 that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, 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 the accounting for the business combination.

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(v) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 Significant Accounting Policies (Continued)

(w) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

(x) Convertible Loan

The component parts of convertible loans issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion on at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

(y) Derivative Financial Instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3 Critical Accounting Estimates, Assumptions and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Impairment of trade and other receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts and the amounts of impairment of the Group's and the Company's trade and other receivables and financial receivables at the reporting date are disclosed in Note 15 to the financial statements respectively.

(b) Key Sources of Estimation Uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty that the management has made at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 Revenue

	Group	
	2017 S$'000	2016 S$'000
Continuing operations		
Sale of goods	79,692	46,840
Future contracts – realised	–	3
	79,692	46,843

5 Other Income

	Group	
	2017 S$'000	2016 S$'000
Continuing operations		
Gain on disposal of subsidiaries (Note 13(b))	169	16
Gain on future contract – unrealised	–	107
Write back of trade and other payables	1,682	79
Realised foreign exchange gain	–	89
Unrealised foreign exchange gain	–	29
Government grant	1	–
Miscellaneous income	8	30
	1,860	350

The write back of trade and other payables consist of S$1,638,000 (2016: S$Nil) made in connection with the settlement of the legal matter during the current financial year as disclosed in Note 27 whereby the liability was no longer necessary pursuant to the above settlement (Refer to Note 17).

6 Finance Costs

	Group	
	2017 S$'000	2016 S$'000
Continuing operations		
Bank charges	19	5
Interest expense:		
– convertible loans	57	88
– short term loan	145	41
	221	134

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 Profit/(Loss) before Income Tax

	Group	
Continuing operations	**2017 S$'000**	**2016 S$'000**
In addition to the disclosures made elsewhere, this is arrived at after charging:		
Audit fees paid/payable to:		
Auditors of the Company	53	56
Depreciation of plant and equipment (Note 11)	–	178
Directors' fees	93	93
Staff costs		
– salaries, bonuses and other benefits	260	745
– contribution to defined contribution plan	26	55
Operating lease expenses	–	189
Allowance for stock obsolescence#	–	146
Loss on disposal of plant and equipment#	–	5
Write off of trade and other receivables#	29	–
Provision for legal claims# (Note 21)	733	4,864
Impairment loss on trade and other receivables#	–	3
Impairment loss on plant and equipment#	–	860
Loss on futures contracts – unrealised*	149	–
Gain on futures contracts – realised*	(45)	–
Unrealised foreign exchange loss	31	–

\# Included in other operating expenses
* Included in cost of goods sold

The non-audit fees paid to the Company's auditor during the financial year ended 31 December 2017 amounted to S$5,000 (2016: nil).

8 Income Tax Expense

	Group	
	2017 S$'000	**2016 S$'000**
Current income tax:		
– current financial year	–	–
– deferred income tax	–	–
	–	–

The tax benefit for the year can be reconciled to the accounting loss as follows:

	Group	
	2017 S$'000	**2016 S$'000**
Profit/(Loss) before income tax from continuing operations	1,508	(7,698)
Income tax expense/(benefit) calculated at applicable rates	256	(1,308)
Expenses not deductible for tax purposes	161	1,287
Non-taxable income	(315)	(32)
Deferred tax assets not recognised	–	53
Utilisation of tax losses previously not recognised	(102)	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 Income Tax Expense (Continued)

Expenses not deductible for tax purposes comprise mainly provision for legal claims. Non-taxable income comprises mainly write back of trade and other payables.

The tax rates used for the reconciliation above are the corporate tax rates of 17% payable by corporate entities in Singapore and 25% payable by a corporate entity in the People's Republic of China.

	Capital allowance claims in excess of related depreciation S$'000
2016	
Deferred tax liabilities	
At 1 January	529
Derecognised on disposal of subsidiaries	(529)
At 31 December	–

Unrecognised deferred tax assets

At the reporting date, the Group has tax losses of approximately S$19,722,000 (2016: S$20,326,000) that are available for offset against future taxable profit of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The deferred tax assets arising from these tax losses amounting to S$3,353,000 (2016: S$3,455,000) are not recognised in accordance with the accounting policy disclosed in Note 2(t) to the financial statements.

9 Discontinued Operations

In the previous financial year, the Company transferred Green World Holdings Limited and its subsidiaries ("GWH") to the remaining Eligible Creditor. GWH previously operated in the wastewater treatment, recycling and supply chain management and manufacturing segments. The entire results from the disposed group were presented separately in the consolidated statement of comprehensive income as "discontinued operations".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9 Discontinued Operations (Continued)

The combined results of the discontinued operations included in the consolidated statement of comprehensive income are set out below:

	Group S$'000
2016	
Revenue	–
Expense	–
Loss from operations	–
Other income	–
Other expenses	–
Loss from disposal of subsidiaries	(824)
Loss before tax from discontinued operations	(824)
Loss after tax from discontinued operations	(824)

10 Profit/(Loss) per Share

Basic and diluted profit/(loss) per share are calculated by dividing the Group's profit/(loss) attributable to shareholders by the weighted average number of shares in issue during the financial year.

	Group		
	Continuing	Discontinued	Total
2017			
Profit attributable to equity holders of the Company (S$'000)	1,508	–	1,508
Weighted average number of ordinary shares for basic profit/(loss) per share calculation ('000)	14,942,564	14,942,564	14,942,564
Basic and diluted profit per share (cents per share)	0.01	–	0.01
2016			
Loss attributable to equity holders of the Company (S$'000)	(7,395)	(824)	(8,219)
Weighted average number of ordinary shares for basic loss per share calculation ('000)	14,942,564	14,942,564	14,942,564
Basic and diluted loss per share (cents per share)	(0.05)	(0.01)	(0.06)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

10 Profit/(Loss) per Share (Continued)

Diluted profit/(loss) per share

For the purpose of calculating diluted profit/(loss) earnings per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding (including the share application monies) are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible loans and share options.

The convertible loans and share options as disclosed in Note 18(c) and Note 19(d) of the financial statements could potentially dilute basic earnings per share in future, but were not included in the calculation of diluted earnings per share because there is no dilutive effect for the financial years ended 31 December 2017 and 2016.

11 Plant and Equipment

	Plant and equipment S$'000	Office equipment, furniture and fittings S$'000	Motor vehicles S$'000	Total S$'000
Group				
Cost				
At 1 January 2016	3,215	196	227	3,638
Disposals	(25)	–	(34)	(59)
Derecognised on disposal of subsidiaries	(1,714)	(103)	(182)	(1,999)
Write off	(150)	–	–	(150)
Currency realignment	(70)	(1)	(3)	(74)
At 31 December 2016	1,256	92	8	1,356
Derecognised on disposal of subsidiaries	(1,256)	(92)	(8)	(1,356)
At 31 December 2017	–	–	–	–
Accumulated depreciation and impairment loss				
At 1 January 2016	574	118	57	749
Impairment losses recognised in profit or loss	807	49	4	860
Depreciation charged for the financial year	149	20	9	178
Disposals	(8)	–	(16)	(24)
Derecognised on disposal of subsidiaries	(240)	(95)	(46)	(381)
Write off	(23)	–	–	(23)
Currency realignment	(3)	–	–	(3)
At 31 December 2016	1,256	92	8	1,356
Derecognised on disposal of subsidiaries	(1,256)	(92)	(8)	(1,356)
At 31 December 2017	–	–	–	–
Net book value				
At 31 December 2017	–	–	–	–
At 31 December 2016	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12 Goodwill

	Group	
	2017 S$'000	2016 S$'000
Cost		
Balance at the beginning of the financial year	–	1,714
Disposal of subsidiaries	–	(1,714)
Balance at the end of the financial year	–	–
Accumulated impairment losses		
Balance at the beginning of the financial year	–	(1,714)
Impairment loss recognised in the financial year	–	–
Derecognised on disposal of subsidiaries	–	1,714
Balance at the end of the financial year	–	–
Net book value	–	–

The goodwill amounting to S$1,714,000 mainly arose from the acquisitions of subsidiary companies, B&F Envirotech (Shenyang) Co., Ltd and Western Metals Co., Ltd in the previous financial year. The principal activities of these subsidiary companies are that of the operation of a wastewater treatment plant for the provision of wastewater treatment services and the manufacture of copper balls respectively.

During the previous financial year, the impairment charge of S$1,714,000 in relation to goodwill was attributable to the wastewater treatment segment of S$1,016,000 and manufacturing segment of S$698,000.

The recoverable amounts of the CGUs were determined from value-in-use calculations. The key assumptions for the value-in-use calculations were those regarding the discount rates, growth rates and direct costs during the relevant years. Management estimated discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

The Group assessed the recoverable amount of goodwill based on a value in use calculation which uses cash flow projections on financial forecasts provided by management using a 5-year period. Cash flows beyond the five year period were extrapolated using the estimated growth rates stated below. The key assumptions for the value in use calculation were as follows:

	2016	
	B&F Envirotech (Shenyang) Co., Ltd	Western Metal Co., Ltd
1. Discount rates	5%	12%
2. Growth rates	3%	4%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 Investment in Subsidiaries

	Company	
	2017 S$'000	2016 S$'000
Unquoted equity shares, at cost	2	2
Accumulated impairment losses	–	–
	2	2
Movements in allowance for impairment losses were as follows:		
Balance at the beginning of the financial year	–	33,932
Derecognised on disposal of subsidiaries	–	(33,932)
Balance at the end of the financial year	–	–

Details of subsidiaries are as follows:

Name of Company/ Country of incorporation	Principal activities	Effective ownership interest	
		2017 %	2016 %
Held by the Company			
Asiapac Recycling Pte. Ltd.[1] Singapore	Dealer in all kinds of ferrous and non-ferrous metals, electrical and electronics and insulated cable scraps	100	100
Everglory Cooling Systems Pte. Ltd. ("ECS")[1] Singapore	Manufacture and repair of heating boilers, radiators and correctors and wholesale trade	–	100
Held by Everglory Cooling Systems Pte. Ltd.			
Everglory Radiators (Shenyang) Co., Ltd People's Republic of China	Manufacture and repair of heating boilers, radiators and correctors and wholesale trade	–	100

[1] Audited by Moore Stephens LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 Investment in Subsidiaries (Continued)

(a) Interest in subsidiaries with material controlling interests

The Group has the following subsidiaries that have material non-controlling interests:

Name of subsidiaries/ Country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests	
	2017	2016	2017	2016
	%	%	S$'000	S$'000
Everglory Cooling Systems Pte. Ltd. Singapore	–	100	–	(303)
Total			–	(303)

(b) Disposal of Subsidiaries

Financial year 2017

On 9 November 2017, the Group entered into an agreement with a third party to dispose of Everglory Cooling Systems Pte. Ltd. for a consideration of S$1. Details of the disposal of the subsidiary is as follow:

	S$'000
Effect on cash flow of the Group	
Net liabilities of the subsidiary disposed of	(169)
Gain on disposal of subsidiary	169
Consideration received	#
Less: Cash and cash equivalents of subsidiary disposed of	(12)
Net cash outflow from disposal of subsidiary	(12)

Less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 Investment in Subsidiaries (Continued)

(b) Disposal of Subsidiaries (Continued)

Financial year 2016

(i) On 21 January 2016, the Company transferred Green World Holdings Limited and its subsidiaries ("GWH") to the remaining Eligible Creditor to settle the total outstanding serviceable loans and Convertible Notes A for S$4,300,000 (Note 19(c)). Details of the disposal of subsidiaries are as follows:

	S$'000
Effect on cash flow of the Group	
Net assets of the subsidiaries disposed of	5,560
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiaries	(436)
Loss on disposal of subsidiaries	(824)
Consideration received	4,300
Less: Settlement of serviceable loans and share application monies	(4,300)
Less: Cash and cash equivalents of subsidiaries disposed of	(189)
Net cash outflow from disposal of subsidiaries	(189)

(ii) During the previous financial year, the Group entered into an agreement with a third party to dispose of Everglory Environment Pte Ltd for a consideration of S$1. Details of the Group disposal of subsidiary is as follow:

	S$'000
Effect on cash flow of the Group	
Net liabilities of the subsidiary disposed of	(16)
Gain on disposal of subsidiary	16
Consideration received	#
Less: Cash and cash equivalents of subsidiary disposed of	–
Net cash outflow from disposal of subsidiary	–

Less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13 Investment in Subsidiaries (Continued)

(c) Change in the Group's ownership interest in subsidiaries

During the previous financial year ended 31 December 2016, the Company acquired an additional 50% shareholding interest in ECS for S$1. Following this acquisition, the Company's effective interest in ECS increased from 50% to 100%. The Group recognised an increase in other reserves and a decrease in non-controlling interest of S$654,000 and S$654,000 respectively.

14 Financial Receivables

	Group	
	2017	**2016**
	S$'000	**S$'000**
Movements in allowance for impairment losses is as follow:		
Balance at the beginning of the financial year	–	880
Derecognised on disposal of subsidiary	–	(880)
Balance at the end of the financial year	–	–

The financial receivables relate to a service concession arrangement for a wastewater treatment plant entered with a municipal government in the PRC.

(a) For the financial year ended 31 December 2016, the effective interest rate of the financial receivables was 4.5%.

(b) As at 31 December 2016, the fair value of the non-current portion of financial receivables approximates its carrying amount as management is of the opinion that the effective interest rate is similar to the market interest rate. The fair value is classified under Level 2 of Fair Value Hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 Trade and Other Receivables

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade receivables	7,753	2,656	–	–
Less: Allowance for impairment of trade receivables	–	(3)	–	–
	7,753	2,653	–	–
Other receivables				
– third parties	4	1,489	2	6
– subsidiaries	–	–	–	3,268
Derivative financial assets	–	2	–	–
Deposits	4	175	4	33
Less: Allowance for impairment of other receivables	–	(1,408)	–	(3,268)
Total trade and other receivables	7,761	2,911	6	39

Trade receivables are non-interest bearing and are generally on average credit period of 30 days (2016: 30 days).

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The following derivative financial assets/(liabilities) are included in the Group's statement of financial position at the end of financial year:

	Group			
	2017		2016	
	Contract/ Notional Amount S$'000	Assets/ (Liabilities) S$'000	Contract/ Notional Amount S$'000	Assets/ (Liabilities) S$'000
Commodities future contracts	528	(11)	468	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 Trade and Other Receivables (Continued)

Receivables that are past due but not impaired

The Group has trade and other receivables that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the reporting date is as follows:

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Trade receivables past due:				
Less than 30 days	7,753	2,653	–	–

Receivables that were impaired

The Group's and Company's trade and other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Trade and other receivables	–	1,411	–	3,268
Less: Allowance for impairment losses	–	(1,411)	–	(3,268)
	–	–	–	–
Movement in allowance accounts:				
At 1 January	1,411	6,221	3,268	7,127
Charge for the year	–	3	–	3,220
Disposal of subsidiaries	(1,411)	(465)	(3,268)	(2,731)
Write off of impairment during the year	–	(4,348)	–	(4,348)
At 31 December	–	1,411	–	3,268

Trade and other receivables which are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16 Cash and Cash Equivalents

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash and cash equivalents per the consolidated statement of cash flows	490	68	32	37

17 Trade and Other Payables

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade payables	6,854	1,634	–	–
Other payables	714	741	705	562
Derivative financial liabilities (Note 15)	11	–	–	–
Amount due to related parties	105	1,721	105	1,721
Amount due to a subsidiary	–	–	1,894	1,202
Accrued operating expenses	430	540	392	405
Total trade and other payables	8,114	4,636	3,096	3,890

The average credit period on trade purchases of goods is 30 days (2016: 30 days).

The amounts due to related parties and amount due to a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

Included in amount due to related parties is an amount of S$Nil (2016: S$1,638,000) that was related to the legal matter as discussed in Note 27. This amount of S$1,638,000 (2016: S$Nil) has been written back to profit or loss during the current financial year following the settlement of the suits and counter-suits (Refer to Notes 5 and 27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18 Borrowings

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Current liabilities				
Loans from third parties (a)	11,431	2,841	10,262	1,241
Loans from related party (b)	1,500	–	1,500	–
Convertible loans (c)	–	1,500	–	1,500
	12,931	4,341	11,762	2,741

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

			Cash flows			
	1 January 2017 S$'000	Debt assignment S$'000	Proceeds S$'000	Repayments S$'000	Foreign exchange movement S$'000	31 December 2017 S$'000
Loans from third parties	2,841	9,021	1,617	(2,097)	49	11,431
Loans from a related party	–	–	1,500	–	–	1,500
Convertible loans	1,500	–	–	(1,500)	–	–
	4,341	9,021	3,117	(3,597)	49	12,931

(a) Certain loans from third parties amounting to S$1,169,000 (2016: S$1,600,000) are unsecured, repayable on demand and bear interest rates of 9% (2016: 8%) per annum.

A loan from a third party amounting to S$1,241,000 (2016: S$1,241,000) is interest-free, secured and repayable on demand.

Included in loan from a third party was a debt assigned to Mr. Zhang Baoan (Refer to Note 21, Notes 27 and 28) amounting to S$9,021,000 (2016: S$Nil) during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18 Borrowings (Continued)

(b) The loan from a related party (Fort Canning) of S$1,500,000 (2016: S$Nil) which carries interest at 6.5% per annum was originally due for repayment on 20 August 2018. However, subsequent to year end, the Company has renegotiated with Fort Canning to extend the repayment date to 15 August 2019, with no additional interest being charged for the extended period. The loan has been classified as a current liability as at 31 December 2017 as the Company does not have an unconditional right to defer settlement of the loan for at least 12 months after year end date.

(c) The Company issued three 6% convertible loans denominated in Singapore Dollar with a nominal value of S$0.5 million each. The convertible loans are fully repaid as at year end.

19 Capital and Reserves

(a) Share Capital

	Group and Company			
	2017		2016	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully-paid:				
At 1 January and 31 December	14,942,564	196,454	14,942,564	196,454

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restrictions.

(b) Capital Reserve

Capital reserve of the Group represents the excess of the consideration received from the non-controlling interests over the interests attributable to the net assets of the subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19 Capital and Reserves (Continued)

(c) Share Application Monies

	Group and Company	
	2017	2016
	S$'000	S$'000
At 1 January	–	1,127
Settlement of Convertible Notes A	–	(1,127)
At 31 December	–	–

These relate to the non-interest bearing Convertible Notes A classified as shares application monies.

The conversion price for Convertible Notes A is based on 90% of the VWAP 5 market days immediately preceding the conversion date.

Unless previously purchased and cancelled, redeemed or converted, half of the initial number of Convertible Notes A that were issued on or about the Effective Date will be redeemed on the First Maturity Date and the remaining outstanding Convertible Notes A will be redeemed on the Final Maturity Date.

Mandatory redemptions on the First Maturity Date and Final Maturity Date shall be made in shares, which will be 85% of the VWAP for the 5 market days immediately preceding the First Maturity Date or Final Maturity Date as the case may be.

The Company may at any time after the Effective Date and before the First Maturity Date redeem the Convertible Notes A on any date ("Optional Redemption Date") at their principal amount. The Company may at any time after the First Maturity Date, redeem all or some of the Convertible Notes A. The Optional Redemption price will be 85% of VWAP for the 5 market days immediately preceding the Optional Redemption Date.

During the previous financial year ended 31 December 2016, the Company settled all outstanding debts with its Eligible Creditors and terminated the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19 Capital and Reserves (Continued)

(d) Share Options Reserve

	Group and Company			
	2017		2016	
	No. of share options '000	Share option reserves S$'000	No. of share options '000	Share option reserves S$'000
At the beginning of the year	38,586	544	44,286	544
Share options lapsed	(3,000)	–	(5,700)	–
At the end of the year	35,586	544	38,586	544

As at 31 December 2017, managerial staff of the Group held options over 35,586,000 (2016: 38,586,000) ordinary shares, of which 8,286,000 will expire on 11 October 2020, 8,700,000 will expire on 11 August 2021, 6,600,000 will expire on 26 March 2022, and the remaining 12,000,000 will expire on 10 April 2024.

At the end of the financial year, the number of unissued ordinary shares under option granted are as follows:

Date of grant	Balance at 1 January 2017	Granted	Exercised	Lapsed	Balance at 31 December 2017	Exercise price per share S$	Exercisable Period
12 October 2010	8,286,000	–	–	–	8,286,000	0.0500	12 October 2011 to 11 October 2020
12 August 2011	8,700,000	–	–	–	8,700,000	0.0250	12 August 2012 to 11 August 2021
27 March 2012	7,600,000	–	–	(1,000,000)	6,600,000	0.0290	27 March 2013 to 26 March 2022
11 April 2014	14,000,000	–	–	(2,000,000)	12,000,000	0.0024	11 April 2015 to 10 April 2024
	38,586,000	–	–	(3,000,000)	35,586,000		

Based on the Advance SCT Employee Share Option Scheme, the share options have a contractual life of ten years and are subject to a vesting period of one year. 35,586,000 (2016: 38,586,000) options are exercisable as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19 Capital and Reserves (Continued)

(d) Share Options Reserve (Continued)

Fair Value of Share Options Granted

There is no share options granted during the current financial year ended 31 December 2017. The fair value of the share options granted was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The fair value of the share options had not been accounted as it was insignificant to the financial statements.

20 Foreign Currency Translation Reserve

	Group	
	2017	**2016**
	S$'000	**S$'000**
At 1 January	15	456
Net exchange difference on translation of foreign entities' financial statements	(16)	(5)
Derecognised on disposal of subsidiaries	–	(436)
At 31 December	(1)	15

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the presentation currency of the Company.

21 Provision for Legal Claims

	Group and Company	
	2017	**2016**
	S$'000	**S$'000**
Balance at the beginning of the year	8,288	3,424
Addition during the year	733	4,864
Transfer to borrowings (Note 18)	(9,021)	–
Balance at the end of the year	–	8,288

The provision for legal claim was made in relation to the legal matter which was further discussed in Note 27. Following the settlement of the legal claims, the amount of S$9,021,000 (2016: S$8,288,000) was assigned by QSCM to an independent third party, Zhang Baoan (Refer to Notes 18, 27 and 28).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22 Related Party Transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the reporting entity;

(ii) Has significant influence over the reporting entity; or

(iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint venture of the same third party.

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22 Related Party Transactions (Continued)

In addition to the information disclosed elsewhere in the financial statements, during the financial year, the Group had significant transactions with related parties on terms agreed between the parties as follows:

(a) Compensation of Key Management Personnel

	Group	
	2017	2016
	S$'000	S$'000
Salaries, bonuses and other benefits	258	567
Contribution to defined contribution plan	26	50
Directors' fees	93	93
	377	710
Comprise amounts paid to:		
Directors of the Company	253	453
Other key management personnel	124	257
	377	710

23 Operating Lease Commitments

(a) Operating Lease Commitments – *where the Group is a lessee*

The Group has entered into commercial leases on certain properties. In previous financial year, these leases have an average tenure of 3 years. The properties are only for authorised use as approved by the lessor and the Group is restricted from subletting the properties without prior consent from the lessor. Certain leases include a clause to enable upward revision of the rental charge on an annual basis based on the prevailing market conditions.

Future minimum rental payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017	2016
	S$'000	S$'000
Payable within one financial year	–	149
Payable after one financial year but within five financial years	–	–
	–	149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 Segment Information

In prior year, the Group disposed of GWH and its subsidiaries and the continuing operation comprise of the continuing operation. The new segments are as follows:

– Trading segment – trading of copper cathodes.

– Corporate segment includes Group-level investment and treasury function.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Information about a Major Customer

Revenue from one major customer amounted to S$39,242,000 – trading segment (2016: S$25,053,000 – trading segment).

(a) Business Segments

The following table presents revenue and results information regarding the Group's business segments are as follows:

2017	Trading S$'000	Corporate S$'000	Adjustments and eliminations S$'000	Notes	Per consolidated financial statements S$'000
Revenue:					
External customers	79,692	–	–		79,692
Total revenue (Note 4)	79,692	–	–		79,692
Results:					
Write off of trade and other receivables	–	29	–		29
Write back of trade and other payables	–	1,682	–		1,682
Provision for legal claims	–	(733)	–		(733)
Segment profit	963	23	522	A	1,508
Assets:					
Segment assets	8,906	44	(694)		8,256
Segment liabilities	8,083	14,858	(1,896)		21,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 Segment Information (Continued)

(a) Business Segments (Continued)

2016	Trading S$'000	Corporate S$'000	Adjustments and eliminations S$'000	Notes	Per consolidated financial statements S$'000
Revenue:					
Inter-segment	24	–	(24)	A	–
External customers	46,843	–	–		46,843
Total revenue (Note 4)	46,867	–	(24)		46,843
Results:					
Allowance for stock obsolescence	(146)	–	–		(146)
Depreciation and amortisation	(178)	–	–		(178)
Impairment loss on plant and equipment	(860)	–	–		(860)
Impairment of trade and other receivables	(3)	–	–		(3)
Provision for legal claims	–	(4,864)	–		(4,864)
Segment loss	(5,647)	(5,632)	2,757	A	(8,522)
Assets:					
Segment assets	2,973	80	(69)		2,984
Segment liabilities	(8,620)	(14,919)	6,274		(17,265)

Notes:

A Inter-segment transactions and balances are eliminated on consolidation.

(a) Geographical segments

The Group operates in two principal geographical areas – Singapore (country of domicile) and People's Republic of China as set out below:

(a) Singapore

The Company is headquartered and has operations in Singapore. The operations in this area are principally Group-level investment, treasury function and trading of copper cathodes.

(b) People's Republic of China

The operations in this area is to wholesale of heating boilers, radiators and correctors. As disclosed in Note 13(b), the Company has disposed of ECS Group during the financial year ended 31 December 2017. The ECS operation is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 Segment Information (Continued)

(a) Business segments (Continued)

The Group's revenue from external customers and information about its non-current assets* by geographical location are detailed below:

	Singapore		People's Republic of China		Total	
	2017	2016	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	79,692	46,840	–	3	79,692	46,843
Non-current assets	–	–	–	–	–	–

* Non-current assets are insignificant.

25 Financial Risk Management Objectives and Policies

The Group and Company are exposed to financial risks arising from its operations. The key financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Financial risk management is carried out by management under policies approved by the Board of Directors. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk

The Group's and Company's exposure to credit risk arises primarily from its trade and other receivables. The Group's and Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and Company determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and Company's trade and other receivables at the reporting date is as follows:

Trade and other receivables by country:

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Singapore	5,852	259	6	39
Switzerland	1,909	2,652	–	–
	7,761	2,911	6	39

Financial assets that are neither past due nor impaired

Trade and other receivables and financial receivables that are neither past due nor impaired, are creditworthy debtors with good payment records with the Group and Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

At the end of the reporting period, approximately 100% (2016: 100%) of the Group's trade receivables were due from 1 major customer (2016: 1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 Financial Risk Management Objectives and Policies (Continued)

(b) Foreign Currency Risk

The Group operates in various countries. It is exposed to foreign exchange risk as it maintains its assets and liabilities in various currencies. Exposure to currency risk is monitored on an ongoing basis and the Group endeavors to keep its net exposure at an acceptable level.

The Group has transactional currency exposures arising from its ordinary course of business that are denominated in a currency other than the functional currency of the Group's entities. The foreign currencies in which these transactions are denominated are mainly Renminbi ("RMB") and United States Dollars ("USD").

As at 31 December 2017 and 2016, the Group's and the Company's financial assets and financial liabilities are denominated in SGD and have no foreign currency risk exposure except for the followings:

	RMB S$'000	USD S$'000	SGD S$'000	Total S$'000
Group				
2017				
Financial assets				
Trade and other receivables	–	7,753	8	7,761
Cash and cash equivalents	–	457	33	490
	–	8,210	41	8,251
Financial liabilities				
Trade and other payables	–	(6,894)	(1,220)	(8,114)
Borrowings	(9,021)	(1,069)	(2,841)	(12,931)
	(9,021)	(7,963)	(4,061)	(21,045)
Net financial (liabilities)/assets	(9,021)	247	(4,020)	(12,794)
2016				
Financial assets				
Trade and other receivables	–	2,652	259	2,911
Cash and cash equivalents	9	(28)	87	68
	9	2,624	346	2,979
Financial liabilities				
Trade and other payables	248	1,452	2,936	4,636
Borrowings	–	–	4,341	4,341
	248	1,452	7,277	8,977
Net financial (liabilities)/assets	(239)	1,172	(6,931)	(5,998)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 Financial Risk Management Objectives and Policies (Continued)

(b) Foreign Currency Risk (Continued)

Sensitivity Analysis

If the RMB and USD change against the SGD by 3% (2016: 3%) respectively with all other variables including the income tax rate being held constant, the effects arising from the net financial asset/liability position on net profit/(loss) before tax and equity will (decrease)/increase as follows:

	2017 S$'000	2016 S$'000
Group		
RMB against SGD		
– strengthened	(271)	7
– weakened	271	(7)
USD against SGD		
– strengthened	7	(35)
– weakened	(7)	35

As at 31 December 2017, the Company's financial assets and financial liabilities are denominated in Singapore dollars and have no foreign currency risk exposure except for cash and cash equivalents of S$4,800 (2016: S$5,200) which is denominated in USD and loan from third party equivalents of S$9,021,000 (2016: S$Nil) which is denominated in RMB.

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations. The Group and Company manage the liquidity risk by maintaining sufficient cash and cash equivalents to enable them to meet their normal operating commitments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 Financial Risk Management Objectives and Policies (Continued)

(c) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount S$'000	Cash flows Total S$'000	Cash flows One year or less S$'000	Cash flows One to five years S$'000
Group				
At 31 December 2017				
Trade and other payables	8,114	8,114	8,114	–
Borrowings	12,931	13,916	13,916	–
Total undiscounted financial liabilities	21,045	22,030	22,030	–
At 31 December 2016				
Trade and other payables	4,636	4,636	4,636	–
Borrowings	4,341	4,551	4,551	–
Total undiscounted financial liabilities	8,977	9,187	9,187	–

	Carrying amount S$'000	Cash flows Total S$'000	Cash flows One year or less S$'000	Cash flows One to five years S$'000
Company				
At 31 December 2017				
Trade and other payables	3,096	3,096	3,096	–
Borrowings	11,762	12,690	12,690	–
Total undiscounted financial liabilities	14,858	15,786	15,786	–
At 31 December 2016				
Trade and other payables	3,890	3,890	3,890	–
Borrowings	2,741	2,831	2,831	–
Total undiscounted financial liabilities	6,631	6,721	6,721	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 Financial Risk Management Objectives and Policies (Continued)

(d) Capital Management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's abilities to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Group and Company manage its capital structure and makes adjustments to it, in the light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group and Company may adjust the dividend payment, issue new shares or obtain new borrowings. The Group's and Company's overall strategy remains unchanged from 2016.

The capital structure of the Group and Company consists of net debt (which is borrowings) and total shareholders' equity. Total capital is calculated as net debt plus total shareholders' equity.

The net debt to total capital ratio as at 31 December is as follows.

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Net debt	12,931	4,341	11,762	2,741
Equity	(12,789)	(14,281)	(14,814)	(14,837)
Total capital	142	(9,940)	(3,052)	(12,096)
Net debt to total capital ratio	91.1	N.M.	N.M.	N.M.

N.M. – Not meaningful due to deficit in total capital.

(e) Interest Rate Risk

The Group and the Company do not have significant exposure to interest rate risk as they do not have variable interest rate on its borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 Financial Risk Management Objectives and Policies (Continued)

(f) Financial assets and financial liabilities subject to offsetting and enforceable netting arrangement

Financial assets and financial liabilities that were offsetted in the Group's statement of financial position as at 31 December 2017 (nil) and 31 December 2016 are as follows:

	Gross amounts of recognised financial assets S$'000	Gross amounts of recognised financial liabilities offset S$'000	Net amounts of financial assets presented S$'000	Related amounts not offset S$'000	Net amount S$'000
Group					
2016					
Type of financial assets					
Trade receivables	2,095	(1,599)	–	496	496

26 Fair Value of Financial Instruments

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis and non-recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26 Fair Value of Financial Instruments (Continued)

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis and non-recurring basis (Continued)

	Group		
	Level 1	**Level 2**	**Level 3**
	S$'000	**S$'000**	**S$'000**
Recurring basis			
31 December 2017			
Derivative financial liabilities	–	(11)	–
31 December 2016			
Derivative financial assets	–	2	–

There were no financial assets measured as Level 1 and Level 3.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of commodities forward and foreign exchange forward contracts are determined using observable commodities futures and foreign exchange forward prices at the reporting date. These investments are classified as Level 2 and comprise derivative financial instruments.

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables, and current financial receivables approximate their respective fair value due to the relatively short-term nature of these financial instruments.

The fair value of the non-current financial receivables and borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates available to the Group and the Company at the reporting date.

The fair value of the borrowings approximate its respective fair value as the impact of a change in market interest rate is not expected to be significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27 Legal Matter

The Group entered into an agreement to acquire a copper smelting operation in the PRC (the "Acquisition") from a third party vendor ("Vendor") in August 2011. The Group and Advance SCT (Qingyuan) Co., Ltd ("ex-subsidiary") have been named as defendants to an arbitration proceeding commenced in the PRC for the sum of approximately S$11,366,000 (RMB54,785,000) and relevant interest, in relation to the proposed acquisition of working capital and the legal proceedings arising from the termination of the proposed acquisition.

On 11 August 2015, the Company received a letter of demand for payment of an arbitration award. On 16 September 2015 and 1 October 2015, the Company filed an application to the Guangzhou Intermediate People's Court and the High Court of the Republic of Singapore respectively, for setting aside of the Arbitration Award. On 2 December 2016, Guangzhou's Intermediate People's Court rejected the Company's application to set aside the Arbitration Award. As at 31 December 2016, the Company made provision for the legal claim of approximately S$8,288,000 (RMB39,770,000) inclusive of interest as disclosed in Note 21.

The Company and the ex-subsidiary's holding company were counter-claiming against the Vendor in relation to the termination of the proposed acquisition. As at 31 December 2016, the counter-claim was ongoing and the Company assessed that the inflow of economic benefits arising from the counter-claim was probable.

Update during the current financial year

All related suits and countersuits to the legal claims have been withdrawn during the current financial year after the debt owed to QSCM amounting to RMB43,995,000 (approximately S$9,021,000) has been assigned to an independent third party, Zhang Baoan, via a debt assignment agreement (Refer to Notes 18, 21 and 28). The amount due to a related party under trade and other payables of S$1,638,000 (Refer to Notes 5 and 17) in connection to the counter-suit was also written back following the above settlement.

28 Scheme of Arrangement

The Company held a meeting of its creditors on 29 April 2016 pursuant to its application to enter into a Scheme of Arrangement under Section 210 of the Act. A resolution approving the Scheme was passed by the creditors attending the meeting, with the requisite statutory majority in relation as to both numbers and value.

A certain creditor ("Creditor") objected to the amount of its debt admitted to the creditors' meeting by the Scheme Manager and filed a summons against the Company. On 24 August 2016, the Company announced that the Judge had adjourned the hearing of the summons to permit the Creditor to file an affidavit.

Update during the current financial year

All related suits and countersuits to the partnership have been withdrawn during the current financial year after the debt owed to QSCM has been assigned to an independent third party, Zhang Baoan, via a debt assignment agreement (Refer to Notes 2(a), 18 and 27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 Subsequent Events

(a) (i) On 5 February 2018, the Company announced:

Pursuant to the Debt Capitalisation Exercise and the Fort Canning Debt Capitalisation previously announced, the Company was proposing to undertake, inter alia, the Fort Canning Debt Capitalisation, pursuant to which the Company would be capitalising S$4,475,455 which it owes to Fort Canning (comprising S$2,975,455 which was assigned by Mr. Zhang to Fort Canning and S$1,500,000 short term loan ("Term Loan") by Fort Canning to the Company) into 8,950,910,000 Capitalisation Shares, to be issued and allotted to Fort Canning. The Company has been informed that Mr. Zhang had renegotiated with Fort Canning and both parties have agreed to terminate the assignment agreement in relation to the assignment of S$2,975,455. Instead, Mr. Zhang has entered into separate agreements (to which the Company was not a party) with Mr. Jin Ran, Ms. Niu Mi Na and Summit Systems (HK) Limited, to assign the benefits of S$4,500,000 of the ZBA Debt to them in equal proportions. Following the assignment, Mr. Zhang retains S$4,195,455 of the remaining ZBA Debt.

(ii) In addition, the Company has re-negotiated with Fort Canning in relation to the repayment date of the Term Loan of S$1,500,000. As announced on 16 August 2017, the Term Loan was originally due for repayment on 20 August 2018. However, the Company has re-negotiated with Fort Canning to extend the repayment date to 15 August 2019, with no additional interest being charged for this extended period.

In view of the new developments, the Company will no longer be undertaking the Fort Canning Debt Capitalisation.

(iii) The Company has received an undertaking from Baycrest that it will convert all the Redeemable Convertible loan ("RCB") of S$2,000,000 into Conversion Shares of up to 4,000,000,000 conversion shares upon the allotment and issuance of the RCB.

(iv) The Directors' are proposing to convene an EGM for Shareholders to consider and if thought fit, to approve the Debt Capitalisation Exercise, the Transfer of Controlling Interest to Mr. Zhang Baoan and the RCB Issuance.

(b) On 5 February 2018, the Company announced that the SGX-ST had granted it in-principle approval for the listing of and quotation for up to 22,374,343,660 capitalisation shares and up to 4,000,000,000 conversion shares subject to certain condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 Subsequent Events (Continued)

(c) On 7 February 2018, the Company announced that the Company has been informed by Mr. Zhang that Mr. Jin Ran, Ms. Niu Mi Na and Summit Systems (HK) Limited will no longer be participating in the Debt Captialisation Exercise. Instead, Mr. Zhang has entered into fresh separate assignment agreements with Mr. Wang Daming, Ms. Zhang Yujuan and Ms. Du Fengyun to assign to each of them S$1,500,000 of the ZBA Debt, to be capitalised pursuant to the Debt Capitalisation Exercise. Mr. Wang Daming, Ms. Zhang Yujuan and Ms. Du Fengyun are not related to the Company, its Directors and Substantial Shareholders.

(d) On 12 February 2018, the Company issued a circular to shareholders to convene an EGM on 27 February 2018 to consider and approve the Debt Capitalisation Exercise, the transfer of a controlling interest to Mr. Zhang Baoan and the RCB issuance.

The amount of debt owing to be capitalised and the ensuing number of capitalisation shares to be issued under the proposed Debt Capitalisation Exercise are S$11,187,172 and 22,374,343,660 capitalisation shares.

(e) On 27 February 2018, the Company announced that the shareholders of the Company have approved all the resolutions in the circular to shareholders dated 12 February 2018.

On the same day, the Company has also received a notice from Baycrest International Inc. to convert the aggregate principal amount of bonds of S$2,000,000 into 4,000,000,000 ordinary shares of the Company at the conversion price of S$0.0005.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2018

Number of issued and paid-up shares	:	41,316,907,761
Number of treasury shares held by the Company	:	Nil
Class of shares	:	Ordinary Share
Voting rights	:	One vote per share

Based on the information available to the Company as at 12 March 2018, approximately 27.61% of the issued shares of the Company is held by the public. Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's Register of Substantial Shareholders)

	Number of shares			
NAME OF SUBSTANTIAL SHAREHOLDER	**Direct Interest**	**Deemed Interest**	**Total**	**%**
WENG HUA YU @ SIMON ENG*	–	2,796,098,403	2,796,098,403	6.77
HAU CHAN YEN**	–	2,623,639,625	2,623,639,625	6.35
BAYCREST INTERNATIONAL INC.	4,000,000,000	–	4,000,000,000	9.68
ZHANG BAOAN	8,390,910,000	–	8,390,910,000	20.31
WANG DAMING	3,000,000,000	–	3,000,000,000	7.26
ZHANG YUJUAN	3,000,000,000	–	3,000,000,000	7.26
DU FENGYUN	3,000,000,000	–	3,000,000,000	7.26
PLATON RESOURCES PTE. LTD.	2,176,000,000	–	2,176,000,000	5.27
TAN TIAN HONG JEFFREY***	26,572,214	2,881,585,006	2,908,157,220	7.04
SAFFRON ELITE LIMITED	2,481,051,100	–	2,481,051,100	6.00
LIM LIANG MENG****	335,000,780	2,481,051,100	2,816,051,880	6.82

* Simon Eng is deemed interested in 1,348,995,104 shares held through his 50% interest in Fort Canning (Asia) Pte Ltd, 1,274,644,521 shares held through his 50% interest in Belle Forte Ltd and 172,458,778 shares held through his 21.3% interest in Metech International Limited.

** Hau Chan Yen, wife of Simon Eng, is deemed interested in 1,348,995,104 shares held through her 50% interest in Fort Canning (Asia) Pte Ltd, 1,274,644,521 shares held through her 50% interest in Belle Forte Ltd.

*** Tan Tian Hong Jeffrey is deemed interested in 2,176,000,000 shares held through his 100% interest in Platon Resources Pte Ltd, 135,335,466 shares held through his 100% interest in Silveron Resources Ltd and 570,249,540 shares held through his 49% interest in Sunrise Investors Pte Ltd.

**** Lim Liang Meng is deemed interested in 2,481,105,100 shares held through his 100% interest in Saffron Elite Limited.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2018

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	168	3.21	3,540	0.00
100 – 1,000	132	2.52	89,915	0.00
1,001 – 10,000	924	17.64	6,484,084	0.02
10,001 – 1,000,000	3,303	63.07	857,035,363	2.07
1,000,001 AND ABOVE	710	13.56	40,453,294,859	97.91
TOTAL	**5,237**	**100.00**	**41,316,907,761**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ZHANG BAOAN	8,390,910,000	20.31
2	BAYCREST INTERNATIONAL INC.	4,000,000,000	9.68
3	DU FENGYUN	3,000,000,000	7.26
4	WANG DAMING	3,000,000,000	7.26
5	ZHANG YUJUAN	3,000,000,000	7.26
6	SAFFRON ELITE LIMITED	2,481,051,100	6.00
7	PLATON RESOURCES PTE. LTD.	2,176,000,000	5.27
8	FORT CANNING (ASIA) PTE. LTD.	1,348,995,104	3.26
9	BELLE FORTE LTD	1,274,644,521	3.09
10	APZENITH CAPITAL PTE. LTD.	990,918,693	2.40
11	OCBC SECURITIES PRIVATE LIMITED	618,000,348	1.50
12	TAN PENG BOON	590,063,180	1.43
13	SUNRISE INVESTORS PTE. LTD.	570,249,540	1.38
14	FIRSTLINK CAPITAL PTE. LTD.	473,415,000	1.15
15	QUAH CHUNG MING	442,171,488	1.07
16	SONG TANG YIH	417,261,086	1.01
17	LIM LIANG MENG	335,000,780	0.81
18	LIM CHWEE POH	247,104,294	0.60
19	ENG WAH YOUND	197,000,000	0.48
20	KIM LAY GEK	181,490,631	0.44
	TOTAL	**33,734,275,765**	**81.66**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Advance SCT Limited will be held at 65 Tech Park Crescent, Singapore 637787 on Friday, 6th April 2018 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 together with the Auditors' Report thereon.

(Resolution 1)

2. To re-elect Mr. Chan Keng Ho, who is retiring in accordance with Regulation 108 of the Company's Constitution, as Director of the Company. *(See Explanatory Note a)*

(Resolution 2)

3. To re-elect Mr. Paul Lim Choon Wui, who is retiring in accordance with Regulation 108 of the Company's Constitution, as Director of the Company. *(See Explanatory Note b)*

(Resolution 3)

4. To note the retirement of Mr. Lee Suan Hiang, who is retiring by rotation in accordance with Regulation 104 of the Company's Constitution, as Director of the Company.

5. To approve the payment of Directors' Fees of S$93,000 for the financial year ending 31 December 2018. (FY2017: S$93,000)

(Resolution 4)

6. To re-appoint Messrs Moore Stephens LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 5)

7. To transact any other ordinary business which may be properly be transacted at an annual general meeting.

As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:

NOTICE OF ANNUAL GENERAL MEETING

8. **Ordinary Resolution: Authority to allot and issue shares in the capital of the Company (the "Share Issue Mandate")**

That pursuant to Section 161 of the Companies Act, Cap. 50 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:

(I) (i) issue shares in the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and 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 and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(II) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) (the "**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis (the "**Renounceable Rights Issues**") shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below (the "**Additional Limit**");

NOTICE OF ANNUAL GENERAL MEETING

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100% of the total number of issue shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) 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 (1)(A) and (1)(B) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) 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

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the 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

NOTICE OF ANNUAL GENERAL MEETING

(6) 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 earlier. *(See Explanatory Note c)*

(Resolution 6)

9. **Ordinary Resolution: Authority to offer and grant options and/or grant awards and to allot and issue shares pursuant to the Advance SCT Employee Share Option Scheme and the ASCT Performance Shares Scheme**

That approval be given to the Directors to offer and grant options and/or awards from time to time in accordance with the provisions of the Advance SCT Employee Share Option Scheme and ASCT Performance Shares Scheme (collectively the "**ASCT Schemes**"), 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 (collectively the "**Scheme Shares**") as may be required to be issued pursuant to the exercise of options and/or awards granted under the ASCT Schemes and to do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the aggregate number of Scheme Shares to be issued shall not exceed 15% of the total number of issued Shares excluding treasury shares of the Company from time to time. *(See Explanatory Note d)*

(Resolution 7)

On Behalf of the Board

Simon Eng
Chairman

Singapore, 22 March 2018

EXPLANATORY NOTES:

(a) Mr. Chan Keng Ho, if re-elected, will remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(b) Mr. Paul Lim Choon Wui, if re-elected, will remain as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

(c) The Ordinary Resolution 6 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting (the "**AGM**") of the Company, or the date by which the next AGM 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 the aggregated of (i) 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the "**Additional Limit**"), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares and subsidiary holdings) at the time Ordinary Resolution 6 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.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the "**Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it provides the Company an opportunity to raise funds expediently and reducing the time taken for shareholders' approval in the event the need arises. The Enhanced Rights Issue Limit will, if utilised, be for the purpose of financing the Group's business needs.

The Enhanced Rights Issue will be exercised only if the Directors believed that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

(d) The proposed Resolution 7 in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to offer and grant options and/or awards and to allot and issue Shares in the capital of the Company, pursuant to the exercise of options under the Advance SCT Employee Share Option Scheme and/or the awards under the ASCT Performance Shares Scheme provided that the aggregate number of Shares to be issued does not exceed in total 15% of the total number of issued Shares (excluding treasury shares, if any) of the Company for the time being.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two (2) proxies to attend and vote on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
2. Pursuant to Section 181 of the Act, a member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend 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 appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

   (a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100.0% of the shareholding and any second named proxy as an alternate to the first named.
4. The instrument appointing a proxy must be deposited at the business address of the Company at 65 Tech Park Crescent, Singapore 637787 not less than 48 hours before the time for holding the Meeting.
5. A Depositor shall not be regarded as a member of the Company entitled to attend and vote at the Annual General Meeting unless his name appears on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for the Annual General Meeting.

Personal Data Privacy

By 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, "**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.

ADVANCE SCT LIMITED

Registration No. 200404283C
(Incorporated in Singapore)

PROXY FORM

(Please see Notes overleaf before completing this Proxy Form)

IMPORTANT:

1. A relevant intermediary may appoint may than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "**relevant intermediary**").
2. For investors who have used their CPF monies to buy Shares in the Company, this Proxy Form if not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.

I/We* _____

of _____

being a member/members* of **ADVANCE SCT LIMITED** (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%
and/or (delete as appropriate)				

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy/proxies* to vote on my/our* behalf, at the AGM of the Company, to be held at 65 Tech Park Crescent, Singapore 637787 on Friday, 6th April 2018 at 10.00 a.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 Meeting.

No.	Resolutions Relating To:	For	Against
	AS ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 together with the Auditors' Report.		
2.	Re-election of Mr. Chan Keng Ho as a Director of the Company.		
3.	Re-election of Mr. Paul Lim Choon Wui as a Director of the Company.		
4.	Approval of Directors' Fees of S$93,000.00 for the financial year ending 31 December 2018.		
5.	Re-appointment of Messrs Moore Stephens LLP as auditors of the Company.		
	AS SPECIAL BUSINESS		
6.	Grant of authority to Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
7.	Grant of authority to Directors to offer and grant options and to issue shares under the Advance SCT Employee Share Option Scheme and/or to grant awards and issue shares in accordance with the provisions of the ASCT Performance Shares Scheme.		

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with a "X" in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the relevant number of shares in the relevant boxes provided above. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the AGM.

Note: Please note that the short description given above to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full text of the resolutions to be passed.

Dated this _____ day of _____ 2018.

Total Number of Shares	

.....
Signature(s) of member(s)/Common Seal of
corporate member

Notes:

1. Please insert the total number of ordinary shares in the capital of the Company ("**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) of Singapore, 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 entered against 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, this instrument appointing a proxy or proxies will be deemed to relate to all the Shares held by you.

2. Except for a member who is a relevant intermediary, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him.

3. A member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

   (a) a banking corporation licenced under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, of the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

4. A proxy need not be a member of the Company.

5. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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 Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. This instrument appointing a proxy or proxies must be deposited at the business address of the Company at 65 Tech Park Crescent, Singapore 637787 not less than 48 hours before the time appointed for the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies.

10. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. Investors who buy Shares in the Company using CPF monies and/or SRS monies (as may be applicable) ("**CPF/SRS Investors**") may attend and cast their vote at the AGM in person. CPF/SRS Investors who are unable to attend the meeting but would like to vote, may inform CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF/SRS Investors shall be precluded from attending the AGM.

Personal Data Privacy

By 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, "**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.

This page has been intentionally left blank

This page has been intentionally left blank



65 Tech Park Crescent
Singapore 637787
Tel: (65) 6264 4338
Fax: (65) 6863 2035

www.advancesct.com