



ADVANCE SCT LIMITED
(Registration No. 200404283C)

UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017 (“4Q FY2017”) AND TWELVE MONTHS ENDED 31 DECEMBER 2017 (“FY2017”).

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR QUARTERLY AND FULL YEAR RESULTS.

1(a)(i) A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

	Note	Group		Inc / (Dec)	Group		Inc / (Dec)
		4Q FY2017 S\$'000	4Q FY2016 S\$'000		FY2017 S\$'000	FY2016 S\$'000	
Continuing operations							
Revenue	1	18,929	19,137	-1%	79,692	46,843	70%
Cost of sales		(18,466)	(19,001)	-3%	(78,265)	(46,468)	68%
Gross profit		463	136	240%	1,427	375	281%
Administrative expenses	2	(30)	(125)	-76%	(540)	(1,463)	-63%
Finance costs	3	(88)	(30)	193%	(221)	(134)	65%
Operating profit/(loss) before income tax		345	(19)	n.m.*	666	(1,222)	-155%
Other income/(expenses) - net	4	(130)	(5,884)	-98%	842	(6,476)	-113%
Profit/(Loss) before income tax		215	(5,903)	-104%	1,508	(7,698)	-120%
Income tax		-	-	n.m	-	-	n.m
Profit/(Loss) from continuing operations, net of tax	5	215	(5,903)	-104%	1,508	(7,698)	-120%
Discontinued operations							
Loss for the year from discontinued operations		-	-	n.m	-	(824)	-100%
Total profit/(loss) for the period		215	(5,903)	-104%	1,508	(8,522)	-118%
Attributable to:							
Equity holders of the Company		215	(5,903)	-104%	1,508	(8,219)	-118%
Non-controlling interests (“NCI”)		-	-	n.m	-	(303)	-100%
		215	(5,903)	-104%	1,508	(8,522)	-118%

n.m = not meaningful
n.m* = variance more than 1000%



Notes

1. For the full year ended 31 December 2017 (“FY2017”), the Group generated a revenue of close to S\$80 million, a 70% increase compared to FY2016. At the same time, gross profit improved by 281% to S\$1.43 million. Significantly, the Group has achieved an **operating net profit of S\$0.67 million** despite an increase in finance cost.
2. Administrative expenses have been reduced to S\$540,000 in FY2017, a 63% decrease compared to FY2016 because of the disposal of manufacturing assets in 1Q FY2016 and the hi-tech radiator business under Everglory Cooling Systems Pte Ltd in 4Q FY2017.
3. Finance costs increased to S\$221,000 in FY2017 from S\$134,000 in FY2016 due to short term borrowings to finance its metal trading business under Asiapac Recycling Pte Ltd.
4. Net other income of S\$842,000 comprises of gains on disposal of subsidiaries (S\$169,000) and from a waiver of amount owing to CNCM Capital Pte Ltd (S\$1.64 million), less expenses incurred for litigations related to past debts and an aborted scheme of arrangement.
5. Including net other income, the Group has generated a net profit of S\$1.51 million in FY2017, compared to a loss of S\$7.70 million in FY2016. Notably, that the Group achieved a net profit from recurring operations of S\$0.67 million in FY2017 signals that it has recovered from the tumultuous years and is on the path of growth.

1(a)(ii) The net profit/(loss) attributable to shareholders includes the following charges/ (credits).

	Group		Group	
	4Q FY2017 S\$'000	4Q FY2016 S\$'000	FY2017 S\$'000	FY2016 S\$'000
1.1 Profit/(Loss) before income tax is arrived at after charging the following:				
Depreciation of plant and equipment	-	(45)	-	(178)
Finance cost	(88)	(30)	(221)	(134)
1.2 Other (expenses)/income - net comprises principally the following:				
Gain on disposal of subsidiaries	169	16	169	16
Gain on future contract - unrealised	-	164	-	107
Loss on disposal of plant and equipment	-	(5)	-	(5)
Write off of trade and other payables	44	-	1,682	79
Write off of plant and equipment	-	(23)	-	(23)
Realised foreign exchange loss	(6)	89	-	89
Unrealised foreign exchange gain/(loss)	21	47	(31)	29
Government grant	1	-	1	-
Miscellaneous income	7	8	8	30
Cost of Scheme of arrangement and litigations	(752)	(5,204)	(958)	(5,789)
Write off of trade and other receivables	(29)	-	(29)	-
Provision for penalty written back	415	-	-	-
Allowance for impairment loss on receivables	-	(3)	-	(3)
Allowance for impairment loss on plant and equipment	-	(860)	-	(860)
Allowance for stock obsolescence	-	(113)	-	(146)
	<u>(130)</u>	<u>(5,884)</u>	<u>842</u>	<u>(6,476)</u>



1(a)(iii) Consolidated Statement of Comprehensive Income.

	Group			Group		
	4Q FY2017	4Q FY2016	Inc / (Dec)	FY2017	FY2016	Inc / (Dec)
	S\$'000	S\$'000		S\$'000	S\$'000	
Total profit/(loss) for the period	215	(5,903)	-104%	1,508	(8,522)	-118%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Net (loss)/income relating to foreign currency translation differences arising from consolidation	(34)	470	-107%	(16)	(5)	220%
Total comprehensive profit/(loss) for the period	181	(5,433)		1,492	(8,527)	
Total comprehensive profit/(loss) attributable to :						
Equity holders of the Company	181	(5,433)	-103%	1,492	(8,224)	-118%
Non-controlling interests	-	-	n.m	-	(303)	-100%
	181	(5,433)		1,492	(8,527)	

n.m = not meaningful

n.m² = variance more than 1000%



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Investment in subsidiaries	-	-	2	2
Current assets				
Trade receivables	1 7,753	2,828	-	-
Other receivables	2 13	88	10	43
Cash and cash equivalents	490	68	32	37
Current assets	8,256	2,984	42	80
Total Assets	8,256	2,984	44	82
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	196,454	196,454	196,454	196,454
Capital reserve	(654)	(654)	-	-
Share options reserve	544	544	544	544
Forex translation reserve	(1)	15	-	-
Accumulated losses	(209,132)	(210,640)	(211,812)	(211,835)
Total Equity	3 (12,789)	(14,281)	(14,814)	(14,837)
LIABILITIES				
Trade payables	4 6,854	1,634	-	-
Other payables	5 1,260	3,002	3,096	3,890
Borrowings	6 12,931	4,341	11,762	2,741
Provision	6 -	8,288	-	8,288
	21,045	17,265	14,858	14,919
Total Equity and Liabilities	8,256	2,984	44	82

1. Trade receivables of S\$7.75 million are linked to metal products held in third- party warehouses.
2. Other receivables consist of prepayment and non-trade related deposit.
3. Although the Group was in net current liabilities position as at 31 December 2017, the bulk of the Company's current liabilities including the arbitration award have been contained; as announced, all major creditors have agreed to participate in a proposed Debt Capitalisation Exercise ("DCE") that is scheduled for shareholders' approval on 27 February 2018.
4. Trade payables and deposits received of S\$6.85 million are related to metal products.
5. Other payables consist mainly of accrual of operating expenses.
6. Provisions pertaining to the Qingyuan arbitration has been grouped under borrowings, upon the withdrawal of suits and countersuits as announced on 9 July 2017.



1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 31 December 2017		As at 31 December 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	1,241	11,690	1,241	3,100

1(c) A statement of cash flow (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	4Q FY2017 S\$'000	4Q FY2016 S\$'000	FY2017 S\$'000	FY2016 S\$'000
Cash flows from operating activities				
Profit/(Loss) after tax from continuing operations	215	(5,903)	1,508	(7,698)
Profit/(Loss) after tax from discontinued operations	-	-	-	(824)
	215	(5,903)	1,508	(8,522)
Adjustments for :				
Allowance for stock obsolescence	-	146	-	146
Unrealised future trading loss/(gain)	14	(107)	149	(107)
Unrealised foreign exchange (gain)/loss	(21)	(29)	31	(29)
Depreciation for plant and equipment	-	(49)	-	178
Interest and bank charges	88	30	221	134
Impairment on plant and equipment	-	860	-	860
(Gain)/Loss on disposal of subsidiaries	(169)	-	(169)	824
Loss on disposal of plant and equipment	-	5	-	5
Allowance for impairment of trade and other receivables, net	-	3	-	3
Provision for legal claims	527	4,864	733	4,864
Provision for penalty charge	415	-	-	-
Write off of trade and other payables	(44)	(79)	(1,682)	(79)
Write off of trade and other receivables	29	-	29	-
Write off of plant and equipment	-	23	-	23
Operating cash flow before working capital changes	1,054	(236)	820	(1,700)
Working capital changes				
Inventories	-	(182)	-	-
Trade and other receivables	(63)	377	(5,155)	(1,568)
Trade and other payables	(1,055)	(3,987)	5,324	374
Cash generated from operations	(64)	(4,028)	989	(2,894)
Interest paid	(37)	(30)	(75)	(134)
Net cash (used in)/generated from operating activities	(101)	(4,058)	914	(3,028)
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	-	30	-	30
Net cash outflow from disposal of subsidiaries	(12)	-	(12)	(189)
Net cash (used in)/generated from investing activities	(12)	30	(12)	(159)
Cash flows from financing activities				
(Repayment of)/Proceeds from borrowings, net	(294)	2,341	(480)	2,741
Net cash (used in)/generated from financing activities	(294)	2,341	(480)	2,741
Net change in cash and bank balances	(407)	(1,687)	422	(446)
Cash and bank balances at beginning of financial period	897	1,755	68	514
Cash and bank balances at end of financial period	490	68	490	68

Notes

The Group generated a positive cash flow of S\$914,000 from operating activities in FY2017.

Net cash used in financing activities is related to a loan repayment.



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Attributable to owners of the parent →					Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Equity
	Share capital	Capital reserve	Share application monies	Share options reserve	Foreign currency translation				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				
Group									
Balance as at 1 January 2017	196,454	(654)	-	544	15	(210,640)	(14,281)	-	(14,281)
Net profit for the financial year	-	-	-	-	-	1,508	1,508	-	1,508
Foreign currency translation	-	-	-	-	(16)	-	(16)	-	(16)
Total comprehensive income for the year	-	-	-	-	(16)	1,508	1,492	-	1,492
Balance as at 31 December 2017	196,454	(654)	-	544	(1)	(209,132)	(12,789)	-	(12,789)

	← Attributable to owners of the parent →					Accumulated losses	Total attributable to equity holders of the Company	Non-controlling interests	Equity
	Share capital	Capital reserve	Share application monies	Share options reserve	Foreign currency translation				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				
Group									
Balance as at 1 January 2016	196,454	-	1,127	544	456	(202,421)	(3,840)	(351)	(4,191)
Net loss for the financial period	-	-	-	-	-	(8,219)	(8,219)	(303)	(8,522)
Foreign currency translation	-	-	-	-	(5)	-	(5)	-	(5)
Total comprehensive loss for the year	-	-	-	-	(5)	(8,219)	(8,224)	(303)	(8,527)
Disposal of subsidiaries	-	-	(1,127)	-	(436)	-	(1,563)	-	(1,563)
Acquisition of non-controlling interest	-	(654)	-	-	-	-	(654)	654	-
Balance as at 31 December 2016	196,454	(654)	-	544	15	(210,640)	(14,281)	-	(14,281)



	Share capital	Share application monies	Share options reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance as at 1 January 2017	196,454	-	544	(211,835)	(14,837)
Net profit for the financial year	-	-	-	23	23
Balance as at 31 December 2017	196,454	-	544	(211,812)	(14,814)

	Share capital	Share application monies	Share options reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance as at 1 January 2016	196,454	1,127	544	(206,506)	(8,381)
Net loss for the financial year	-	-	-	(5,329)	(5,329)
Disposal of subsidiaries	-	(1,127)	-	-	(1,127)
Balance as at 31 December 2016	196,454	-	544	(211,835)	(14,837)



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash, or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital for the reported quarter ended 31 December 2017. The number of ordinary shares issued was 14,942,564,101.

2. Whether the figures had been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures had been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements had been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as with the audited financial statement as at 31 December 2016.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group had adopted the Singapore Financial Standards ("SFRS") including improvements to SFRS and interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2017. Where applicable, the application of these standards did not have any significant impact on the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends.

	Group		Group	
	4Q FY2017	4Q FY2016	FY2017	FY2016
	cents	cents	cents	cents
Continuing Operations				
Earning/(Loss) per share for the Group attributable to equity holders of the Company				
i) Basic	0.0014	(0.0395)	0.0101	(0.0515)
ii) On a fully diluted basis	0.0014	(0.0395)	0.0101	(0.0515)
Discontinued Operations				
Earning/(Loss) per share for the Group attributable to equity holders of the Company				
i) Basic	-	-	-	(0.0055)
ii) On a fully diluted basis	-	-	-	(0.0055)



Basic earnings per share for the 4Q FY2017 is calculated based on the weighted average number of shares of 14,942,564,101.

Basic earnings per share for the FY2017 is calculated based on the weighted average number of shares of 14,942,564,101.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) Current financial period reported on; and
- (b) Immediately preceding financial year

	Group		Company	
	31-Dec-17 Cents	31-Dec-16 Cents	31-Dec-17 Cents	31-Dec-16 Cents
NAV per share based on issued share capital as at the end of the period	(0.0856)	(0.0956)	(0.0991)	(0.0993)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Please refer Note in 1(a), 1(b) and 1(c).

9. Where a forecast, or a prospect statement, had been previously disclosed to shareholders, any variance between it and the actual results.

No material variance noted from previous prospect statement.

10. A commentary at the date of the announcement of the significant trends and the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Company will be applying for the lifting of suspension of trading of its shares as soon as the Debt Capitalisation Exercise and issue of Redeemable Convertible Bonds have been completed. It will also submit an application to the SGX before 3 March 2018 with regards to a possible exit from the SGX Watch-list.

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



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of immediately preceding financial year

Any dividend recommends for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the period under review.

13. If the Group has obtained a general mandate from shareholders for Interested Persons Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from its shareholders for IPTs. There were no IPT transactions for the period under review.

14. Confirmation under Rule 720(1) of the listing manual.

The Company confirmed that it has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720 (1) of the listing manual.

15. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

The following table presents the results information regarding the Group’s business segments for the years ended 31 December 2017 and 2016:

	Trading		Corporate		Adjustment and eliminations		Per consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
Inter-segment	-	24	-	-	-	(24)	-	-
External customers	79,692	46,843	-	-	-	-	79,692	46,843
Total revenue	79,692	46,867	-	-	-	(24)	79,692	46,843
Results:								
Allowance for stock obsolescence	-	(146)	-	-	-	-	-	(146)
Depreciation and amortisation	-	(178)	-	-	-	-	-	(178)
Impairment loss on plant and equipment	-	(860)	-	-	-	-	-	(860)
Impairment of trade and other receivables	-	(3)	-	-	-	-	-	(3)
Write off of trade and other receivables	-	-	29	-	-	-	29	-
Write off of trade and other payables	-	-	1,682	-	-	-	1,682	-
Provision for legal claims	-	-	(733)	(4,864)	-	-	(733)	(4,864)
Segment profit/(loss)	963	(5,647)	23	(5,632)	522	2,757	1,508	(8,522)



16. In view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Geographical segments have not been presented as the Group operates predominantly in Greater China.

17. A breakdown of sales.

	FY2017 S\$'000	FY2016 S\$'000	Inc / (Dec)
Continued operation			
Sales reported for the first half year	<u>36,230</u>	<u>11,073</u>	227%
Profit/(Loss) for the first half year	<u>1,135</u>	<u>(2,279)</u>	-150%
Sales reported for the second half year	<u>43,462</u>	<u>35,770</u>	22%
Profit/(Loss) for the second half year	<u>373</u>	<u>(5,419)</u>	-107%

18. A breakdown of the total annual dividend (in dollar value) or the issuer's latest full year and its previous full year.

	Latest full year FY2017 S\$'000	Previous full year FY2016 S\$'000
Ordinary	<u>-</u>	<u>-</u>
Preference	<u>-</u>	<u>-</u>

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position who is a relative of a director or chief executive office or substantial shareholder for the period under review.

20. Subsequent event

On 27 February 2018, the Company received approval from shareholders on the Circular dated 12 February 2018 on the following:

- 1) The capitalisation of total debt owing by the Company to the subscribers into 22,374,343,660 Capitalisation Shares, at a Capitalisation Price of S\$0.0005 per Capitalisation Share, and the allotment and issuance of up to 22,374,343,660 Capitalisation Shares to the Subscribers (the "Debt Capitalisation Exercise");
- 2) The transfer of controlling interest in the company to Mr. Zhang Baoan in connection with the Debt Capitalisation Exercise ("the "Transfer of Controlling Interest"); and
- 3) Issuance of 3 per cent redeemable convertible bonds due 2021 by the Company, having an aggregate principal value of S\$2,000,000 to Baycrest International Inc or its nominees and the



allotment and issuance of up to 4,000,000,000 Conversion Shares pursuant to the conversion of the redeemable convertible bonds (the “RCB Issuance”).

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

Financial Effects of the Debt Capitalisation Exercise and the RCB Issuance

Items	Before capitalisation	After capitalisation	After capitalisation + RCB
	S\$'000	S\$'000	S\$'000
Total Liabilities	21,045	9,859	9,859
Share Capital	196,454	207,641	209,641
Total Equity	(12,789)	(1,603)	397

BY ORDER OF THE BOARD

Simon Eng
 Chief Executive Officer
 27 February 2018