
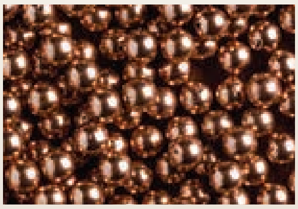


STRENGTHENING **OUR CORE** GROWING **OUR BUSINESS**

ANNUAL REPORT 2015

CORPORATE PROFILE
集团介紹

Advance SCT Limited (the “Company” or “Advance SCT”), once the premium service provider for the recycling of metals, has since evolved to become a major supplier of copper-based products to electronic and power industries around the world. By leveraging on its past expertise in the metal industry, the Company is able to produce high-quality copper products that boast greater functional efficiency as well as increased tensile strength. These are manufactured in Advance SCT’s facilities in Singapore and China.

The Company has also invested in manufacturing technologies of the future to produce Cuprobraze radiators, a new generation of copper-based high-tech heat-exchangers, for the energy generation market.

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

新亚控股集团，从提供金属资源回收的优质服务型业务，更发展成为一个领先的铜制工业产品的制造与分销业务。凭借公司在金属行业尊定的专业知识和经营管理，公司能够以更高的运作效率生产高品质的铜制成工业产品供应给全球的点子行业和电器行业。新亚控股集团主演的生产设施是在新加坡和中国。

公司目前为法电机市场研发并生产高科技附加值的新一代Cuprobraze铜制热交换器系统。

新亚集团于2004年11月24日起在新加坡证券交易所主板上市。

CONTENTS

CHAIRMAN'S MESSAGE

OVERCOMING CHALLENGES LOOKING AHEAD

Mr Simon Eng

The Group faced significant challenges in financial year 2015.

The Company was put on the SGX Watchlist on the ground that though on the whole the Group had turned profitable, based on its operating incomes alone, it was unprofitable. The Company has 24 months from 4 March 2015 to record a consolidated pre-tax profit for the most recently completed financial year, excluding exceptional/non-recurrent income and extraordinary items, and achieve an average daily market capitalisation of $40 million or more over a period of 120 days on which the share is traded, failing which the SGX may either delist the Company or suspend trading in the Company's shares with a view to delist from the SGX-ST.

While the Group was able to maintain a fairly substantial portion of its revenue, viz. S$52.7 million, despite having disposed of the Printed Circuit Board and metal recycling businesses the year before, it had suffered a loss of S$16.1 million principally due to the significant loss incurred by its copper trading arm in Taiwan, viz. Western Copper Co. Ltd. ("Western"), provision on receivables as well as ongoing litigations. Western was the main contributor to the Group's operating loss in 2014 and had remained loss-making in 2015.

The continued downward spiral in metal prices had caused the demise of many companies in the metal industry. Western was not spared. It failed in the later half of the year when the banks withdrew all trade facilities and demanded immediate repayment of outstanding debts. As far as the Company is aware, Western has ceased all operations pending the outcome of negotiation with its creditors. The creditors had initiated lawsuits against Western's Legal Representative and General Manager as announced on 8 November 2015. The outstanding sums noted in the summons amount to an aggregate of about S$4.48 million and S$0.49 million based on the prevailing exchange rate of US$1: S$1.41 and NT$1: S$0.043 respectively. The Company had announced on 13 November 2015 and 20 November 2015 that Western faced financing and liquidity issues in its operations.

Western was incorporated in June 1990 in Taiwan as a copper ball trading company. It became an associate company of the group in 2004 and only became a subsidiary in 2013. Western has been managed by the Taiwanese shareholders since incorporation. As part of a more recent effort to improve the management of the copper ball business, at the end of 2014 the Company took over ownership of Western's manufacturing facilities in Kunshan, China; and in mid-2015, the Company ceased the exclusive distributorship with Western and has started marketing the copper balls manufactured by its Kunshan facilities through third-party traders as a part of the ongoing organizational restructuring of the copper ball division. The Company had announced on 20 November 2015 that it has held for sale its entire stake in Western Copper.

The Group's venture in a new industrial radiator business with a German-Swedish technology partner under Everglory Cooling Systems Pte Ltd ("ERS") has progressed substantially in 2015, with a manufacturing facility built in Shenyang, China and engineers trained in Sweden. Given the pessimistic outlook of the world economy, the Group expects contribution from ECS to be modest in 2016 though long-term prospect remains positive.

CHAIRMAN'S MESSAGE

Net cash used in operating activities decreased by S$4.46 million

In May 2015, the Guangzhou Arbitration Commission ("GAC") ruled in favour of a former partner in Guangdong, China. GAC ordered the Company to pay Qingyuan Shengli Copper Material Co. Ltd. ("QYSCM") RMB 18.8 million plus interest to be calculated retrospectively. The GAC had taken the position that the Company's counter-claims of RMB 8.7 million plus interest and another RMB 30 million should be dealt with separately of the GAC, thereby giving QYSCM the advantage of time and space. In August 2015, the Company received a letter of demand from the solicitors representing QYSCM for the payment of about RMB 34.9 million, comprising RMB 18.8 million being the arbitration award and Rmb 16.1 million being the interest due on the award. In September 2015, the Company received notice that QYSCM has obtained leave to enforce the award in Singapore. In October 2015 the Company filed an application to the High Court of Singapore for the setting aside of the award. In December 2015, the High Court granted the Company's application for a stay on the enforcement of the award for either one year or up to the determination of Advance SCT (Qingyuan) Co. Ltd.'s application to the Guangzhou Intermediate Court to set aside the award, whichever is sooner. The Company was ordered to provide the claimant with security for the sum of US$5 million in the form of an irrevocable banker's guarantee ("BG") by 1 Feb 2016. As the Company did not have the funds nor bank facilities to provide the BG, the stay was lifted and the arbitration award became a threat to the survival of the Group.

The Company had been administered in a Scheme of Arrangement ("Old Scheme") approved in 2011. It was able to reduce the Scheme debts of ca. S$85 million in 2011 to about S$5.7 million in 2015, the repayment of which the remaining creditors had allowed to be deferred to 31 December 2015. The Company was unable to obtain further deferment and negotiated with the remaining creditors during the 14-day cure period from 1st to 14th January 2016 for an amiable settlement. The remaining creditors were persuaded to exercise their charge over the ordinary shares the Company held in some of its subsidiaries instead of all subsidiaries as provided for in the debenture. The settlement would be based on a fair valuation of the shares determined by an independent valuer jointly appointed by the creditors and the Company. BDO Advisory Pte Ltd was appointed. The valuation was completed on 24 March 2016 and the final settlement was concluded based on S$4.3 million, which represented about S$300,000 above the highest value ascribed to the shares of the subsidiaries involved. After the settlement, the Company is left with the copper ball trading business under Asiapac Recycling Pte Ltd and the new radiator business under ECS. Green World Holdings Ltd and Western were taken over by the creditors. The Old Scheme was terminated at the same time.

Trading of the Company's shares on the SGX-ST has been suspended in January 2016 amidst the uncertainties associated with the arbitration award and the Old Scheme creditors. While the final settlement and termination of the Old Scheme have removed some uncertainties, the threat from the arbitration award remains. The Company has up to 4 March 2017 to get out of the Watchlist but the Company is unlikely able to fulfil the conditions required to apply for removal from the Watchlist without a major corporate move. For that to happen, especially when new funds are required, the Company has decided that the best course of action to revive the Company and safeguard the interests of its shareholders is through a new Scheme of Arrangement ("New Scheme") to amicably settle the current debts and other contingent liabilities. The New Scheme aims to prepare the Company as a desirable platform for new investments that will fulfil the conditions required for the removal of it from the Watchlist, at the same time benefiting both the current shareholders and the creditors. On 5 February 2016, the Company applied to the High Court for approval for the Company to convene meetings of its creditors for the purpose of approving a Scheme of Arrangement under Section 210 of the Companies Act (Cap. 50). On 29 March 2016, the Company was granted leave to convene meetings of its creditors.

LOOKING AHEAD

With the termination of the Old Scheme and settlement of the legacy debts, the Company is now much leaner. It will continue the copper trading business without the burden of a factory and put in more emphasis to build the new radiator business. Meanwhile, the Company is in discussions with various parties for new investments, including the possibility of a reverse-takeover.

The successful conclusion of a New Scheme is vital to the success of the Company.

The board and management are cognisant of the deadline and therefore the need to concurrently work on the above three aspects diligently, viz. current businesses, new investments and settlement of liabilities.

董事长致词

克服挑战
迎接未来

2015财年，集团面临着重大的挑战。虽然集团整体转亏为盈，但由于主营业务收入本身未能盈利，公司被列入新加坡交易所的观察名单。若申请离开观察名单，公司的主营业务需于2015年3月24日起24个月内，除去特殊或临时收入以及非经常性收入后，转亏为盈、且以其120天股票交易平均价为准，公司市值应达到4000万新元或更多。否则新加坡交易所会将公司从上市证券所中除名或暂停公司的股票交易，最终使公司退市。

由于去年已经出售了电路板和金属回收业务，收入有所降低，但集团本年仍然保持了相当可观的5270万新元的主营业务额。然而主要的铜交易分支 — 台湾威士登股份有限公司(以下简称为"威士登") 的巨大亏损，及应收账款的计提坏账和对当前诉讼案的评估损失计提造成了本财政年度的亏损。威士登的持续性亏损是造成2014年和2015年集团亏损的主要原因。

金属价格的暴跌导致许多从事金属行业的公司破产倒闭，威士登也未幸免于难。去年后半年，银行忽然中止所有交易融资并要求立即偿还剩余债务时，威士登濒临破产。由于威士登的业绩表现，集团决定停止一切威士登的生产活动并期待与债权人达成和解。然而，集团在2015年11月8日的公告中披露债权人，最终还是起诉了威士登的法人代表和总经理。威士登公司债权人已经发出的有关美元(US$)和新台币("NT$")借款的传票，以现行汇率1美元=1.41新元，和1新台币=0.043新元来计算，传票中标注的剩余未偿还的美元和新台币债务总金额分别为448万新元和49万新元。集团曾于2015年11月13日和20日两次发布关于威士登公司财务资金流动性危险报告。

威士登金属由几位台湾股东创立于1990年，总部位于台北，主要从事铜球贸易业务，并于2004年被本公司并购，后于2013年成为本集团子公司，并继续委任台湾股东负责运营。为了完善和改进威士登的铜球贸易业务，集团于2014年底全盘掌控位于中国昆山的昆士登金属加工设施。即而公司又于2015年11月20日公布，取消威士登铜球的独家代理经销权，并计划出售所持有的全部威士登股份。

集团近来与一家德国公司展开了密切的技术合作，并共同投资创建了永辉冷却系统私人有限公司(以下简称"ERS")。该项目工厂位于中国沈阳，主要负责生产制造新科技工业散热器，并于2015年取得了较大进展，且相关工程师也在瑞典接受最新的技术培训。但是考虑到世界经济发展速度放缓，集团对于ERS2016年战略发展速度持保守态度，但长期来看，远景十分乐观。

2015年5月，在公司与中国广东前合伙人的诉讼中，广州仲裁委员会判定对方获胜，裁决公司应支付清远胜利铜材料有限公司1880万人民币并加相应的利息，对我公司主张的870万人民币和3000万人民币的反索赔，广州仲裁委员会裁决另案单独处理，使清远胜利铜材料有限公司在时间和空间上取得了优势。2015年8月，公司收到清远胜利铜材料有限公司代表律师发来的付款通知，付款总额包括裁决金额的1880万人民币和相应的利息共计1610万人民币。2015年9月，公司接到通知，清远胜利铜材料在新加坡获得批准执行仲裁索赔。2015年10月，公司向新加坡高等法院提交申请暂缓执行仲裁赔偿。2015年12月，新加坡高等法院批准暂缓一年执行仲裁赔偿，或根据胜利有色金属(清远)有限公司向广州中级法院提出的撤销仲裁申请暂缓仲裁执行，两个时间以较早的为准。同时公司被要求在2016年2月1日之前以不可撤销的银行担保形式为申请人提供总计500万美元的保证金，由于公司既没有该笔资金也没有银行或金融机构可提供担保以保持仲裁赔偿暂缓执行，仲裁裁决的执行已经成为了威胁公司存亡的重要因素。

自2011年后，公司的运营受护于高等法院获准的债务偿还计划(简称"旧方案")。至2015年，公司已经将2011年的8500万新元债务减少至570万新元、同年剩余债务债权人同意将偿还任务延期到2015年12月31日。由于我公司无法获得进一步的延期许可，2016年1月1日至14日之间的14天内，公司就剩余债务与债权人谈判，以寻求一个合理的解决方案。最终，债权人同意和本公司共同任命独立审计人—BDO咨询私人有限公司对转让股份进行合理评估，并以评估报告为基础进行结算。评估报告于2016年3月24日完成，双方最终承认转入股份结算金额为430万新元，比评估报告的价值高出30万新元。结算后，公司仅剩下铜球交易业务和散热器业务。同时旧方案宣告完结。

2016年1月，由于仲裁赔偿和债权人问题，公司在新加坡交易所的业务暂时停止。虽然旧方案已经结束，并与债权人达成谅解，但仲裁赔偿的威胁仍然存在。若期望公司于2017年3月4日脱离观察名单，则必须做出重大改变。为了实现这一目标，尤其是为了获得必要的新资金，董事会通过了向高等法院申请新债务偿还计划(简称"新方案")，以期待提高公司业务额和维护股东的利益，并偿还公司相关的债务 2016年2月5日，本公司向新加坡高等法院申请批准召开债权人会议，请求批准根据公司法第210条制定的新方案。新加坡高等法院于2016年3月29日批准了公司召开债权人会议的申请。

前景展望

完成旧方案和解决遗留债务后，公司面临诸多困难。公司将继续开展铜贸易业务，但不会涉及工厂制造，会将更多的精力投入到新的散热器业务中。与此同时，本公司正在与各方讨论新的投资—包括反收购的可能性。

新方案的成功对公司的发展前景至关重要。

我们需要在上述三个方面同时努力，以期在最后期限来临之前解决公司当前业务、企业新投资和债务问题，以满足董事会和公司管理层的期许。

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 ZHANG BAOAN

Non-Independent Non-Executive Director and Vice Chairman

Mr Zhang Baoan joined the Advance SCT Group on the 1 September 2014 as a Vice Chairman, Non-Executive Director and a Member of the Nominating Committee. He is currently a He currently co-owns a deep-mining equipment business in Germany jointly with Siemens, as well as a 700 MW power plant in Hefei (capital city of the Anhui province) with Beijing-based and Hefei-based state-owned enterprises.

With his substantial investments in China, Singapore and Europe as well as his previous experience successfully developing several landmark properties in China and Germany, Mr Zhang is considered an ultra-high net worth individual and a valuable asset to Advance SCT.

Mr Zhang is currently also a director of Xingang Power Investments Ltd as well as United Power Corporation Pte Ltd.

MR NG SIEW HOONG LINUS

Lead Independent Director and RC Chairman

Mr Ng Siew Hoong Linus joined the Advance SCT Group on 8 June 2015 as an Independent Director, Chairman of the Remuneration and a Member of the Audit and Nominating Committee. Mr Ng is an advocate and solicitor and currently a Partner and co-head of the Corporate Department in the local law firm, Robert Wang & Woo LLP. Mr Ng is involved in corporate finance and advisory work in relation to assets and projects financing with transactions exceeding an aggregate of USD6.9 billion. In addition to his debt financing expertise, Mr Ng also advises on various aspects of equity financing in the capital markets and in fund raising for companies.

Prior to this, he headed his previous firm's Representative Office in Shanghai and assisted foreign corporations seeking to invest in China as well as Chinese companies looking to overseas expansions particularly into Asia. He is also actively involved in advisory work in connection with on-shore and off-shore investments by Singapore and foreign corporations in emerging economies in the Asean region and had given talks in international conferences on these subjects. His recent talks as an invited speaker included a seminar at the China – ASEAN Expo 2015 in Nanning, China on the investment legal landscape in Singapore.

Mr Ng has an Honours degree in Law from the University of London and is a member of the Singapore Academy of Law and Law Society of Singapore.

MR LOO CHENG GUAN

Independent Director and AC Chairman

Mr Loo Cheng Guan joined Advance SCT Group on 1 June 2015 as an Independent Director, Chairman of the Audit Committee and a Member of the Remuneration Committee. He is currently an Executive Director and Group Deputy CEO of C&G Environmental Protection Holdings Ltd and sits on various boards including the board of Rockstead GIP Fund II as Non-executive Chairman. Mr Loo has more than two decades of corporate finance, private equity and business experience, having spent his entire career advising on mergers and acquisitions, growth strategies and structuring investments that achieve capital appreciation for investors.

Prior to joining C&G, Mr Loo was Managing Director of F&H Fund Management Pte Ltd from Aug 2010 to May 2011, where he was responsible for overall investment strategy and management.

His list of credentials also include being the Managing Director of Tembusu Partners Pte Ltd from Oct 2008 to Mar 2010, where he oversaw the management of the funds; being the Founding Managing Partner of Blue Ocean Capital Partners Pte Ltd from Nov 2005 to Oct 2009, where he advised clients on cross-border M&A; holding the Senior Vice President position at Mitsubishi Securities (Singapore) Ltd from July 2003 to Nov 2005, where he advised clients on matters of corporate finance and M&A; holding the Principal position at Advent International from 1999 to 2003, where he focused on late-stage investments and buyouts; and being the Deputy Managing Director of Nomura Securities from 1995 to 1998, where he was responsible for its investment banking operations in Malaysia. Mr Loo started his career as a management consultant with Arthur D. Little in 1990.

Mr Loo holds a Bachelor of Economics (Honours) and MBA from Monash University in Melbourne. He is a fellow of Hong Kong Institute of Directors and a member of Singapore Institute of Directors.

MR LEE SUAN HIANG

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, Chief Executive of the Real Estate Developers' Association of Singapore, Chairman of the Singapore Note & Coin Advisory Committee and Chairman of Viking Airtech. He is also a 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).

KEY MANAGEMENT

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.

MS SAMANTHA HUA LEI
Group Financial Controller

Ms Samantha Hua is responsible for the finance, accounting, taxation and compliance reporting for the Group and its subsidiaries. Ms Hua joined the Group in April 2013 as the Finance Manager and was appointed to the current role in December of the same year. Prior to joining the Group, Ms Hua accumulated more than six years of experience as an Audit Senior with CPA firms in Singapore.

Ms Hua graduated with a Bachelor Degree in Accounting.

MR PETER CHUE
CEO, Everglory Cooling Systems Pte. Ltd.

Mr Peter Chue is responsible for the design, manufacture, sales and marketing of CuproBraze radiators and radiator cores in Singapore and China.

Prior to joining the Group, Mr Chue was the Managing Director of MWF International Pte Ltd (MWF). He has 40 years of experience in the manufacturing of industrial radiators, with a specialty in CuproBraze technology for radiators and radiator cores. He acquired this in-depth knowledge from 1977 to 1985, first as a distributor then a licensee of industrial radiators, and eventually a full joint venture partner with Perfex McQuay Inc USA. His subsequent stints with Modine Manufacturing Co, Perfex Windhoff UK, Windhoff Germany and International Radiator Service US (Serck) added breadth and depth to Mr Chue's credentials as he gained hands-on experience in after-sales, service and repair operations.

MR WANG DAMING
General Manager of Everglory Radiators (Shenyang) Co., Ltd.

Mr Wang Daming assists the Group CEO in developing new businesses for the Group, especially in China. He is also responsible for overseeing the operations of the Group's wastewater treatment plant and CuproBraze radiator factory both located in Shenyang, China.

Mr Wang possesses extensive engineering experience in China. He was a member of the expert panel in Liaoning Province put together to inspect engineering construction projects. In 2009, he was selected as an expert panel member of the Ministry of Housing and Urban-Rural Development (MOHURD – 中国住建设部) of the PRC.

Mr Wang graduated with a Bachelor's degree majoring in Machine Design, Manufacturing and Automation from Nanchang Aerospace University (南昌航空大学).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Simon Eng
Chairman
Group Chief Executive Officer
Executive Director

Zhang Baoan
Vice Chairman
Non-Independent Director

Ng Siew Hoong Linus
Lead Independent Director

Loo Cheng Guan
Independent Director

Lee Suan Hiang
Independent Director

AUDIT COMMITTEE

Loo Cheng Guan (Chairman)
Ng Siew Hoong Linus
Lee Suan Hiang

NOMINATING COMMITTEE

Lee Suan Hiang (Chairman)
Ng Siew Hoong Linus
Zhang Baoan

REMUNERATION COMMITTEE

Ng Siew Hoong Linus (Chairman)
Loo Cheng Guan
Lee Suan Hiang

COMPANY SECRETARY

Huang Zhihao

REGISTERED OFFICE

9 Temasek Boulevard
#41-01 Suntec Tower 2
Singapore 038989

AUDITORS

Moore Stephens LLP
Certified Public Accountants

Partner-in-charge: Neo Keng Jin
(Appointed since financial year ended 31 December 2012)

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

Everglory Cooling Systems Pte Ltd
Core Business:
- Manufacture of copper cooling systems

Everglory Environment Pte Ltd
Core Business:
- Investment holding

PEOPLE'S REPUBLIC OF CHINA

Everglory Radiators (Shenyang) Co Ltd
Core Business:
- Manufacturing of CuproBraze radiators

FINANCIAL CONTENTS

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Advance SCT Limited (the "**Company**", and together with its subsidiaries and associated companies, 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 2012 Code of Corporate Governance ("**Code**") where applicable to the Group. The Company recognizes the importance of good corporate governance for continued growth and investors' confidence. This statement outlines the corporate governance framework and practices adopted by the Company with specific reference made to each of the principles of the Code.

The Monetary Authority of Singapore ("**MAS**") issued the revised Code on 2 May 2012 and is effective for annual reports relating to financial years commencing from 1 November 2012. The Code is not mandatory, but listed companies are required under the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to disclose their corporate governance practices and give explanations for deviations from the Code in their Annual Reports.

This report describes the Company's corporate governance practices that were in place throughout the 12 months financial period ended 31 December 2015 ("**FY2015**"), with specific reference to the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company has complied with the principles of the Code where appropriate.

The Board confirms the Group has adhered to all principles and guidelines set out in the Code for FY2015 except as otherwise stated.

The Code

The Code is divided into four main sections, namely:

(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholder Rights and Responsibilities

(A) BOARD MATTERS

***Principle 1:* Board's Conduct of its 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.

The primary role of the Board is to protect and enhance long-term shareholders' value. The Board's key responsibilities include charting and reviewing the Group's overall business strategies and policies, supervising executive management of the Company ("**Management**") and reviewing the Group's financial and managerial performance.

CORPORATE GOVERNANCE STATEMENT

The Board's role also includes the following:

(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;
(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 Executive Directors play an active role in the management of the Group. They are involved in the formulation of corporate strategies and are responsible for the day-to-day operations and administrative activities of the Group.

The Board comprises the following Directors:

Simon Eng	–	Chairman and Chief Executive Officer
Zhang Baoan	–	Vice Chairman and Non-Executive Director
Ng Siew Hoong Linus	–	Lead Independent Director
Loo Cheng Guan	–	Independent Director
Lee Suan Hiang	–	Independent Director

To assist the Board in the execution of its responsibilities, the Board has established a number of committees of the Board ("**Board Committees**"), namely the Nominating Committee (the "**NC**"), the Remuneration Committee (the "**RC**"), the Audit Committee (the "**AC**") and the Risk Management Committee (the "**RMC**"). These Board Committees 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.

The full Board meets at least four times a year. Whenever warranted by particular circumstances, adhoc, non-scheduled Board meetings are convened. In addition to these meetings, some matters concerning the Group are also put to the Board for its decision by way of written resolutions. A Board meeting may also be conducted by way of tele-conferences and video conferences.

CORPORATE GOVERNANCE STATEMENT

The number of Board meetings and other meetings held in 2015 and the attendances of the Directors at these meetings are set out below:

Name of Directors	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Simon Eng	4	4	4	N.A.	1	N.A.	1	N.A.
Zhang Baoan	4	0	4	N.A.	1	0	1	N.A.
Ng Siew Hoong Linus[1]	4	2	4	2	1	N.A.	1	N.A.
Loo Cheng Guan[2]	4	2	4	2	1	N.A.	1	N.A.
Lee Suan Hiang	4	4	4	4	1	1	1	1
Attlee Hue Kuan Yew[3]	4	2	4	2	1	1	1	1
Chay Yiowmin[4]	4	2	4	2	1	1	1	1
Peter Choo Chee Kong[5]	4	2	4	N.A.	1	N.A.	1	N.A.
Song Tang Yih[6]	4	1	4	N.A.	1	N.A.	1	N.A.

1 Appointed on 8 June 2015
2 Appointed on 1 June 2015
3 Resigned on 8 June 2015
4 Resigned on 31 May 2015
5 Resigned on 8 June 2015
6 Resigned on 30 April 2015

Matters Requiring Board Approval

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

(a) results announcement;
(b) annual report and accounts;
(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.

New 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. 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. During the year, the Board was briefed and/or updated on the changes of rules and/or regulations, including but not limited to:

(a) amendments to the Listing Manual;
(b) amendments to the Code; and
(c) recent changes to the accounting standards.

CORPORATE GOVERNANCE STATEMENT

Newly appointed Directors are advised of their statutory duties as well as their other responsibilities as Directors. 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.

***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.

The Board presently comprises one (1) Executive Director, three (3) Independent Directors and one (1) Non-Independent, Non-Executive Director who collectively have the required 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 are set out in the Board of Directors section of this Annual Report.

Members of the Board of Directors

The Board has three (3) Independent Directors, representing more than half of the Board. They are Mr Ng Siew Hoong Linus, Mr Loo Cheng Guan, and Mr Lee Suan Hiang. The Board, taking into account the views of the NC, 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.

***Principle 3:* Chairman and Chief Executive Officer ("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.

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.

CORPORATE GOVERNANCE STATEMENT

As the Chairman and CEO of the Company are not separate roles, Mr Ng Siew Hoong Linus was appointed as the Lead Independent Director on 8 June 2015 to lead and coordinate the activities of the Independent Directors of the Company. The Board is of the view that the discharge of responsibilities in the two roles by the same person is not compromised as there exists a strong independent element on the Board and there is adequate balance of power and safeguards in place against any considerable concentration of power in a single individual.

Principle 4:

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

The NC comprises the following Directors:

1. Lee Suan Hiang (Chairman)
2. Ng Siew Hoong Linus (Member)
3. Zhang Baoan (Member)

The NC meets at least once a year. 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.

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;
(c) the current composition of the Board; and
(d) the need for a strong and independent element on the Board.

Pursuant to Regulation 104 of the Company's Constitution, one-third of the Directors shall retire by rotation at every Annual General Meeting ("**AGM**").

Regulation 108 of the Company's Constitution provides that newly appointed Directors would be required to submit themselves for re-nomination and re-election at the forthcoming AGM. In accordance with the Company's Constitution, Mr Lee Suan Hiang shall retire pursuant to Regulation 104 at the forthcoming AGM, and has consented to re-election. Subject to being duly re-elected, Mr Lee Suan Hiang will remain as the Chairman of NC and member of the AC and RC. Mr Ng Siew Hoong Linus shall retire pursuant to Regulation 108 at the forthcoming AGM, and has consented to re-election. Subject to being duly re-elected, Mr Ng Siew Hoong Linus will remain as Chairman of the RC and a member of the AC and NC. Mr Loo Cheng Guan shall retire pursuant to Regulation 108 at the forthcoming AGM, and has consented to re-election. Subject to being duly re-elected, Mr Loo Cheng Guan will remain as Chairman of the AC and a member of the RC.

CORPORATE GOVERNANCE STATEMENT

The NC has reviewed the independence of each Director for FY2015 in accordance with the definition of independence under the Code and is satisfied that more than half of the Board comprised of Independent Directors.

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. Accordingly, notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.

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.

As at the date of this report, the members of the Board and their details are set out below:

Name of Director	Date of appointment/ (last re-election)	Nature of appointment	Board Committees	Academic and professional qualifications	Directorships or Chairmanships both present and held over last 3 years in other listed companies and other principal commitments
Simon Eng	12 March 2009 (30 April 2014) Appointed as Chief Executive Officer on 25 March 2009 Appointed as Chairman on 28 August 2009	Executive Director Chairman Chief Executive Officer	N.I.L.	MSc in Engrg (Uni. Hamburg) General Management Programme (Harvard)	Present directorship *Metech International Ltd* Past directorship *Teledata (Singapore) Ltd*
Ng Siew Hoong Linus	8 June 2015 Appointed as Lead Independent Director on 8 June 2015	Lead Independent Director	Chairman of RC Member of AC & NC	LLB (Honours) (UOL)	Present directorship *NIL* Past directorship *NIL*

CORPORATE GOVERNANCE STATEMENT

Name of Director	Date of appointment/ (last re-election)	Nature of appointment	Board Committees	Academic and professional qualifications	Directorships or Chairmanships both present and held over last 3 years in other listed companies and other principal commitments
Loo Cheng Guan	1 June 2015	Independent Director	Chairman of AC Member of RC	BEcons (Honours) MBA (Monash Uni.)	Present directorship C&G Environmental Protection Holdings Ltd Rockstead GIP Fund II Past directorship *NIL*
Lee Suan Hiang	1 January 2014 (30 April 2014)	Independent Director	Chairman of NC Member of AC & RC	BA (Honours) Ind Design Engrg (Manchester Poly, UK) Leaders in Admin Programme (Civil Svc College) Int'l Executive Programme (INSEAD) Advanced Management Programme (Harvard)	Present directorship Perennial Real Estate Holdings Ltd Viking Offshore & Marine Ltd CITIC Envirotech Ltd Memstar Technology Ltd Past directorship *NIL*
Zhang Baoan	1 September 2014 (30 April 2015)	Non-Executive Director Vice Chairman	Member of NC	BSc	Present directorship *NIL* Past directorship *NIL*

Details of Directors' shareholdings in the Company and its subsidiaries are set out in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

***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 recognizes 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 ("**Evaluation Plan**"). The Evaluation Plan allows for comparison with industry peers and evaluates how the Board has enhanced long-term shareholder value.

Each year, 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. All Directors participate in the evaluation process by way of questionnaires, and the Chairman of the NC collates, evaluates and presents the findings, together with the recommendations of the NC, to 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 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 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 Directors:

1. Ng Siew Hoong Linus (Chairman)
2. Loo Cheng Guan (Member)
3. Lee Suan Hiang (Member)

The RC has access to advice from the internal human resource department, and if necessary, expert advice from outside the Company is sought.

The RC's responsibilities include the following:

- reviews and recommends to the Board a general framework of remuneration for the Board and key management personnel, 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. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;
- 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

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 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 remuneration of Non-Executive Directors and Independent Directors is determined by the Chairman on the recommendation of the RC, based on the effort and time spent, and their responsibilities. The total remuneration of the Non-Executive Directors and Independent Directors is put up for approval at AGMs.

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.

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.

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 FY2015 are set out below:

Name of Directors	Remuneration Band	Salary (%)	Bonus (%)	Fee (%)	Allowances and other benefits in kind (%)	Total (%)
Simon Eng[1]	$501,000 to $750,000	81	19	–	–	100
Attlee Hue Kuan Yew[2]	Below $250,000	–	–	100	–	100
Peter Choo Chee Kong[3]	Below $250,000	–	–	100	–	100
Chay Yiowmin[4]	Below $250,000	–	–	100	–	100
Lee Suan Hiang[5]	Below $250,000	–	–	100	–	100
Song Tang Yih[6]	Below $250,000	96	–	–	4	100
Zhang Baoan[7]	Below $250,000	–	–	100	–	100
Ng Siew Hoong Linus[8]	Below $250,000	–	–	100	–	100
Loo Cheng Guan[9]	Below $250,000	–	–	100	–	100

1 Appointed as Director on 12 March 2009. Appointed as CEO on 25 March 2009. Appointed as Chairman of the Board of Directors on 28 August 2009.

2 Appointed as Director on 9 November 2009. Appointed as Lead Independent Director on 31 May 2010. Resigned as Director on 8 June 2015.

3 Appointed as Director on 1 May 2012. Resigned as Director on 8 June 2015.

4 Appointed as Director on 4 September 2013. Resigned as Director on 31 May 2015.

5 Appointed as Director on 1 January 2014.

6 Appointed as Director on 1 March 2014. Resigned as Director on 30 April 2015.

7 Appointed as Director on 1 September 2014.

8 Appointed as Director on 8 June 2015.

9 Appointed as Director on 1 June 2015.

Name of Key Management Personnel (who are not Directors or the CEO)	Remuneration Band	Salary (%)	Bonus (%)	Allowances and other benefits (%)	Total
Peter Chue	Below $250,000	86	7	7	100
Wang Daming	Below $250,000	89	11	0	100
Zhang Telung	Below $250,000	93	7	0	100
Hua Lei Samantha	Below $250,000	75	19	6	100
Monica Kwok	Below $250,000	77	17	6	100

CORPORATE GOVERNANCE STATEMENT

The annual aggregate amount of the total remuneration paid to top 5 key executive in FY2015 is approximately S$724,999, including the share options granted to employees under the Advance SCT Employee Share Option Scheme. The exact remuneration of the Directors and key executives (who are not Directors) is not disclosed in the AR2015 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.

The RC will review the remuneration of the Directors and the executives periodically. There are no employees receiving more than $50,000 in remuneration in FY2015 who are immediate family members of the Directors and the CEO.

Executive Directors and key management personnel are paid a discretionary bonus based on the Group's results and individual performance. Such performance related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. It also takes into account the risk policies of the Company, is symmetric with risk outcomes and is sensitive to the time horizon of the risks.

Key management personnel are paid incentives based on achievement of performance targets set at the beginning of the financial year in relation to their respective business units. In setting the targets, due regard is given to the financial and commercial health and the business needs of the Group.

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 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.

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.

(C) ACCOUNTABILITY AND AUDIT

***Principle 10:* Accountability**

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

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.

***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.

CORPORATE GOVERNANCE STATEMENT

Internal Control Systems

The Board recognizes 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.

The Board has received assurance from the CEO and the Group's financial controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems are adequate and effective.

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.

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.

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 ("**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 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.

CORPORATE GOVERNANCE STATEMENT

Risk Management

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.

Given the above, the Board is satisfied with the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and risk management systems of the Company.

***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 Directors:

1. Loo Cheng Guan (Chairman)
2. Ng Siew Hoong Linus (Member)
3. Lee Suan Hiang (Member)

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

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. Specifically, the AC:

(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;
(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

CORPORATE GOVERNANCE STATEMENT

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 meets with the external auditors, without the presence of the Management as recommended by the Code, at least once a year.

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 auditors of the Company's subsidiaries and associate companies are disclosed in Note 12 to the financial statements in this Annual Report. The Board and the AC have considered and confirmed that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company and the Group. Accordingly, Rule 716 of the Listing Manual is complied with.

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. There were no non-audit fees paid to the external auditors for FY2015.

The audit partner assigned to the audit has also 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.

During FY2015, 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.

***Principle 13:* Internal Audit**

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

The Company has complied with the recommendation of the Code and has set up its internal audit team, effective from 1 January 2013, to ensure that the Company maintains a sound system of internal audit. The internal audit team reports directly to the Chairman of the AC. The AC ensures that the internal audit function is adequately resourced and that it has appropriate standing within the Company to perform its function effectively. Based on the information provided to the AC, the AC considers that the Company's internal audit function is adequate and effective.

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:

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.

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.

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;
(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.

CORPORATE GOVERNANCE STATEMENT

***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 AGMs to promote a healthy exchange of views between the Company and shareholders. The AGMs are the principal forum for dialogue with shareholders. During the AGMs, 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 allows members to appoint proxies to attend and vote at general meetings, as required under Section 181 of the Companies Act (Cap. 50) of Singapore and Regulation 82 of the Company's Constitution.

Separate resolutions are proposed at general meetings for each distinct issue.

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.

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 period commencing one month before the announcement of the Company's half year and full year financial results and ending on the date of the announcement of such financial results. 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 FY2015. 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 FY2015 or entered into since the end of FY2014.

TREASURY SHARES

There are no treasury shares held by the Company at the end of FY2015.

DIRECTORS' STATEMENT

For the Financial Year ended 31 December 2015

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 2015 and the statement of financial position of the Company as at 31 December 2015.

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 33 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 2015 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, for the reasons as mentioned in Note 2(a) to the financial statements.

1 Directors

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

Simon Eng	
Lee Suan Hiang	
Loo Cheng Guan	(Appointed on 1 June 2015)
Ng Siew Hoong Linus	(Appointed on 8 June 2015)
Zhang Baoan	

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 26 of this report.

3 Directors' Interests in Shares and Debentures

The following directors, 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 and share options 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	1,274,644,521[1]	1,274,644,521[1]
Zhang Baoan	1,348,495,104[2]	1,348,495,104[2]

DIRECTORS' STATEMENT

For the Financial Year ended 31 December 2015

3 Directors' Interests in Shares and Debentures (Cont'd)

The directors' interests in the shares of the Company at 21 January 2016 were the same as at 31 December 2015.

[1] Simon Eng is deemed interested in shares held through Belle Forte Ltd.

[2] Zhang Baoan is deemed interested in the shares held through Fort Canning (Asia) Pte Ltd.

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.

The Remuneration Committee (the "RC") administering the Advance SCT Employee Share Option Scheme comprises directors, Mr Ng Siew Hoong Linus (Chairman of the Committee), Mr Loo Cheng Guan 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 2015	Granted	Exercised	Lapsed	Balance at 31 December 2015	Exercise price per share	Exercisable period
						S$	
12 October 2010	8,286,000	–	–	–	8,286,000	0.0500	12 October 2011 to 11 October 2020
12 August 2011	10,200,000	–	–	(1,000,000)	9,200,000	0.0250	12 August 2012 to 11 August 2021
27 March 2012	9,800,000	–	–	(1,000,000)	8,800,000	0.0290	27 March 2013 to 26 March 2022
11 April 2014	22,500,000	–	–	(4,500,000)	18,000,000	0.0024	11 April 2015 to 10 April 2024
	50,786,000	–	–	(6,500,000)	44,286,000		

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

DIRECTORS' STATEMENT
For the Financial Year ended 31 December 2015

4 Share Plans (Cont'd)

Advance SCT Employee Share Option Scheme (Cont'd)

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.

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
Wang Daming	–	3,000,000	–	3,000,000
Monica Kwok	–	4,300,000	–	4,300,000
Total	–	38,586,000	–	38,586,000

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

For the Financial Year ended 31 December 2015

4 Share Plans (Cont'd)

<u>**ASCT Performance Shares Scheme ("ASCT PS Scheme")**</u>

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:

Loo Cheng Guan	(Chairman and Independent Director)
Ng Siew Hoong Linus	(Member and Independent Director)
Lee Suan Hiang	(Member and 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;

- 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 2015 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.

DIRECTORS' STATEMENT

For the Financial Year ended 31 December 2015

6 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Simon Eng
Director

Loo Cheng Guan
Director

Singapore
6 April 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Advance SCT Limited

Report on the Financial Statements

1. We were engaged to audit the accompanying financial statements of Advance SCT Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 33 to 96, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income and consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Singapore Standards on Auditing. Because of the matters described in the Basis of Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Limitation of Scope in auditing the financial statements of a subsidiary company for the financial year ended 31 December 2013

4. Our independent auditors' report dated 6 April 2015 on the financial statements for the previous financial year ended 31 December 2014 expressed a qualified audit opinion due to the limitation of scope in auditing the financial statements of a subsidiary company for the financial year ended 31 December 2013.

5. The financial statements of Shenzhen Jestern Technology Co., Ltd (a subsidiary company based in the People's Republic of China which was acquired on 3 January 2013), for the financial year ended 31 December 2013, were audited by another auditor based in the People's Republic of China.

6. The consolidated financial statements of the Group for the financial year ended 31 December 2013 included the net profit, total assets, total liabilities and net assets of the subsidiary company amounting to S$443,375, S$7,559,568, S$5,838,985 and S$1,720,583, respectively.

7. We were unable to perform normal audit procedures as auditors of the Company on this subsidiary for the purpose of providing an opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2013. Consequently, we were unable to determine what adjustments, if any, might be required to the consolidated financial statements of the Group for the financial year ended 31 December 2013.

INDEPENDENT AUDITORS' REPORT

To the Members of Advance SCT Limited

8. Since the opening balances of the financial statements of the subsidiary company affect the determination of the Group's results of operations, we were unable to determine whether adjustments to the results of the Group's operation, and the Group's opening accumulated losses might be necessary for the previous financial year ended 31 December 2014. Our audit opinion on the consolidated financial statements for the previous financial year ended 31 December 2014 was modified accordingly. Our audit opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Other Receivables of an Associated Company

9. Included in the financial statements of an associated company, Western Copper Co., Ltd (previously a subsidiary company which was partially disposed of during the financial year 31 December 2015 – Note 12(c) and Note 18) were two other receivables of S$4,296,000 and S$2,553,000.

10. Other receivables of S$4,296,000 were fully impaired (prior to the partial disposal of Western Copper Co., Ltd) and were included in the impairment loss on trade and other receivables of S$6,965,000 (Note 7). We were however unable to obtain information on these other receivables of S$4,296,000 and there were no alternative auditing procedures that we could carry out to satisfy ourselves as to the validity of these other receivables nor the basis of the allowance for impairment.

11. In addition, we were also unable to obtain information and there were no alternative auditing procedures that we could carry out to satisfy ourselves as to the recoverability of the other receivables of S$2,553,000.

12. Consequently, we are unable to determine whether any adjustments to the impairment loss of trade and other receivables of S$6,965,000 (Note 7) and the gain on the disposal of subsidiaries of S$919,000 (Note 5) in profit or loss and the carrying amount of the investment in associated company of nil (Note 18) for the financial year ended 31 December 2015 were necessary.

Appropriateness of Going Concern Assumption

13. As disclosed in Note 2(a) to the financial statements, the Group incurred a loss after tax of S$16,124,000 and a total comprehensive loss of S$15,752,000 for the financial year ended 31 December 2015 and, as of that date, the Group and the Company have net current liabilities of S$10,168,000 and S$8,873,000 respectively. As at 31 December 2015, the Group and the Company have deficits in shareholders' funds of S$4,191,000 and S$8,381,000 respectively. These conditions indicate the existence of material uncertainties which may cast significant doubt as to the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

14. The accompanying financial statements have been prepared on the assumption that the Group and the Company will continue on a going concern basis.

15. As disclosed in Note 2(a) to the financial statements, the ability of the Group and Company to continue as going concerns are dependent on its ability to meet its day-to-day working cash flow requirements from a combination of the working capital generated from operations and the approval and successful implementation of the Scheme of Arrangement as disclosed in Note 30 to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Advance SCT Limited

16. In view of the material uncertainties discussed above, we were unable to obtain sufficient appropriate audit evidence regarding the use of the going concern assumption in the preparation of the financial statements. Consequently, we were unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.

17. In the event that the Group and Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

Disclaimer of Opinion

18. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 17, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

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

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2015

	Note	Group 2015 S$'000	Group 2014 S$'000
Revenue	4	52,676	69,878
Cost of sales		(51,342)	(67,071)
Gross profit		1,334	2,807
Other income	5	4,711	8,061
Selling and distribution costs		(517)	(416)
Administrative expenses		(4,895)	(7,212)
Other expenses		(15,622)	(949)
Finance costs	6	(717)	(1,242)
(Loss)/Profit before income tax	7	(15,706)	1,049
Income tax expense	8	(418)	(46)
Net (loss)/profit for the year		(16,124)	1,003
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
– Net gain relating to foreign currency translation differences arising from consolidation		221	196
– Cumulative foreign currency translation differences reclassified from equity		151	125
Other comprehensive income, net of tax		372	321
Total comprehensive (loss)/profit for the year		(15,752)	1,324
Total (loss)/profit after tax attributable to:			
Equity holders of the Company		(12,338)	1,999
Non-controlling interests		(3,786)	(996)
		(16,124)	1,003
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company		(12,056)	2,148
Non-controlling interests		(3,696)	(824)
		(15,752)	1,324
(Loss)/Earnings per share attributable to owners of the Company (Cents)			
Basic	9	(0.08)	0.02
Diluted	9	(0.08)	0.02

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
ASSETS					
Non-Current Assets					
Plant and equipment	10	2,889	3,365	–	–
Goodwill	11	–	1,714	–	–
Investment in subsidiaries	12	–	–	3,329	1,474
Financial receivables	14	6,454	7,359	–	–
		9,343	12,438	3,329	1,474
Current Assets					
Inventories	15	293	3,619	–	–
Prepayments		269	811	–	9
Trade and other receivables	16	3,165	13,272	224	8,868
Financial receivables	14	140	126	–	–
Cash and cash equivalents	17	514	9,735	83	388
		4,381	27,563	307	9,265
Asset classified as held for sale	18	–	–	–	–
Current Assets		4,381	27,563	307	9,265
Total Assets		13,724	40,001	3,636	10,739
Current Liabilities					
Trade and other payables	19	5,485	9,859	2,801	3,169
Interest-bearing liabilities	20	5,640	16,212	2,955	1,687
Provision	23	3,424	–	3,424	–
		14,549	26,071	9,180	4,856
Net Current (Liabilities)/Assets		(10,168)	1,492	(8,873)	4,409
LIABILITIES					
Non-Current Liabilities					
Interest-bearing liabilities	20	2,837	4,054	2,837	3,889
Deferred tax liabilities	8	529	436	–	–
		3,366	4,490	2,837	3,889
Total Liabilities		17,915	30,561	12,017	8,745
Net (Liabilities)/Assets		(4,191)	9,440	(8,381)	1,994
Capital and Reserves					
Share capital	21(b)	196,454	195,155	196,454	195,155
Capital reserve	21(c)	–	(146)	–	–
Share application monies	21(a)	1,127	1,127	1,127	1,127
Share options reserve	21(d)	544	815	544	815
Foreign currency translation reserve	22	456	174	–	–
Accumulated losses		(202,421)	(190,208)	(206,506)	(195,103)
Total attributable to equity holders of the Company		(3,840)	6,917	(8,381)	1,994
Non-controlling interests		(351)	2,523	–	–
Capital (deficit)/surplus		(4,191)	9,440	(8,381)	1,994

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2015

		Attributable to the equity holders of the Company								
	Note	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										
2015										
Balance at 1 January		195,155	(146)	1,127	815	174	(190,208)	6,917	2,523	9,440
Net loss for the year		–	–	–	–	–	(12,338)	(12,338)	(3,786)	(16,124)
Other comprehensive income		–	–	–	–	282	–	282	90	372
Total comprehensive (loss)/ income for the year		–	–	–	–	282	(12,338)	(12,056)	(3,696)	(15,752)
Conversion of Scheme Convertible Notes/ serviceable loans to Shares	21(b)	1,299	–	–	–	–	–	1,299	–	1,299
Disposal of subsidiaries		–	146	–	–	–	(146)	–	822	822
Transfer of lapsed share options	21(d)	–	–	–	(271)	–	271	–	–	–
Balance at 31 December		196,454	–	1,127	544	456	(202,421)	(3,840)	(351)	(4,191)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2015

		← Attributable to the equity holders of the Company →									
	Note	Share capital S$'000	Capital reserve S$'000	Share application monies S$'000	Share option reserve S$'000	Revaluation 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											
2014											
Balance at 1 January		178,147	(361)	9,510	815	1,245	25	(193,452)	(4,071)	3,580	(491)
Net profit for the year		–	–	–	–	–	–	1,999	1,999	(996)	1,003
Other comprehensive income		–	–	–	–	–	149	–	149	172	321
Total comprehensive income/(loss) for the year		–	–	–	–	–	149	1,999	2,148	(824)	1,324
Issuance of ordinary shares	21(b)	7,029	–	–	–	–	–	–	7,029	–	7,029
Share application monies	21(a)	–	–	(3,734)	–	–	–	–	(3,734)	–	(3,734)
Conversion of Scheme Convertible Notes/serviceable loans to Shares	21(a)(b)	10,217	–	(4,649)	–	–	–	–	5,568	–	5,568
Acquisition of additional interest in subsidiaries	12(d)	–	215	–	–	–	–	–	215	(295)	(80)
Disposal of subsidiaries	12(c)	–	–	–	–	–	–	–	–	62	62
Transfer of revaluation reserve	21(e)	–	–	–	–	(1,245)	–	1,245	–	–	–
Share issue expenses	21(b)	(238)	–	–	–	–	–	–	(238)	–	(238)
Balance at 31 December		195,155	(146)	1,127	815	–	174	(190,208)	6,917	2,523	9,440

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2015

	Group 2015 S$'000	Group 2014 S$'000
Cash Flows from Operating Activities		
(Loss)/Profit before tax	(15,706)	1,049
Adjustments for:		
Allowance for stock obsolescence	148	72
Unrealised future trading loss	371	47
Unrealised foreign exchange gain	(30)	(149)
Depreciation of plant and equipment	359	315
Interest and bank charges	717	1,242
Interest income	(16)	(9)
Impairment loss on goodwill	1,714	–
Impairment of plant and equipment	237	117
Gain on disposal of subsidiaries	(919)	(1,708)
Loss/(Gain) on disposal of plant and equipment	80	(1,094)
Gain on disposal of assets held for sale	–	(1,300)
Allowance for impairment of financial receivables	880	–
Allowance/(Write back) for impairment of trade and other receivables, net	6,636	(519)
Provision/(Write back) for legal claims	3,424	(1,868)
Write back/(Write off) of interest-bearing liabilities	46	(124)
Write off of plant and equipment	–	150
Write off of trade and other receivables	136	–
Write off of trade and other payables	(2,631)	–
Operating cash flows before changes in working capital	(4,554)	(3,779)
Working capital changes:		
Inventories	2,737	(904)
Trade and other receivables	(2,550)	3,866
Trade and other payables	2,044	(5,486)
Cash used in operations	(2,323)	(6,303)
Interest and bank charges paid	(490)	(1,242)
Interest received	16	9
Income tax paid	(331)	(54)
Net cash used in operating activities	(3,128)	(7,590)
Cash Flows from Investing Activities		
Net cash outflow from acquisition of subsidiaries	–	(469)
Purchase of plant and equipment	(426)	(1,021)
Proceeds from disposal of plant and equipment	197	2,700
Net cash (outflow)/inflow from disposal of subsidiaries	(148)	233
Proceeds from disposal of assets held for sale	–	2,095
Net cash (used in)/generated from investing activities	(377)	3,538
Cash Flows from Financing Activities		
Repayment of borrowings, net	(5,419)	(5,512)
Issuance of ordinary shares/share application monies	–	7,029
Decrease/(Increase) in restricted bank deposits	2,156	(551)
Repayment of finance lease payables	(297)	(751)
Expenses incurred in issuance of shares	–	(238)
Acquisition of additional interest in subsidiary from non-controlling interest	–	(80)
Net cash used in financing activities	(3,560)	(103)
Net decrease in cash and cash equivalents	(7,065)	(4,155)
Cash and cash equivalents at the beginning of the financial year	7,579	11,734
Cash and cash equivalents at the end of the financial year (Note 17)	514	7,579

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

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 9 Temasek Boulevard, #41-01 Suntec Tower 2, Singapore 038989. 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 12 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

The Group incurred a loss after tax of S$16,124,000 and a total comprehensive loss of S$15,752,000 for the financial year ended 31 December 2015 and, as of that date, the Group and the Company have net current liabilities of S$10,168,000 and S$8,873,000 respectively. As at 31 December 2015, the Group and the Company have deficits in shareholders' funds of S$4,191,000 and S$8,381,000 respectively. These conditions indicate the existence of material uncertainties which may cast significant doubts as to the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

The accompanying financial statements have been prepared on the assumption that the Group and the Company will continue as going concerns. The ability of the Group and the Company to continue as going concerns are dependent on its ability to meet its day-to-day working cash flow requirements from a combination of the working capital generated from operations and the approval and successful implementation of the Scheme of Arrangement as disclosed in Note 30 to the financial statements.

In the event that the Group and Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these financial statements.

(b) Basis of Preparation

The financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Preparation (Cont'd)

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.

Adoption of New/Revised FRS

For the financial year ended 31 December 2015, the Group adopted the following new/revised FRS that are mandatory for application in the said year and which are relevant to the Group.

Improvements to FRSs January 2014 – FRS 24 *Related Party Disclosures*

The amendment clarifies that an entity providing key management personnel services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expense incurred for management services. As this is a disclosure standard, it has no impact on the financial performance or financial position of the Group.

Improvements to FRSs January 2014 – FRS 108 *Operating Segments*

The amendment requires an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. As this is a disclosure standard, it has no impact on the financial performance or financial position of the Group.

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:

Amendments to FRS 1 *Disclosure Initiative*

The amendments to FRS 1 provide clarification on various aspects of financial statements presentation. Key clarifications relate to the interpretation of materiality requirements in FRS, extent of aggregation and disaggregation of financial information presented in the primary financial statements, presentation of sub-totals, and ordering of notes to the financial statements. The amendments also clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will be subsequently reclassified to profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group when implemented.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Preparation (Cont'd)

New and revised FRS issued but not yet effective (Cont'd)

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39 or IFRS 9), which currently exists and will continue to be available. The standard is effective for annual periods beginning on or after 1 January 2016. The adoption of this standard has no impact on the financial performance or financial position of the Group.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;

(b) changes arising from obtaining or losing control of subsidiaries or other business;

(c) the effect of changes in foreign exchange rates;

(d) changes in fair values; and

(e) 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. The amendments are effective for annual periods beginning on or after 1 January 2017. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group when implemented.

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. 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. The Group is in the process of assessing the impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Basis of Consolidation (Cont'd)

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) Transactions with Non-Controlling Interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(e) 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 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign Currency (Cont'd)

(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.

(f) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Plant and Equipment (Cont'd)

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.

(g) Goodwill

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

(h) Assets held for Sale

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

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

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of Non-Financial Assets (Cont'd)

(i) Goodwill (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of Non-Financial Assets (Cont'd)

(ii) Plant and equipment and investments in subsidiaries (Cont'd)

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.

(j) Subsidiaries

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

(k) 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.

(i) 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", "financial 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial Assets (Cont'd)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

(l) 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.

(i) 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.

(ii) Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense.

The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(n) Inventories

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

Cost is determined on a weighted average basis and comprises all costs of purchase and other related charges incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for obsolete, slow-moving and defective inventories.

(o) 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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) 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.

(s) 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 (in respect of retirement insurance and medical insurance scheme organised by the People's Republic of China ("PRC") provisional social security bureau pursuant to the relevant provisions), 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 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee Benefits (Cont'd)

Share-based payments (Cont'd)

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.

(t) 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.

(u) 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.

(ii) Rendering of services

Revenue from testing services is recognised by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(iii) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Revenue (Cont'd)

(iv) Finance income

Finance income, which represents the interest income on the financial receivable arising from a service concession arrangement, is recognised using the effective interest method.

(v) Futures contracts

Revenue of marked to market commodity futures contracts is included in profit or loss when the Group has transferred to the buyer the significant risks and rewards of the contracts.

(v) 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 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Income Taxes (Cont'd)

(ii) Deferred tax (Cont'd)

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.

(w) 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.

(x) Share Capital and Share Issue Expenses

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.

(y) Service Concession Arrangement

The Group has entered into a service concession arrangement with a governing body of the PRC (the "grantor") to operate a wastewater treatment plant for a concession period of 30 years and transfer the plant to the grantor at the end of the concession period. Such concession arrangements fall within the scope of INT FRS 112 Service Concession Arrangements and is accounted for as follows:

The Group recognises a financial receivable arising from a service concession arrangement when it has a right to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the concession infrastructure. The financial receivable is accounted for in accordance with the accounting policy set out in Note 2(k).

(z) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) 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.

(bb) 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.

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:

Scheme of Arrangement (the "Scheme")

Pursuant to a debt restructuring plan under the Scheme, the Company converted 50% of the eligible debt as serviceable loans ("Serviceable Loans"), 49% of the eligible debt into non-interest bearing redeemable convertible notes ("Convertible Notes A"), and converted the remaining 1% of the eligible debt into interest-bearing redeemable convertible notes ("Convertible Notes B"). The Scheme Creditors unanimously approved the Scheme on 30 September 2011. The Scheme has also been approved at a Court Sanction on 5 January 2012 ("Effective Date").

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(a) Judgements made in applying Accounting Policies (Cont'd)

Scheme of Arrangement (the "Scheme") *(Cont'd)*

With the conditions precedent fulfilled, the Effective Date for the Scheme was determined to be 29 June 2012.

The management has assessed the information available to them and exercised judgement that this Scheme is a contractual obligation. Thus, the Group classified the Serviceable Loans and Convertible Notes B as financial liabilities, while the Convertible Notes A is classified as part of Share Application Monies in the statement of financial position. The carrying amounts of the Serviceable Loans and Convertible Notes B, and Share Application Monies, are disclosed in Notes 20 and 21(a) respectively.

Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is any indication that the investment in a subsidiary is impaired. To determine whether there is an indication of impairment, the Company considers factors such as the industry/sector performance, technology changes, and operational and financing cash flow. Management will exercise significant judgement to evaluate the financial conditions and business prospects of the investment.

Where there is an indication of impairment, the amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary. The carrying amounts and the amounts of impairment of the Company's investments in subsidiary companies at the reporting date are disclosed in Note 12 to the financial statements.

Impairment of trade and other receivables and financial 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 16 and Note 14 to the financial statements respectively.

(b) Key Sources of Estimation Uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty (Cont'd)

Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment as at 31 December 2015 was S$2,889,000 (2014: S$3,365,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If depreciation on plant and equipment increases/decreases by 10% from management's estimates, the Group's loss for the year will increase/decrease by approximately S$36,000 (2014: S$32,000).

Provision for legal claims

The Group recognised a provision for legal claims in respect of the estimated compensation payable to be incurred for the legal suit as disclosed in Note 29 to the financial statements. In determining the amount of the provision, assumptions and estimates were made based on management's best estimate of the future outflow of economic benefits that will be required under the Group's obligation for the legal compensation.

As at 31 December 2015, the carrying amount of the provision for legal claims was S$3,424,000 (2014: nil) (Note 23). If there is a change in management's estimates, and the provision for legal claims increases/decreases by 10%, the Group's loss before income tax will increase/decrease by approximately S$342,000 (2014: nil).

4 REVENUE

	Group	
	2015 S$'000	**2014 S$'000**
Sale of goods	51,608	68,562
Services rendered	427	393
Finance income from service concession arrangement	641	775
Future contracts – realised	–	148
	52,676	69,878

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

5 OTHER INCOME

	Group	
	2015	2014
	S$'000	S$'000
Gain on disposal of subsidiaries (Note 12(c))	919	1,708
Write back of provision for legal claims (Note 23)	–	1,868
Write back of impairment of trade and other receivables	329	1,170
Gain on disposal of plant and equipment	–	1,094
Rental income	–	150
Write off of interest-bearing liabilities	–	124
Write off of trade and other payables	2,631	–
Management fees	–	31
Interest income	16	9
Realised foreign exchange gain	97	–
Unrealised foreign exchange gain	30	149
Government grant	50	60
Gain on disposal of assets held for sale	–	1,300
Miscellaneous income	639	398
	4,711	8,061

6 FINANCE COSTS

	Group	
	2015	2014
	S$'000	S$'000
Bank charges	39	70
Interest expense:		
– serviceable loans	15	214
– convertible loans	32	–
– bank and short term loan	604	915
– finance leases	27	14
– others	–	29
	717	1,242

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

7 (LOSS)/PROFIT BEFORE INCOME TAX

	Group 2015 S$'000	Group 2014 S$'000
In addition to the disclosures made elsewhere, this is arrived at after charging:		
Audit fees paid/payable to:		
Auditors of the Company	96	140
Other auditors	44	50
Non-audit fees paid/payable to:		
Other auditors	–	2
Depreciation of plant and equipment (Note 10)	359	315
Directors' fees	90	137
Staff costs		
– salaries, bonuses and other benefits	2,361	2,056
– contribution to defined contribution plan	291	163
Operating lease expenses	524	85
Allowance for stock obsolescence#	148	72
Loss on disposal of plant and equipment#	80	–
Write back of interest-bearing loan	46	–
Write off of plant and equipment#	–	150
Write off of trade and other receivables#	136	–
Provision for legal claims# (Note 23)	3,424	–
Impairment loss on trade and other receivables#	6,965	651
Impairment loss on financial receivables#	880	–
Impairment loss on plant and equipment#	237	117
Impairment loss on goodwill#	1,714	–
Loss on futures contracts – realised#	1,486	–

Included in other operating expenses

8 INCOME TAX EXPENSE

	Group 2015 S$'000	Group 2014 S$'000
Current income tax:		
– current financial year	331	(136)
– deferred income tax	87	182
	418	46

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

8 INCOME TAX EXPENSE (CONT'D)

The tax (benefit)/expense for the year can be reconciled to the accounting (loss)/profit as follows:

	Group 2015 S$'000	Group 2014 S$'000
(Loss)/Profit before income tax	(15,706)	1,049
Income tax (benefit)/expense calculated at applicable rates	(2,670)	178
Expenses not deductible for tax purposes	2,972	431
Non-taxable income	(508)	(432)
Productivity and innovation credit	–	(13)
Tax exemption	–	(4)
Deferred tax assets not recognised	624	81
Utilisation of deferred tax assets previously not recognised	–	(195)
	418	46

Expenses not deductible for tax purposes comprise mainly allowance for stock obsolescence, impairment losses (plant and equipment, goodwill and non-trade receivables), write off of non-trade receivables and provision for legal claims. Non-taxable income comprises mainly write off of non-trade payables and write back of impairment of non-trade receivables.

The tax rate used for the reconciliations above are the corporate tax rates of 17% payable by corporate entities in Singapore and the Republic of China, Taiwan, and 25% payable by corporate entities in the People's Republic of China.

	Capital allowance claims in excess of related depreciation S$'000
2015	
Deferred tax liabilities	
At 1 January	436
Charged to profit or loss	87
Currency realignment	6
At 31 December	529

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

8 INCOME TAX EXPENSE (CONT'D)

	Capital allowance claims in excess of related depreciation S$'000
2014	
Deferred tax liabilities	
At 1 January	254
Charged to profit or loss	182
At 31 December	436

Unrecognised deferred tax assets

At the reporting date, the Group has tax losses of approximately S$24,285,000 (2014: S$20,614,000) 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 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 amounted to S$4,128,000 (2014: S$3,504,000) are not recognised in accordance with the accounting policy disclosed in Note 2(v) to the financial statements. The tax losses which arose in the PRC entities of the Group amounting to S$2,053,000 (2014: S$626,000), of which S$634,000 and S$1,419,000 will expire in the financial years ending 31 December 2018 and 31 December 2020 respectively.

According to a joint circular of the Ministry of Finance and the State Administration of Taxation, Cai Shui [2008] No. 1, only the profits earned by a foreign-investment enterprise in the PRC prior to 1 January 2008, when distributed to foreign investors, can be exempted from withholding tax. Whereas, dividends distributed out of the profit generated thereafter, shall be subject to EIT at 10% (or 5% if applicable) and withheld by the PRC entity, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Details Implementation Rules.

As at 31 December 2015, the aggregate amount of temporary differences associated with undistributed earnings of the PRC subsidiaries of the Group for which no deferred tax liability has been recognised amounted to approximately nil (2014: S$1,611,000) based on the Group's accounting policy as stated in Note 2(v). The deferred tax liability not recognised is estimated to be nil (2014: S$81,000).

9 (LOSS)/EARNINGS PER SHARE

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

	Group	
	2015 Cents	2014 Cents
(Loss)/Earnings per share		
– Basic	(0.08)	0.02
– Diluted	(0.08)	0.02

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

9 (LOSS)/EARNINGS PER SHARE (CONT'D)

	Group 2015 S$'000	Group 2014 S$'000
(Loss)/Profit for the purposes of calculating basic earnings per share and dilluted earnings per share	(12,338)	1,999
	No. of shares (in million)	**No. of shares (in million)**
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	14,839	10,665
Effect of dilution:		
– interest-bearing convertible instruments	–	14
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	14,839	10,679

Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit 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 three categories of dilutive potential ordinary shares: interest-bearing convertible notes, convertible loans and share options.

Interest-bearing convertible notes are assumed to have been converted into ordinary shares at the Scheme Creditors' meeting held on 30 September 2011. The average value of the interest-bearing convertible notes outstanding during the year are assumed to have been converted at the beginning of the year.

The convertible loans as disclosed in Note 20(f) 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 year ended 31 December 2015.

The share options of the Company as disclosed in Note 21(d) of the financial statements could potentially dilute basic earnings per share in the 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 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

10 PLANT AND EQUIPMENT

	Plant and equipment S$'000	Office equipment, furniture and fittings S$'000	Motor vehicles S$'000	Work in progress S$'000	Total S$'000
Group					
Cost					
At 1 January 2014	6,134	1,037	312	32	7,515
Additions	210	89	370	1,068	1,737
Acquisition of subsidiaries	1,400	1	97	115	1,613
Disposals	(2,007)	(40)	–	–	(2,047)
Derecognised on disposal of subsidiaries	(341)	(7)	(110)	(31)	(489)
Transfers	135	(7)	(13)	(115)	–
Write off	(3,577)	(861)	–	–	(4,438)
Currency realignment	(8)	–	(4)	(1)	(13)
At 31 December 2014	1,946	212	652	1,068	3,878
Additions	333	9	7	77	426
Disposals	–	–	(377)	(35)	(412)
Derecognised on disposal of subsidiaries	(62)	(26)	(63)	–	(151)
Transfers	1,128	–	–	(1,128)	–
Write off	(156)	(1)	–	–	(157)
Currency realignment	26	2	8	18	54
At 31 December 2015	3,215	196	227	–	3,638
Accumulated depreciation and impairment loss					
At 1 January 2014	3,843	979	67	–	4,889
Impairment losses recognised in profit or loss	117	–	–	–	117
Depreciation charged for the financial year	179	12	124	–	315
Disposals	(407)	(34)	–	–	(441)
Derecognised on disposal of subsidiaries	(22)	(3)	(52)	–	(77)
Write off	(3,451)	(837)	–	–	(4,288)
Currency realignment	(1)	–	(1)	–	(2)
At 31 December 2014	258	117	138	–	513
Impairment losses recognised in profit or loss	237	–	–	–	237
Depreciation charged for the financial year	272	27	60	–	359
Disposals	–	–	(135)	–	(135)
Derecognised on disposal of subsidiaries	(40)	(27)	(10)	–	(77)
Write off	(156)	(1)	–	–	(157)
Currency realignment	3	2	4	–	9
At 31 December 2015	574	118	57	–	749
Net book value					
At 31 December 2015	2,641	78	170	–	2,889
At 31 December 2014	1,688	95	514	1,068	3,365

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

10 PLANT AND EQUIPMENT (CONT'D)

During the current financial year, additions to plant and equipment acquired under finance lease agreements amounted to approximately nil (2014: S$716,000).

As at 31 December 2015, the Group has certain motor vehicles and plant and equipment under finance leases with a net book value of S$374,000 (2014: S$658,000).

11 GOODWILL

	Group 2015 S$'000	Group 2014 S$'000
Cost		
Balance at the beginning of the financial year	1,714	1,016
Acquisition of subsidiaries	–	698
Balance at the end of the financial year	1,714	1,714
Accumulated impairment losses		
Balance at the beginning of the financial year	–	–
Impairment loss recognised in the financial year	(1,714)	–
Balance at the end of the financial year	(1,714)	–
Net book value	–	1,714

As at 31 December 2014, 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. 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 current financial year, the impairment charge of S$1,714,000 in relation to goodwill is attributable to the wastewater treatment segment of S$1,016,000 and manufacturing segment of S$698,000 (Note 26(a)).

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and direct costs during the relevant years. Management estimates 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 are as follows:

	2015		2014	
	B&F Envirotech (Shenyang) Co., Ltd	Western Metal Co., Ltd	B&F Envirotech (Shenyang) Co., Ltd	Western Metal Co., Ltd
1. Discount rates	5%	12%	6%	12%
2. Growth rates	3%	4%	2%	4%

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES

	Company 2015 S$'000	Company 2014 S$'000
Unquoted equity shares, at cost	37,261	32,504
Accumulated impairment losses	(33,932)	(31,030)
	3,329	1,474
Movements in allowance for impairment losses were as follows:		
Balance at the beginning of the financial year	31,030	31,697
Impairment loss recognised in the financial year	4,701	202
Reversal of impairment loss due to disposal of subsidiaries	(1,799)	(869)
Balance at the end of the financial year	33,932	31,030

During the current financial year, certain subsidiaries continued to incur operating losses. The impairment loss of S$33,932,000 (2014: S$31,030,000) was recognised by the Company as at financial year end to write-down the carrying value of the investment in these subsidiaries to their recoverable amounts based on the subsidiaries' fair value less costs of disposal, which is the estimated realisable value of the net assets and is classified under Level 3 of the Fair Value Hierarchy.

Details of subsidiaries are as follows:

Name of Company/ Country of incorporation	Principal activities	Effective ownership interest 2015	Effective ownership interest 2014
Held by the Company			
Green World Holdings Limited ("GWH")[1] Singapore	Investment holding	100	100
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
Western Copper Co., Ltd[4] Republic of China, Taiwan	Distribution of copper balls	–	30.9
Held by Asiapac Recycling Pte. Ltd.			
Everglory Environment Pte. Ltd.[1] Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company/ Country of incorporation	Principal activities	Effective ownership interest 2015 %	Effective ownership interest 2014 %
Held by Green World Holdings Limited			
Greenworld Metals Pte. Ltd.[1] Singapore	Dealer in all kinds of ferrous and non-ferrous metals, electrical and electronics and insulated cable scraps	–	100
B&F Envirotech (Shenyang) Co. Ltd[2] People's Republic of China	Operation of wastewater treatment plant for provision of wastewater treatment services	100	100
Everglory Cooling Systems Pte. Ltd. ("ECS")[2,6] Singapore	Manufacture and repair of heating boilers, radiators and correctors and wholesale trade	50	50
Western Metals Co., Ltd.[3] People's Republic of China	Manufacture of copper balls	100	100
Western Copper Co., Ltd[4] Republic of China, Taiwan	Distribution of copper balls	–	21.89
Held by Western Copper Co., Ltd			
SCT Western Pte Ltd[4] Samoa	Investment holding	–	52.78
Shenzhen Jestern Technology Co. Ltd[5] People's Republic of China	Distribution of copper balls	–	52.78
Held by Everglory Cooling Systems Pte. Ltd.			
Everglory Radiators (Shenyang) Co., Ltd[2,6] People's Republic of China	Manufacture and repair of heating boilers, radiators and correctors and wholesale trade	50	50
Greenworld Metals Pte. Ltd.[1,6] Singapore	Dealer in all kinds of ferrous and non-ferrous metals, electrical and electronics and insulated cable scraps	50	–
Held by Western Metals Co., Ltd.			
Suzhou Jestern Metals Co., Ltd[3] People's Republic of China	Distribution of copper balls	100	–

1 Audited by Moore Stephens LLP, Singapore.

2 Audited/Reviewed by Moore Stephens LLP Singapore for consolidation purposes.

3 Audited by Moore Stephens Da Hua, Shanghai.

4 Audited by BDO Taiwan Union Co,.

5 Audited by BDO China Shu Lun Pan Certified Public Accountants LLP Shenzhen Branch

6 Deemed as it is able to exercise control

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

(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		Accumulated non-controlling interests	
	2015 %	2014 %	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Western Copper Co., Ltd and its subsidiaries Republic of China, Taiwan	–	47.22	(3,132)	(497)	–	2,249
Everglory Cooling Systems Pte. Ltd. Singapore	50	50	(142)	(49)	(149)	(7)
Individually immaterial subsidiaries with non-controlling interests			(512)	(450)	(202)	281
Total			(3,786)	(996)	(351)	2,523

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Financial year 2015

Everglory Cooling Systems Pte. Ltd.

	2015 S$'000	2014 S$'000
Current assets	1,933	1,505
Non-current assets	817	707
Current liabilities	(3,051)	(726)
Non-current liabilities	–	(1,405)
Revenue	315	1,548
Loss for the year	(284)	(98)
Loss attributable to owners of the Company	(142)	(49)
Loss attributable to the non-controlling interests	(142)	(49)
Loss for the year	(284)	(98)
Total comprehensive loss attributable to owners of the Company	(142)	(49)
Total comprehensive loss attributable to the non-controlling interests	(142)	(49)
Total comprehensive loss for the year	(284)	(98)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Interest in subsidiaries with material controlling interests (Cont'd)

Financial year 2015 (Cont'd)

Everglory Cooling Systems Pte. Ltd. (Cont'd)

	2015 S$'000	2014 S$'000
Net cash outflow from operating activities	(214)	(1,039)
Net cash outflow from investing activities	(152)	(711)
Net cash inflow from financing activities	148	1,364
Net cash outflow	(218)	(386)

Financial year 2014

Western Copper Co., Ltd and its subsidiaries

	2014 S$'000
Current assets	21,871
Non-current assets	119
Current liabilities	(17,226)
Revenue	67,376
Loss for the year	(1,053)
Loss attributable to owners of the Company	(556)
Loss attributable to the non-controlling interests	(497)
Loss for the year	(1,053)
Total comprehensive loss attributable to owners of the Company	(556)
Total comprehensive loss attributable to the non-controlling interests	(497)
Total comprehensive loss for the year	(1,053)
Net cash inflow from operating activities	686
Net cash inflow from investing activities	635
Net cash outflow from financing activities	(369)
Net cash inflow	952

(b) Acquisition of Subsidiaries

Financial year 2014

During the previous financial year, the Group acquired certain subsidiaries, the details of which were as follows:

(i) On 1 January 2014, an agreement was entered into between GWH and a third party to purchase a 50% equity interest in ECS for a consideration of S$100,000.

	Total S$'000
Effect on cash flow of the Group	
Cash paid	(100)
Less:	
Cash and cash equivalents of subsidiary acquired	656
Net cash inflow from acquisition of subsidiary	556

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of Subsidiaries (Cont'd)

Financial year 2014 (Cont'd)

Carrying amount of identifiable assets acquired and liabilities assumed, which approximates fair value:

	Total S$'000
Assets	
Cash and cash equivalents	656
Trade and other receivables and other current assets	140
Inventories	12
Total assets	808
Liabilities	
Trade and other payables	824
Total liabilities	824
Total identifiable net liabilities	(16)
Consideration transferred	100
Add: Fair value of identifiable net liabilities acquired	16
Goodwill arising on acquisition	116

Revenue and profit contribution

The acquired business contributed revenue of approximately S$111,000 and net loss of S$382,000 to the Group for the financial year from 1 January 2014 to 31 December 2014.

(ii) On 1 October 2014, an agreement was entered into between GWH and a third party to purchase a 100% equity interest in Western Metals Co., Ltd. for a consideration of US$1 million (S$1.26 million).

	Total S$'000
Effect on cash flow of the Group	
Cash paid	(1,259)
Less:	
Cash and cash equivalents of subsidiary acquired	234
Net cash outflow from acquisition of subsidiary	(1,025)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of Subsidiaries (Cont'd)

Financial year 2014 (Cont'd)

Carrying amount of identifiable assets acquired and liabilities assumed, which approximates fair value:

	Total S$'000
Assets	
Cash and cash equivalents	234
Trade and other receivables and other current assets	880
Plant and equipment	1,613
Inventories	59
Other assets	159
Total assets	2,945
Liabilities	
Trade and other payables	2,268
Total liabilities	2,268
Total identifiable net assets	677
Consideration transferred	1,259
Less: Fair value of identifiable net assets acquired	(677)
Goodwill arising on acquisition	582

Goodwill

The goodwill of S$582,000 arose from the acquisition because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Revenue and profit contribution

The acquired business did not contribute any revenue and incurred a net loss of approximately S$532,000 to the Group for the financial year from the date of acquisition to 31 December 2014.

If the subsidiary company had been acquired from 1 January 2014, the consolidated revenue and consolidated net profit for the current financial year ended 31 December 2014 would have been S$69,878,000 and S$1,005,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of Subsidiaries

Financial year 2015

On 28 December 2015, the Company entered into an agreement with a third party to dispose of 640,000 issued and paid-up ordinary shares in Western Copper Co., Ltd for a consideration of S$1. The Group's effective interest in Western Copper Co., Ltd decreased from 52.78% to 47.78% following the disposal. Details of the disposal of subsidiaries are as follows:

	S$'000
Effect on cash flow of the Group	
Net liabilities of the subsidiaries disposed of	(1,892)
Non-controlling interests	822
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiaries	151
Fair value of the remaining interest in associated company (Note 18)	#
Gain on disposal of subsidiaries	919
Consideration received	#
Less: Cash and cash equivalents of subsidiaries disposed of	(148)
Net cash outflow from disposal of subsidiaries	(148)

Less than S$1,000

Financial year 2014

During the previous financial year, the Group entered into agreements with various third parties to dispose of certain subsidiaries for a total consideration of S$622,000. Details of the Group's disposal of subsidiaries are as follows:

	Total S$'000
Effect on cash flow of the Group	
Net liabilities of the subsidiaries disposed of	(1,273)
Non-controlling interests	62
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	125
Gain on disposal of subsidiaries	1,708
Consideration received	622
Less: Cash and cash equivalents of subsidiaries disposed of	(389)
Net cash inflow from disposal of subsidiaries	233

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

Financial year 2015

During the current financial year, GWH disposed its entire interest in Greenworld Metal Pte. Ltd. ("GWM") to its 50% owned subsidiary, ECS for S$1. Following the disposal, the Group's effective interest in GWM decreased from 100% to 50%.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Change in the Group's ownership interest in subsidiaries (Cont'd)

Financial year 2014

During the previous financial year, the Company acquired an additional 10% shareholding interest in GWH for S$80,000. Following this acquisition, the Company's effective interest in GWH increased from 90% to 100%. The Group recognised an increase in other reserves and a decrease in non-controlling interests of S$215,000 and S$295,000 respectively.

(e) Incorporation of Subsidiaries

Financial year 2015

During the current financial year, the Group's wholly-owned subsidiary, Western Metals Co., Ltd., incorporated a wholly-owned subsidiary, Suzhou Jestern Metals Co., Ltd, in the People's Republic of China with a registered capital of approximately S$279,000 (RMB1,300,000).

Financial year 2014

During the previous financial year, the Group's 50% owned subsidiary, Everglory Cooling Systems Pte. Ltd., incorporated a wholly-owned subsidiary, Everglory Radiator (Shenyang) Co., Ltd in the People's Republic of China with a registered capital of S$6,500,000.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
Unquoted shares	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cost				
As at 1 January	–	3,598	–	3,598
Write off	–	(3,598)	–	(3,598)
As at 31 December	–	–	–	–
Accumulated impairment losses				
As at 1 January	–	3,598	–	3,598
Write off	–	(3,598)	–	(3,598)
As at 31 December	–	–	–	–
Net carrying amount				
As at 31 December	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

14 FINANCIAL RECEIVABLES

	Group	
	2015 S$'000	2014 S$'000
Current	223	126
Non-current	7,251	7,359
Less: Allowance for impairment of financial receivables	(880)	–
	6,594	7,485
Movements in allowance for impairment losses is as follow:		
Balance at the beginning of the financial year	–	–
Impairment loss recognised in the financial year	880	–
Balance at the end of the financial year	880	–

The financial receivables relate to a service concession arrangement for a wastewater treatment plant entered with a municipal government in the PRC in year 2012. The significant aspects of the service concession arrangement are summarised as follow:

a) The arrangement is a concession arrangement for a wastewater treatment plant with a municipal government in the PRC under INT FRS 112 *Service Concession Arrangements*. As the counterparty of the service concession arrangement is the municipal government in the PRC ("grantor"), management is of the view that the associated credit risk is not significant.

b) This wastewater treatment plant which is located in a city in the PRC has a concession period of 30 years, of which the Group ("operator") has a contractual right under the concession arrangement to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the plant. Under the terms of the arrangement, the Group will receive a yearly minimum amount of RMB2,993,000 (approximately S$621,000) for the first year, RMB2,891,000 (approximately S$600,000) for the second year, RMB5,088,100 (approximately S$1,056,000) for the third year and RMB5,986,000 (approximately S$1,242,000) for the fourth year onwards from the contracted party (grantor) in exchange for services performed by the Group.

c) The wastewater treatment arrangement states the rights and obligations for the grantor and operator as follows:

   (i) The operator has the obligation to treat the required amount of wastewater and also to ensure the treated water fulfills the standard quality requirement of the grantor.

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

   (iii) The arrangement is terminated only when the other party breaches the contract or due to unforeseeable circumstances.

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

d) The effective interest rate of the financial receivables is 4.5% (2014: 10.5%).

e) 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 2015

15 INVENTORIES

	Group	
	2015	2014
	S$'000	S$'000
Raw materials	245	1,775
Work-in-progress	–	609
Finished goods	48	1,235
	293	3,619
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	41,161	66,738

As at 31 December 2015, inventories amounting to nil (2014: S$314,000) are pledged for bank borrowings (Note 20).

The cost of inventories recognised as an expense includes S$148,000 (2014: S$72,000) in respect of the write down of inventories to net realisable value.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Trade receivables	1,878	13,825	–	–
Less: Allowance for impairment of trade receivables	(465)	(4,672)	–	–
	1,413	9,153	–	–
Other receivables				
– third parties	7,474	21,019	4,566	16,888
– subsidiaries	–	–	2,781	14,056
Derivative financial assets	13	4	–	–
Deposits	21	205	4	36
Less: Allowance for other receivables	(5,756)	(17,109)	(7,127)	(22,112)
Total trade and other receivables	3,165	13,272	224	8,868

Trade receivables amounting to nil (2014: S$4,166,000) are pledged for bank borrowings (Note 20).

Trade receivables are non-interest bearing and are generally on an average credit period of 30 days (2014: 30 days).

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

16 TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group			
	2015		2014	
	Contract/ Notional Amount S$'000	Assets/ (Liabilities) S$'000	Contract/ Notional Amount S$'000	Assets/ (Liabilities) S$'000
Commodities future contracts	291	13	331	4
Foreign exchange forward contract	142	#	–	–
	433	13	331	4

Less than S$1,000

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	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Trade receivables past due:				
Less than 30 days	124	253	–	–
More than 30 days	1,164	740	–	–
	1,288	993	–	–
Other receivables past due:				
Less than 30 days	–	403	–	–
More than 30 days	1,221	3,574	220	8,831
	1,221	3,977	220	8,831

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	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Trade and other receivables	6,221	21,781	7,127	22,112
Less: Allowance for impairment losses	(6,221)	(21,781)	(7,127)	(22,112)
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

16 TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that were impaired (Cont'd)

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Movement in allowance accounts:				
At 1 January	21,781	22,300	22,112	23,283
Charge for the year	6,965	651	2,330	–
Disposal of subsidiaries	(4,296)	–	–	–
Write back of allowances during the year	(329)	(1,170)	(262)	(1,171)
Write off of impairment during the year	(17,900)	–	(17,053)	–
At 31 December	6,221	21,781	7,127	22,112

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.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	514	7,579	83	388
Fixed deposits	–	2,156	–	–
	514	9,735	83	388

During the previous financial year, fixed deposits earned interest at an effective rate of 0.02% to 0.45% per annum and matured within 3 months from the end of the previous financial year.

Cash and cash equivalents at the end of the reporting date as shown in the consolidated statement of cash flows are as follows:

	Group	
	2015	2014
	S$'000	S$'000
Cash and cash equivalents, as above	514	9,735
Cash at bank and fixed deposits pledged	–	(2,156)
	514	7,579

During the previous financial year, certain cash at bank and fixed deposits were pledged for bank borrowings (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

18 ASSET CLASSIFIED AS HELD FOR SALE

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Investment in associated company	–	–	–	–

Subsequent to the disposal of 640,000 issued and paid-up ordinary shares in Western Copper Co., Ltd (Note 12(c)) on 28 December 2015, the Group's effective interest in Western Copper Co., Ltd decreased from 52.78% to 47.78%. As at 31 December 2015, the Group has classified the investment in associated company as "asset classified as held for sale" and anticipates that the disposal will be completed by 31 December 2016.

Name of Company/ Country of incorporation	Principal activities	Effective ownership interest	
		2015 %	2014 %
Western Copper Co., Ltd*	Distribution of copper balls	47.78	–

* Audited by BDO Taiwan Union Co,.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs adjusted by the Group for equity accounting purposes.

	2015 S$'000
Current assets	7,037
Non-current assets	82
Current liabilities	(8,861)
Net liabilities	(1,742)

The Group did not recognise any share of profit/loss of the associate for the period from 28 December 2015 to 31 December 2015 as the amount is not significant. The Group also did not recognise its share of loss amounting to S$832,000 because the Group's cumulative share of loss exceeds its interest in the entity and the Group has no obligation in respect of that loss.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Trade payables	754	2,530	–	–
Other payables	3,894	5,538	2,234	2,303
Financial derivatives liabilities (a)	–	619	–	–
Accrued operating expenses	837	1,172	567	866
Total trade and other payables	5,485	9,859	2,801	3,169

The average credit period on trade purchases of goods is 30 days (2014: 30 days).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

19 TRADE AND OTHER PAYABLES (CONT'D)

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

	Group			
	2015		2014	
	Contract/ Notional Amount S$'000	Liabilities S$'000	Contract/ Notional Amount S$'000	Liabilities S$'000
Commodities future contracts	–	–	1,594	52
Foreign exchange forward contracts	–	–	18,772	567
	–	–	20,366	619

20 INTEREST-BEARING LIABILITIES

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Current liabilities				
Finance lease payables (a)	123	255	–	–
Bank loans (b)	–	12,270	–	–
Loans from third parties (c)	2,562	2,000	–	–
Serviceable loans (d)	1,455	1,687	1,455	1,687
Convertible loans (f)	1,500	–	1,500	–
	5,640	16,212	2,955	1,687
Non-Current liabilities				
Serviceable loans (d)	2,837	3,888	2,837	3,888
Interest-bearing convertible notes (e)	–	1	–	1
Finance lease payables (a)	–	165	–	–
	2,837	4,054	2,837	3,889
Total interest-bearing liabilities	8,477	20,266	5,792	5,576

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

20 INTEREST-BEARING LIABILITIES (CONT'D)

(a) As at 31 December 2015, the Group had obligations under finance leases that were repayable as follows:

	Group			
	2015		2014	
	Minimum lease payments S$'000	Present value of payments S$'000	Minimum lease payments S$'000	Present value of payments S$'000
Minimum lease installments payable				
– within one financial year	130	123	292	255
– after one financial year but within five financial years	–	–	194	165
	130	123	486	420
Finance charges allocated to future periods	(7)	–	(66)	–
Net present value payable	123	123	420	420

	2015 S$'000	2014 S$'000
Current finance lease payables	123	255
Non-current finance lease payables	–	165
	123	420

The average effective interest rate is approximately 6% to 9% (2014: 8.9% to 22.2%) per annum.

(b) The bank loans which incurred interest rates ranging from 2% to 9% in 2014 were secured by inventories, trade receivables, cash at bank and fixed deposits.

(c) The loans from third parties are unsecured and bear interest rates ranging from 6% to 9% (2014: 10% to 12%).

(d) The effective date for the Scheme, including the Serviceable Loans and Convertible Notes A and B is 29 June 2011 ("Effective Date"). The Serviceable Loans bear interest at SWAP rate plus 1.13% to 1.40% per annum according to the interest period. The Company shall repay the Serviceable Loans in accordance with the terms of the Scheme in installments and on the respective repayment dates as set out below:

(i) at least 5% of the Serviceable Loans shall be repaid in four equal quarterly installments on or before the date falling three years after the date on which all the conditions of the Scheme are fulfilled or waived after the Effective Date;

(ii) at least 10% of the Serviceable Loans shall be repaid in four equal quarterly installments on or before the date falling four years after the Effective Date;

(iii) at least 25% of the Serviceable Loans shall be repaid in four equal quarterly installments on or before the date falling five years after the Effective Date;

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

20 INTEREST-BEARING LIABILITIES (CONT'D)

(d) (Cont'd)

(iv) at least 30% of the Serviceable Loans shall be repaid in four equal quarterly installments on or before the date falling six years after the Effective Date; and

(v) at least 30% the balance of the Serviceable Loans shall be repaid in four quarterly installments on or before the date falling seven years after the Effective Date.

In the event of default, the Eligible Creditors may exercise its charge over the ordinary shares of the subsidiaries held by the Company.

Serviceable loans of approximately S$1,455,000 were due on 31 December 2015. However, the Eligible Creditors' have indicated that they do not intend to give a further extension of time for payment. Under the Scheme, the Company has a 14-day Cure Period which expires on 14 January 2016 (refer to Note 30(b) for further details on subsequent event).

(e) The interest-bearing convertible notes bear interest at 55% per annum payable annually in arrears through the issuance of shares. Each interest-bearing convertible note shall entitle the noteholder to convert such interest-bearing convertible notes into conversion shares. The conversion price is 90% of the volume weighted average price of shares sold on the Singapore Exchange ("VWAP") 5 market days immediately preceding the conversion date.

Unless previously purchased and cancelled, redeemed or converted as herein provided, half of the initial number of interest-bearing convertible notes that were issued on or about the effective date will be redeemed on the 5th anniversary of the Effective Date ("First Maturity Date") and all outstanding interest-bearing convertible notes will be redeemed on the 10th anniversary of the Effective Date ("Final Maturity Date"). Mandatory redemptions on the First Maturity Date and Final Maturity Date shall be made in shares. Mandatory redemption price 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 interest-bearing convertible notes bear interest at 55% per annum payable annually in arrears through the issuance of shares. The Company may at any time after the Effective Date and before the First Maturity Date redeem the interest-bearing convertible notes on any date ("Optional Redemption Date") at their principal amount through the issue of conversion shares, provided that at no time during the 5 years commencing on the effective date will the aggregate number of interest-bearing convertible notes that have been redeemed or converted at any one time exceed half of the initial number of interest-bearing convertible notes that are issued on or about the effective date. The Company may at any time after the First Maturity Date, redeem all or some of the interest-bearing convertible notes. The Optional Redemption price will be 85% of VWAP for the 5 market days immediately preceding the Optional Redemption Date.

(f) 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 due for repayment one year from the drawn down date at their nominal value and unpaid accrued interest or conversion into shares of the Company at the holder's option at the rate of S$0.001 per share.

The fair value of the liability component calculated using the market interest rate for an equivalent non-convertible loan at the date of issue approximates the carrying amount of the convertible loans. Accordingly, no residual amount representing the value of the equity conversion component has been recognised in the shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

21 CAPITAL AND RESERVES

(a) Share Application Monies

	Group and Company	
	2015	2014
	S$'000	S$'000
At 1 January	1,127	9,510
Reversal of shares application monies	–	(3,671)
Conversion of Scheme Convertible Notes to Shares	–	(4,649)
Waiver of Eligible Debts	–	(63)
At 31 December	1,127	1,127

These relates to the non-interest bearing Convertible Notes A classified as shares application monies (Note 3(a)).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

21 CAPITAL AND RESERVES (CONT'D)

(b) Share Capital

	Group and Company			
	2015		2014	
	No. of shares '000	S$ '000	No. of shares '000	S$ '000
Issued and fully-paid:				
At 1 January	13,738,296	195,155	6,784,263	178,147
Issuance of ordinary shares for scheme convertible notes/serviceable loans and interest:				
– ordinary shares for S$0.0036 each	–	–	244,992	883
– ordinary shares for S$0.0043 each	–	–	262,791	1,131
– ordinary shares for S$0.0018 each	–	–	532,459	959
– ordinary shares for S$0.0018 each	–	–	116,536	210
– ordinary shares for S$0.0018 each	–	–	64,464	116
– ordinary shares for S$0.0018 each	–	–	56,056	101
– ordinary shares for S$0.0018 each	–	–	66,873	120
– ordinary shares for S$0.0012 each	–	–	265,771	319
– ordinary shares for S$0.0012 each	–	–	96,138	115
– ordinary shares for S$0.0011 each	–	–	182,466	201
– ordinary shares for S$0.0011 each	–	–	273,698	301
– ordinary shares for S$0.0012 each	–	–	100,361	121
– ordinary shares for S$0.0009 each	–	–	223,132	201
– ordinary shares for S$0.0046 each	–	–	109,462	504
– ordinary shares for S$0.0036 each	–	–	69,970	252
– ordinary shares for S$0.0037 each	–	–	81,761	303
– ordinary shares for S$0.0039 each	–	–	64,663	253
– ordinary shares for S$0.0039 each	–	–	223,941	872
– ordinary shares for S$0.0032 each	–	–	78,858	252
– ordinary shares for S$0.0027 each	–	–	93,499	252
– ordinary shares for S$0.0027 each	–	–	93,561	253
– ordinary shares for S$0.0018 each	–	–	140,456	253
– ordinary shares for S$0.0018 each	–	–	67,432	121
– ordinary shares for S$0.0018 each	–	–	112,386	202
– ordinary shares for S$0.0018 each	–	–	67,434	121
– ordinary shares for S$0.0018 each	–	–	402,234	724
– ordinary shares for S$0.0019 each	–	–	106,483	202
– ordinary shares for S$0.0018 each	–	–	140,519	253
– ordinary shares for S$0.0018 each	–	–	140,577	253
– ordinary shares for S$0.0019 each	–	–	133,236	253
– ordinary shares for S$0.0020 each	–	–	57,448	116
– ordinary shares for S$0.0012 each	930,682	1,117	–	–
– ordinary shares for S$0.0007 each	260,237	182	–	–
	1,190,919	1,299	4,669,657	10,217
Issuance of ordinary shares				
– 584,376 ordinary shares for S$0.0065 each	–	–	584,376	3,799
– 1,700,000 ordinary shares for S$0.0019 each	–	–	1,700,000	3,230
Expenses incurred in issuance of shares	–	–	–	(238)
At 31 December	14,929,215	196,454	13,738,296	195,155

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

21 CAPITAL AND RESERVES (CONT'D)

(b) Share Capital (Cont'd)

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.

(c) Capital Reserve

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

(d) Share Options Reserve

	Group and Company			
	2015		2014	
	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	50,786	815	28,286	815
Share options granted	–	–	22,500	–
Share options lapsed	(6,500)	(271)	–	–
At the end of the year	44,286	544	50,786	815

As at 31 December 2015, managerial staff of the Group held options over 38,586,000 (2014: 50,786,000) ordinary shares, of which 8,286,000 will expire on 11 October 2020, 8,700,000 will expire on 11 August 2021, 7,600,000 will expire on 26 March 2022, and the remaining 14,000,000 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 2015	Granted	Exercised	Lapsed	Balance at 31 December 2015	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	10,200,000	–	–	(1,000,000)	9,200,000	0.0250	12 August 2012 to 11 August 2021
27 March 2012	9,800,000	–	–	(1,000,000)	8,800,000	0.0290	27 March 2013 to 26 March 2022
11 April 2014	22,500,000	–	–	(4,500,000)	18,000,000	0.0024	11 April 2015 to 10 April 2024
	50,786,000	–	–	(6,500,000)	44,286,000		

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. 44,286,000 (2014: 28,286,000) options are exercisable as at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

21 CAPITAL AND RESERVES (CONT'D)

(d) Share Options Reserve (Cont'd)

Fair Value of Share Options Granted

There is no share options granted during the current financial year ended 31 December 2015. The fair value of the share options granted during the previous financial year 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.

The inputs into the model were as follows:

	2014
Expected volatility (%)	427%
Dividend yield (%)	–
Risk-free interest rate (% p.a.)	0.34%
Expected life of option (years)	9.25
Exercise price	S$0.0024
Grant date share price	S$0.003

The expected volatility was derived from historical volatility of the share price over the most recent period that is generally commensurate with the expected life of the option.

Share options granted under the employee share option plan carry no rights to dividends and no voting rights.

(e) Revaluation Reserve

	Group	
	2015 S$'000	2014 S$'000
Balance as at the beginning of the financial year	–	1,245
Less: Disposal of assets during the year	–	(1,245)
Balance as at the end of the financial year	–	–

The revaluation reserve was used to record the revaluation surplus of the Group's leasehold property that was revalued. During the previous financial year ended 31 December 2014, revaluation reserve had been reversed due to the disposal of assets.

22 FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2015 S$'000	2014 S$'000
At 1 January	174	25
Net exchange difference on translation of foreign entities' financial statements	433	274
Reversal in relation to disposal of subsidiaries	(151)	(125)
At 31 December	456	174

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

22 FOREIGN CURRENCY TRANSLATION RESERVE (CONT'D)

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.

23 PROVISION FOR LEGAL CLAIMS

	Group and Company	
	2015	2014
	S$'000	S$'000
Balance at the beginning of the year	–	1,868
Addition during the year	3,424	–
Write back of legal claims during the year	–	(1,868)
Balance at the end of the year	3,424	–

The Group has made a provision for legal claim of S$3,424,000. The outcome of the legal case is uncertain and therefore the estimates are based on management's best knowledge of current events and actions.

24 RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, 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 a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture 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; (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; (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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) Transactions with Related Parties

	Group	
	2015	2014
	S$'000	S$'000
Advisory fees paid to directors	–	30

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

24 RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of Key Management Personnel

	Group	
	2015 S$'000	2014 S$'000
Salaries, bonuses and other benefits	1,414	1,289
Contribution to defined contribution plan	51	35
Directors' fees		
– current year expense	90	107
	1,555	1,431
Comprise amounts paid to:		
Directors of the Company	709	837
Other key management personnel	846	594
	1,555	1,431

25 OPERATING LEASE COMMITMENTS

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

The Group has entered into commercial leases on certain properties. These leases have an average tenure of 3 years (2014: 1 and 2 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	
	2015 S$'000	2014 S$'000
Payable within one financial year	329	716
Payable after one financial year but within five financial years	430	611
	759	1,327

(b) Capital Commitments

Capital expenditure contracted for at the end of the financial year but not recognised in the financial statements are as follows:

	Group	
	2015 S$'000	2014 S$'000
Authorised and contracted for		
– construction of plant and equipment	–	33

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

25 OPERATING LEASE COMMITMENTS (CONT'D)

(b) Capital Commitments (Cont'd)

In the previous financial year ended 31 December 2014, in relation to the capital expenditure authorised and contracted for the construction of plant and equipment amounted to S$33,000 were made for the construction of one of its subsidiary's manufacturing plant located in the People's Republic of China.

26 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reporting operating segments as follows:

1. Wastewater treatment segment relates to operations of a wastewater treatment plant and provision of wastewater treatment services.

2. Recycling and supply chain management segment acts as a dealer in all kinds of ferrous and non-ferrous metals, electrical and electronics and insulated cable scraps.

3. Manufacturing segment relates to refining copper and manufacturing copper products, smelting of aluminum and manufacturing aluminum deoxidisers.

4. 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$4,864,000 – manufacturing segment (2014: S$10,163,000 – manufacturing segment).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

26 SEGMENT INFORMATION (CONT'D)

(a) Business Segments

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2015 and 2014:

	Wastewater treatment		Recycling and supply chain management		Manufacturing		Corporate		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000		2015 S$'000	2014 S$'000
Revenue:													
Inter-segment	–	–	–	–	3,536	5,002	–	–	(3,536)	(5,002)	A	–	–
External customers	1,068	1,114	–	(75)	51,608	68,839	–	–	–	–		52,676	69,878
Total revenue (Note 4)	1,068	1,114	–	(75)	55,144	73,841	–	–	(3,536)	(5,002)		52,676	69,878
Results:													
Interest income	–	1	–	65	16	26	–	30	–	(113)		16	9
Allowance for stock obsolescence	–	–	–	–	(148)	(72)	–	–	–	–		(148)	(72)
Depreciation and amortisation	(16)	(8)	–	(33)	(335)	(246)	(8)	(28)	–	–		(359)	(315)
Impairment loss on plant and equipment	–	–	–	(117)	(237)	–	–	–	–	–		(237)	(117)
Impairment loss on subsidiaries	–	–	–	–	–	–	(7,102)	(474)	7,102	474		–	–
Impairment loss on goodwill	(1,016)	–	–	–	(698)	–	–	–	–	–		(1,714)	–
Impairment of trade and other receivables	(1,408)	–	–	(651)	(4,761)	–	(4,408)	–	3,612	–		(6,965)	(651)
Impairment loss on financial receivables	(880)	–	–	–	–	–	–	–	–	–		(880)	–
Write off of trade and other receivables	–	–	–	–	(59)	–	(104)	–	27	–		(136)	–
Write back of impairment of trade and other receivables	–	–	–	–	243	–	262	1,170	(176)	–		329	1,170
Write off of trade and other payables	–	–	–	–	1,566	–	1,065	–	–	–		2,631	–
Segment (loss)/profit	(258)	791	–	(124)	(3,784)	(2,410)	(14,533)	121	2,869	2,671	A	(15,706)	1,049
Assets:													
Segment assets	8,129	8,763	–	2,693	9,164	28,710	8,477	20,000	(12,046)	(20,165)	A	13,724	40,001
Segment assets include: – additions to non-current assets	7	76	–	29	419	2,080	–	250	–	–	B	426	2,435
Segment liabilities	(3,804)	(3,794)	–	(5,677)	(8,928)	(22,642)	(13,631)	(18,673)	8,448	20,225	A	(17,915)	(30,561)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

26 SEGMENT INFORMATION (CONT'D)

(a) Business Segments (Cont'd)

Notes:

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

B Additions to non-current assets consists of additions to plant and equipment and intangible assets.

(b) Geographical segments

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

(i) *Singapore*

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

(ii) *People's Republic of China*

The operations in this area are refining copper and manufacturing copper products, smelting of aluminum and manufacturing aluminum deoxidisers and operations of a wastewater treatment plant and provision of wastewater treatment services.

(iii) *Republic of China, Taiwan*

The operations in this area are refining copper and manufacturing copper products, smelting of aluminum and manufacturing aluminum deoxidisers.

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		Taiwan		Total	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Revenue	5,180	1,130	9,930	1,224	37,566	67,524	52,676	69,878
Non-current assets	217	331	2,672	4,629	–	119	2,889	5,079

* Non-current assets consist of plant and equipment and goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

27 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.

(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	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Singapore	1,208	1,427	224	7,490
People's Republic of China	1,957	5,625	–	898
Malaysia	–	480	–	480
Taiwan	–	5,740	–	–
	3,165	13,272	224	8,868

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 16 to the financial statements.

Trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade and other receivables.

At the end of the reporting period, approximately 94% (2014: 38%) of the Group's trade receivables were due from 2 major customers (2014: 5). In addition, 100% (2014: 100%) of the Group's financial receivables is due from 1 party (2014: 1).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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"), Taiwan Dollars ("TWD") and United States Dollars ("USD").

As at 31 December 2015 and 31 December 2014, 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$'000	TWD S$'000	USD S$'000	SGD S$'000	Total S$'000
Group					
2015					
Financial assets					
Trade and other receivables	1,958	–	784	423	3,165
Financial receivables	6,594	–	–	–	6,594
Cash and cash equivalents	191	–	152	171	514
	8,743	–	936	594	10,273
Financial liabilities					
Trade and other payables	1,916	–	278	3,291	5,485
Interest-bearing liabilities	623	–	–	7,854	8,477
	2,539	–	278	11,145	13,962
Net financial assets/(liabilities)	6,204	–	658	(10,551)	(3,689)
2014					
Financial assets					
Trade and other receivables	5,622	2,416	3,323	1,911	13,272
Financial receivables	7,485	–	–	–	7,485
Cash and cash equivalents	2,057	3,575	3,159	944	9,735
	15,164	5,991	6,482	2,855	30,492
Financial liabilities					
Trade and other payables	6,168	213	593	2,885	9,859
Interest-bearing liabilities	2,572	10,118	–	7,576	20,266
	8,740	10,331	593	10,461	30,125
Net financial assets/(liabilities)	6,424	(4,340)	5,889	(7,606)	367

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign Currency Risk (Cont'd)

	RMB S$'000	USD S$'000	SGD S$'000	Total S$'000
Company				
2015				
Financial assets				
Trade and other receivables	–	–	224	224
Cash and cash equivalents	–	5	78	83
	–	5	302	307
Financial liabilities				
Trade and other payables	–	–	2,801	2,801
Interest-bearing liabilities	–	–	5,792	5,792
	–	–	8,593	8,593
Net financial assets/(liabilities)	–	5	(8,291)	(8,286)
2014				
Financial assets				
Trade and other receivables	895	–	7,973	8,868
Cash and cash equivalents	–	296	92	388
	895	296	8,065	9,256
Financial liabilities				
Trade and other payables	1,638	–	1,531	3,169
Interest-bearing liabilities	–	–	5,576	5,576
	1,638	–	7,107	8,745
Net financial (liabilities)/assets	(743)	296	958	511

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign Currency Risk (Cont'd)

Sensitivity Analysis

If the RMB, TWD and USD change against the SGD by 3% (2014: 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 (loss)/profit after tax and equity will increase/(decrease) as follows:

	2015 S$'000	2014 S$'000
Group		
RMB against SGD		
– strengthened	(154)	160
– weakened	154	(160)
TWD against SGD		
– strengthened	–	(108)
– weakened	–	108
USD against SGD		
– strengthened	(16)	147
– weakened	16	(147)
Company		
RMB against SGD		
– strengthened	–	(19)
– weakened	–	19
USD against SGD		
– strengthened	–	7
– weakened	–	(7)

It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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.

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.

		Cash flows			
	Carrying amount S$'000	Total S$'000	One year or less S$'000	One to five years S$'000	Over five years S$'000
Group					
At 31 December 2015					
Trade and other payables (Note 19)	5,485	5,485	5,485	–	–
Interest-bearing liabilities (Note 20) – excluding interest-bearing convertible notes	8,477	8,656	5,819	2,837	–
Total undiscounted financial liabilities	13,962	14,141	11,304	2,837	–
At 31 December 2014					
Trade and other payables (Note 19)	9,859	9,859	9,859	–	–
Interest-bearing liabilities (Note 20) – excluding interest-bearing convertible notes	20,265	20,372	16,296	4,076	–
Total undiscounted financial liabilities	30,124	30,231	26,155	4,076	–
Company					
At 31 December 2015					
Trade and other payables (Note 19)	2,801	2,801	2,801	–	–
Interest-bearing liabilities (Note 20) – excluding interest-bearing convertible notes	5,792	5,882	3,045	2,837	–
Total undiscounted financial liabilities	8,593	8,683	5,846	2,837	–
At 31 December 2014					
Trade and other payables (Note 19)	3,169	3,169	3,169	–	–
Interest-bearing liabilities (Note 20) – excluding interest-bearing convertible notes	5,576	5,576	1,687	3,889	–
Total undiscounted financial liabilities	8,745	8,745	4,856	3,889	–

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 December 2015

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 2014.

The capital structure of the Group and Company consists of net debt (which is interest-bearing liabilities) 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	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Net debt	8,477	20,266	5,792	5,576
Equity	(4,191)	9,440	(8,381)	1,994
Total capital	4,286	29,706	(2,589)	7,570
Net debt to total capital ratio	2.0	0.7	N.M.	0.7

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

(e) Interest Rate Risk

The Group's and Company's interest rate risk mainly arises from its variable rate borrowings. The Group and Company monitor the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates.

Sensitivity analysis for interest rate risk

Should the variable interest rates of the borrowings increase/decrease by 1% (2014: 1%) with all other variables including tax rates being held constant, the profit or loss will be higher/lower by approximately S$85,000 (2014: S$203,000) as a result of the changes in the interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

Financial assets and financial liabilities that are offset in the Group's statement of financial position as at 31 December 2015 are as follows:

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

28 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).

	Group		
	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000
Recurring basis			
31 December 2015			
Derivative financial assets	–	13	–
31 December 2014			
Derivative financial assets	–	4	–
Derivative financial liabilities	–	(619)	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

28 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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

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 at bank, 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 interest-bearing liabilities 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 interest-bearing liabilities approximate its respective fair value as the interest rates are primarily pegged to the floating market rate and is classified under Level 2 of the Fair Value Hierarchy. The fair value of the non-current financial receivables are disclosed in Note 14 to the financial statements.

29 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 of approximately S$7,600,000 (RMB34,850,000). The Company and the ex-subsidiary's holding company have counter-claimed for the sum of approximately S$4,300,000 (RMB19,772,000) inclusive of relevant interest in respect of this transaction.

As at the date of this report, the Company has filed an application with the Guangzhou Intermediate People's Court and the High Court of the Republic of Singapore for setting aside the arbitration award while the counter-claim is currently ongoing.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2015

30 SUBSEQUENT EVENTS

(a) On 6 January 2016, the Company entered into a sale and purchase agreement to transfer its entire interest in Western Copper Co., Ltd (Note 18) to its wholly-owned subsidiary, GWH.

(b) Pursuant to Note 20(d) to the financial statements, the Company announced on 17 January 2016 to settle all outstanding debts with its Eligible Creditors and terminate the Scheme by way of redeeming two of the three remaining Eligible Creditors by cash of S$145,153 and the transfer of the Company's entire interest in GWH and its subsidiaries (excluding Everglory Cooling System Pte. Ltd. and Everglory Radiators (Shenyang) Co., Ltd.) to the remaining Eligible Creditor.

The Company announced that it has reached an agreement with the remaining Eligible Creditor to value GWH shares at S$4,300,000 for the purpose of the settlement of the total outstanding serviceable loans and Convertible Notes A of S$5,541,000. The transfer of GWH and its subsidiaries (excluding Everglory Cooling Systems Pte. Ltd. and Everglory Radiators (Shenyang) Co., Ltd.) to the remaining Eligible Creditor is effective from 21 January 2016. In view of the termination of the Scheme, the remaining amount due from the Company to the remaining Eligible Creditor of S$1,241,000 has been restructured as a separate loan secured by a charge over the Company's share in its wholly-owned subsidiary, Asiapac Recycling Pte. Ltd.. Accordingly, the Company and the Eligible Creditor have entered into a loan agreement based on the terms above.

(c) On 10 February 2016, the Company announced that on 5 February 2016 it has applied to the High Court of Republic of Singapore for the approval for the Company to convene meetings of its creditors for the purpose of approving a Scheme of Arrangement, a stay of all existing proceedings and a restraint of all future proceedings against the Company. On 1 March 2016, the Court held that all further proceedings to be restrained except with leave of the Court for the period of one month. On 29 March 2016, the Court has permitted the Company to call meetings of its classes of creditors in accordance with the following orders made:

(i) to convene one or more meetings of each class of its creditors to be held on or before 5 May 2016;

(ii) the moratorium ordered at the previous hearing dated 1 March 2016 to be extended until the date the Court approves the Scheme or the required approval of the creditors is not obtained, whichever is earlier; and

(iii) the Company shall be restrained from pursing its claim against the Vendor (Note 29) until 5 May 2016.

STATISTICS OF SHAREHOLDING

Number of issued and paid-up shares	:	14,942,564,101
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 24 March 2015, approximately 82.44% 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	%
FORT CANNING (ASIA) PTE LTD	1,348,495,104	–	1,348,495,104	9.03
Zhang Baoan*	–	1,348,495,104	1,348,495,104	9.03
BELLE FORTE LTD	1,274,644,521	–	1,274,644,521	8.53
Weng Hua Yu @ Simon Eng**	–	1,274,644,521	1,274,644,521	8.53

a. Zhang Baoan is deemed interested shares held through Fort Canning (Asia) Pte Ltd.

b. Simon Eng is deemed interested in shares held through Belle Forte Ltd.

c. Hau Chan Yen, wife of Simon Eng, is deemed interested in shares held through Belle Forte Ltd and Simon Eng.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	168	3.24	3,500	0.00
100 – 1,000	131	2.52	88,915	0.00
1,001 – 10,000	915	17.63	6,409,508	0.04
10,001 – 1,000,000	3,287	63.35	847,391,939	5.67
1,000,001 AND ABOVE	688	13.26	14,088,670,239	94.29
TOTAL	**5,189**	**100.00**	**14,942,564,101**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	FORT CANNING (ASIA) PTE LTD	1,348,495,104	9.02
2	BELLE FORTE LTD	1,274,644,521	8.53
3	APZENITH CAPITAL PTE LTD	990,918,693	6.63
4	OCBC SECURITIES PRIVATE LIMITED	618,100,358	4.14
5	TAN PENG BOON	590,063,180	3.95
6	SUNRISE INVESTORS PTE LTD	570,249,540	3.82
7	FIRSTLINK CAPITAL PTE. LTD.	473,415,000	3.17
8	QUAH CHUNG MING	442,171,488	2.96
9	SONG TANG YIH	408,543,086	2.73
10	LIM LIANG MENG	335,000,780	2.24
11	LIM CHWEE POH	247,104,294	1.65
12	ENG WAH YOUND	197,000,000	1.32
13	KIM LAY GEK	181,490,631	1.21
14	UOB KAY HIAN PRIVATE LIMITED	180,591,356	1.21
15	KWOK MEEI YING MONICA	176,458,515	1.18
16	TAN CHEE BENG	174,769,231	1.17
17	METECH INTERNATIONAL LIMITED	172,458,778	1.15
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	158,815,516	1.06
19	HENG WEE KIANG	155,000,000	1.04
20	CHOO CHEE KONG	150,941,008	1.01
	TOTAL	**8,846,231,079**	**59.19**

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Advance SCT Limited will be held at 65 Tech Park Crescent, Singapore 637787 on Friday, 29th April 2016 at 11.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2015 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Mr Ng Siew Hoong Linus, a Director retiring under Regulation 108 of the Company's Constitution who, being eligible, offers himself for re-election.

   Mr Ng Siew Hoong Linus will, upon re-election as a Director of the Company, 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. Key information on Mr Ng and his shareholdings can be found in the Board of Directors section of the Annual Report 2015. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Ng and the Company and its related corporations, Directors, officers or shareholders.

   (Resolution 2)

3. To re-elect Mr Loo Cheng Guan, a Director retiring under Regulation 108 of the Company's Constitution who, being eligible, offers himself for re-election.

   Mr Loo Cheng Guan will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Key information on Mr Loo and his shareholdings can be found in the Board of Directors section of the Annual Report 2015. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Loo and the Company and its related corporations, Directors, officers or shareholders.

   (Resolution 3)

4. To re-elect Mr Lee Suan Hiang a Director retiring under Regulation 104 of the Company's Constitution who, being eligible, offers himself for re-election.

   Mr Lee Suan Hiang will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee. Key information on Mr Lee and his shareholdings can be found in the Board of Directors section of the Annual Report 2015. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Lee and the Company and its related corporations, Directors, officers or shareholders.

   (Resolution 4)

5. To approve the payment of Directors' Fees of S$93,000 for the financial year ending 31 December 2016. (FY2015: S$109,000)

   (Resolution 5)

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

   (Resolution 6)

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

As Special Business

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

7. To renew the ASCT Performance Shares Scheme, which was adopted by the Company on 13 July 2007.
(Resolution 7)

9. To grant the Directors authority to allot and issue shares in the capital of the Company ("**Share Issue Mandate**")

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:–

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

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 Instrument made or granted by the Directors while this resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this resolution (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of Shares issued other than on a *pro rata* basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments 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) above, the total number of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares, if any, at the time of the passing of this resolution, after adjusting for:–

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

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

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

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Act, 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 for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 9)

10. To grant the Directors 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 and is hereby 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 per cent. of the total number of issued Shares excluding treasury shares of the Company from time to time.

(Resolution 10)

11. To transact any other business that may be transacted at an Annual General Meeting.

On Behalf of the Board

Simon Eng
Chairman

Singapore, 14 April 2016

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.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

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.

EXPLANATORY NOTES:

Ordinary Resolution 9
The proposed Resolution 9, if passed, will empower the Directors, from the date of the above Meeting until the next Annual General Meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent. of the total number of issued Shares excluding treasury shares, with a sub-limit of 20 per cent. for Shares issued other than on a pro rata basis to Shareholders.

Ordinary Resolution 10
The proposed Resolution 10, 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 fifteen per centum (15%) of the total number of issued Shares excluding treasury shares of the Company for the time being.

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

ADVANCE SCT LIMITED

Registration No. 200404283C
(Incorporated in Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting (Meeting) and vote, must submit their voting instructions to their CPF Approved Nominees so that their CPF Approved Nominees may register, within the specific time frame, with the Company.

PROXY FORM

I/We* ____

of ____

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

Name	**Address**	**NRIC/ Passport Number**	**Proportion of Shareholdings**
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 Twelfth AGM of the Company, to be held at 65 Tech Park Crescent, Singapore 637787 on Friday, 29th April 2016 at 11.00 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' Report and Audited Financial Statements for the financial year ended 31 December 2015 together with the Auditors' Report.		
2.	Re-election of Mr Ng Siew Hoong Linus as a Director.		
3.	Re-election of Mr Loo Cheng Guan as a Director.		
4.	Re-election of Mr Lee Suan Hiang as a Director.		
5.	Approval of Directors' Fees of S$93,000.00 for the financial year ending 31 December 2016.		
6.	Re-appointment of Messrs Moore Stephens LLP as auditors of the Company.		
	AS SPECIAL BUSINESS		
7.	Renewal of the ASCT Performance Shares Scheme.		
9.	Grant of authority to Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
10.	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.		

* Please delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate with an " √ " within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of __________________ 2016.

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. A member of the Company entitled to attend and vote at a Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. 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.

4. Pursuant to Section 181 of the Companies Act, Cap. 50, 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

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.

9 Temasek Boulevard
#41-01 Suntec Tower 2
Singapore 038989

Tel: (65) 6264 4338
Fax: (65) 6863 2035

www.advancesct.com