ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

AUDITOR'S COMMENTS ON FINANCIAL STATEMENTS

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**), the Board of Directors (**"Board"**) of Advance SCT Limited (**"Company"**) wishes to inform that the independent external auditors of the Company, Moore Stephens LLP **("MS"** or **"Independent Auditors"**), have, in their Independent Auditors' report dated 3 April 2017 (**"Report"**), included a qualified opinion in relation to the other receivables of an associated company and appropriateness of going concern assumption.

A copy of the Report is annexed hereto for shareholders' information.

Shareholders of the Company are advised to read the financial statements of the Group for FY2016, which will be dispatched to them on or around 11 April 2017.

By Order of the Board

Simon Eng
Chief Executive Officer
5 April 2017

INDEPENDENT AUDITOR'S REPORT
To the Members of Advance SCT Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. We were engaged to audit the accompanying financial statements of Advance SCT Limited (the "Company") and its subsidiaries (collectively the "Group") as set out on pages 31 to 81, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Disclaimer of Opinion

2. We do not express an opinion on the consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Other Receivables of an Associated Company

3. Our independent auditor's report dated 6 April 2016 on the financial statements for the previous financial year ended 31 December 2015 expressed a qualified audit opinion due to the limitation of scope in auditing the financial statements of an associated company, Western Copper Co., Ltd (a former subsidiary which was partially disposed of during the same financial year ended 31 December 2015).

4. Included in the financial statements of Western Copper Co., Ltd for the previous financial year ended 31 December 2015 were two other receivables of S$4,296,000 and S$2,553,000.

5. The other receivables of S$4,296,000 were fully impaired and charged to the consolidated statement of comprehensive income during the previous financial year ended 31 December 2015. We were, however, unable to obtain information on these other receivables of S$4,296,000 in the statement of financial position of Western Copper Co., Ltd 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.

6. 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 in the statement of financial position of Western Copper Co., Ltd.

7. Consequently, we were unable to determine whether any adjustments to the impairment loss of trade and other receivables of S$4,296,000 and the gain on the disposal of S$919,000 of subsidiary recognised in the consolidated statement of comprehensive income and the carrying amount of the investment in associated company of nil in the statements of financial position for the previous financial year ended 31 December 2015 were necessary.

8. During the current financial year ended 31 December 2016, the Company transferred its interest in Western Copper Co., Ltd to another subsidiary, Green World Holdings Pte. Ltd. ("GWH"), prior to the disposal of GWH and its subsidiaries.

9. Since the opening balances of the carrying amount of the investment in an associated company affect the determination of the total loss for the financial year, we are unable to determine whether adjustments to the loss on disposal of subsidiaries of S$824,000 (Note 13(b)(i)) in the consolidated statement of comprehensive income and the Group's opening accumulated losses might be necessary for the current financial year ended 31 December 2016.

Appropriateness of Going Concern Assumption

10. As set out in Note 2(a) to the financial statements, the Group incurred total loss for the year of S$8,522,000 (2015: S$16,124,000) and total comprehensive loss of S$8,527,000 (2015: S$15,752,000) for the financial year ended 31 December 2016 and, as of that date, the Group and the Company have net current liabilities of S$14,281,000 (2015: S$10,168,000) and S$14,839,000 (2015: S$8,873,000) respectively. As at 31 December 2016, the Group and the Company have capital deficit of S$14,281,000 (2015: S$4,191,000) and S$14,837,000 (2015: 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.

11. The accompanying financial statements have been prepared on the assumption that the Group and the Company will continue as going concerns.

12. 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.

13. In the light of the material uncertainties discussed above, we do not have 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.

14. In the event that the Group and the 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 liabilities that might arise. No such adjustments have been made to these financial statements.

Responsibilities of Management and Directors for the Financial Statements

15. 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.

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

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

INDEPENDENT AUDITOR'S REPORT
To the Members of Advance SCT Limited

Auditors' Responsibilities for the Audit of the Financial Statements

18. Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

19. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

20. 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.

21. The engagement partner on the audit resulting in this independent auditor's report is Mr Neo Keng Jin.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
3 April 2017