ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

AUDITOR'S COMMENTS ON ACCOUNTS

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 6 April 2016 (**"Report"**), included a qualified opinion in relation to the limitation of scope in auditing the financial statements of a subsidiary in China for the financial year ended 31 December 2013, 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 FY2015, which has been dispatched to them on or around 14 April 2015.

By Order of the Board

Simon Eng
Chief Executive Officer
15 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.

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