IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this document, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA, and (B) agree to be bound by the limitations and restrictions described herein.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of CITIC Envirotech Ltd. (the "**Issuer**"), DBS Bank Ltd., or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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INFORMATION MEMORANDUM DATED 14 NOVEMBER 2015

中信环境技术
CITIC ENVIROTECH

CITIC ENVIROTECH LTD.

(Incorporated in the Republic of Singapore on 9 July 2003)
(UEN/Company Registration No. 200306466G)

US$750,000,000
Multicurrency Perpetual Securities Issuance Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of perpetual securities (the "**Perpetual Securities**") to be issued from time to time by CITIC Envirotech Ltd. (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Perpetual Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Perpetual Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Perpetual Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Perpetual Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Perpetual Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Perpetual Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), its joint venture companies (if any), the Programme or such Perpetual Securities.

Arranger

DBS

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APPENDICES

NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by CITIC Envirotech Ltd. (the "**Issuer**") to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Perpetual Securities denominated in Singapore dollars and/or any other currencies.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief, (i) this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Perpetual Securities, (ii) the statements contained herein are true and accurate in all material respects and not misleading in any material respect, (iii) the opinions and intentions expressed in this Information Memorandum are based on all relevant considerations and facts existing at the date of this Information Memorandum and are honestly and reasonably made or held by the Issuer, (iv) there are no other facts the omission of which in the context of the Programme and the issue and offering of the Perpetual Securities would make any such statement or expressions of opinion or intention misleading in any material respect, and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement (as defined herein) which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Perpetual Securities to be issued, when added to the aggregate principal amount of all Perpetual Securities outstanding (as defined in the Trust Deed referred to below) shall be US$750,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Perpetual Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Perpetual Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Perpetual Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Perpetual Securities are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Perpetual Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any of the Perpetual Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Perpetual Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Perpetual Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/ or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Perpetual Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Perpetual Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Perpetual Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries, associated companies (if any) or joint venture companies (if any). Further, neither the Arranger nor any of the Dealers makes any representation or warranty as to the Issuer or its subsidiaries, associated companies (if any) or joint venture companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Perpetual Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Perpetual Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries, associated companies (if any) and joint venture companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries, associated companies (if any) and joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Perpetual Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither the Arranger nor any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Group (as defined herein), the Programme or the issue and offering of the Perpetual Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited consolidated financial statements of the Issuer, and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Perpetual Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Any purchase or acquisition of the Perpetual Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Perpetual Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Perpetual Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Perpetual Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Perpetual Securities set out under the section "Subscription, Purchase and Distribution" on pages 145 and 147 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Perpetual Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Perpetual Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase or subscribe for any of the Perpetual Securities consult their own legal and other advisers before purchasing or acquiring the Perpetual Securities.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) (including statements as to the revenue, profitability, prospects and future plans of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any), expected growth in the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any).

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Perpetual Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 14 November 2015 between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent, CDP transfer agent and CDP registrar, (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent and non-CDP transfer agent, (4) Deutsche Bank Luxembourg S.A., as non-CDP registrar, and (5) the Trustee, as trustee, as amended, restated or supplemented from time to time.
"**Arranger**"	:	DBS Bank Ltd.
"**Audit Committee**"	:	The audit committee of the Issuer.
"**Bearer Perpetual Securities**"	:	Perpetual Securities in bearer form.
"**Beijing Drainage**"	:	Beijing Drainage Group Co. Ltd.
"**Board**"	:	Board of Directors of the Issuer.
"**BOO**"	:	Build-operate-own.
"**BOT**"	:	Build-operate-transfer.
"**business day**"	:	In respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in the Principal Paying Agent's or, as the case may be, the Non-CDP Paying Agent's specified office and (iii) (if a payment is to be made on that day) (a) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in Singapore, (b) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (c) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in Singapore and the principal financial centre for that currency.
"**Calculation Agent**"	:	In relation to any Series of Perpetual Securities, the person appointed as calculation agent for that Series and as specified in the applicable Pricing Supplement or its successor or in such capacity.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**CDP Registrar**"	:	Deutsche Bank AG, Singapore Branch.

"CDP Transfer Agent"	:	Deutsche Bank AG, Singapore Branch.
"Certificate"	:	A registered certificate representing one or more Registered Perpetual Securities of the same Series and, save as provided in the Conditions, comprising the entire holding by a holder of Registered Perpetual Securities of that Series.
"Chengdu Xingrong"	:	Chengdu Xingrong Investment Co. Ltd.
"CITIC Environment"	:	CITIC Environment Investment Group Co. Ltd. (formerly known as CITIC Environment Protection Co. Ltd).
"CITIC Group"	:	The CITIC group of companies.
"CMF"	:	Continuous membrane filtration.
"CNOOC"	:	China National Offshore Oil Corporation.
"CNPC"	:	China National Petroleum Corporation.
"Common Depositary"	:	In relation to a Series of Perpetual Securities, a depositary common to Euroclear and Clearstream, Luxembourg.
"Companies Act"	:	Companies Act, Chapter 50 of Singapore, as amended from time to time.
"Conditions"	:	The terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"Couponholders"	:	The holders of the Coupons.
"Coupons"	:	The bearer coupons appertaining to a distribution-bearing Bearer Perpetual Security.
"Dealers"	:	Persons appointed as dealers under the Programme.
"Definitive Security"	:	A definitive Bearer Perpetual Security having, where appropriate, Coupons and/or a Talon attached on issue.
"EBITDA"	:	Earnings before net interest, income tax expense, depreciation and amortisation expenses, share of profit of associates and joint ventures and non-controlling interests and exceptional items.
"EIT Law"	:	The Enterprise Income Tax Law of the PRC.

"**EPC**"	:	Engineering, procurement and construction.
"**Euro**"	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**FY**"	:	Financial year ended 31 March.
"**Global Certificate**"	:	A Certificate representing Registered Perpetual Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) the Common Depositary and/or (iii) any other clearing system.
"**Global Security**"	:	A global Perpetual Security representing Bearer Perpetual Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case, without Coupons or a Talon.
"**Group**"	:	The Issuer and its subsidiaries.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**Investment Projects**"	:	Investments in water and wastewater treatment plants.
"**Issuer**"	:	CITIC Envirotech Ltd. (formerly known as United Envirotech Ltd.).
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**KKR**"	:	Kohlberg Kravis Roberts & Co. L. P. and its affiliates.
"**KKRCW**"	:	KKR China Water Investment Holdings Limited.
"**KKRCW Convertible Bonds**"	:	The US$113.8 million in aggregate principal amount of convertible bonds due 2016 subscribed by KKRCW.
"**Latest Practicable Date**"	:	6 November 2015.
"**MAS**"	:	The Monetary Authority of Singapore.
"**MBR**"	:	Membrane bioreactor.
"**Memstar**"	:	Memstar Pte. Ltd.
"**Memstar Acquisition**"	:	Acquisition of all the issued shares in Memstar and the acquisition of the business, assets and principal subsidiaries of MTL.
"**Memstar Group**"	:	Memstar and its subsidiaries.
"**MTL**"	:	Memstar Technology Ltd.
"**Nominating Committee**"	:	The nominating committee of the Issuer.
"**Non-CDP Paying Agent**"	:	Deutsche Bank AG, Hong Kong Branch.

"Non-CDP Registrar"	:	Deutsche Bank Luxembourg S.A.
"Non-CDP Transfer Agent"	:	Deutsche Bank AG, Hong Kong Branch
"O&M"	:	Operations and maintenance.
"Paying Agents"	:	The Principal Paying Agent and the Non-CDP Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as paying agent for the Perpetual Securities and Coupons.
"Permanent Global Security"	:	A Global Perpetual Security representing Bearer Perpetual Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
"Perpetual Securities"	:	The perpetual securities issued or to be issued by the Issuer under the Programme.
"Perpetual Securityholders"	:	The holders of the Perpetual Securities.
"PRC"	:	The People's Republic of China.
"PRC Government"	:	The government of the PRC.
"Pricing Supplement"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"Principal Paying Agent"	:	Deutsche Bank AG, Singapore Branch.
"Programme"	:	The US$750,000,000 Multicurrency Perpetual Securities Issuance Programme of the Issuer.
"Programme Agreement"	:	The Programme Agreement dated 14 November 2015 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealers, as amended, restated or supplemented from time to time.
"PVDF"	:	Polyvinylidene fluoride.
"Registered Perpetual Securities"	:	Perpetual Securities in registered form.
"Remuneration Committee"	:	The remuneration committee of the Company.
"RO"	:	Reverse osmosis.
"R&D"	:	Research and development.
"Securities Act"	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
"Senior Perpetual Securities"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.

"**Series**"	a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution.
"**SFA**"	The Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time.
"**SGX-ST**"	Singapore Exchange Securities Trading Limited.
"**Shares**"	The issued and paid-up ordinary shares in the capital of the Issuer.
"**Sinopec**"	China Petrochemical Corporation.
"**Sinopec Group**"	The Sinopec group of companies.
"**SOE**"	State-owned enterprise.
"**Subordinated Perpetual Securities**"	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
"**Talons**"	Talons for further Coupons.
"**Temporary Global Security**"	A Global Perpetual Security representing Bearer Perpetual Securities of one or more Tranches of the same Series on issue.
"**TOT**"	Transfer-operate-transfer.
"**Tranche**"	Perpetual Securities which are identical in all respects (including as to listing).
"**Trust Deed**"	The Trust Deed dated 14 November 2015 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, restated or supplemented from time to time.
"**Trustee**"	DB International Trust (Singapore) Limited.
"**Twelfth Five-Year Plan**"	The PRC Government's twelfth five-year plan (2011 – 2015).
"**UEWRPL**"	United Envirotech Water Resource Pte. Ltd.
"**United States**" or "**U.S.**"	United States of America.
"**VAT**"	Value added tax.
"**RMB**" or "**Renminbi**"	Renminbi, the official currency of the PRC.
"**HK$**"	Hong Kong dollars.
"**S$**" or "**cents**" or "**SGD**"	Singapore dollars and cents respectively.
"**US$**" or "**US dollars**" or "**USD**"	United States dollars.
"**%**"	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Mr. Hao Weibao Dr. Lin Yucheng Mr. Zhang Yong Mr. Wang Song Mr. Yeung Koon Sang alias David Yeung Mr. Tay Beng Chuan Mr. Lee Suan Hiang Mr. Zhao Fu
Company Secretaries	:	Lotus Isabella Lim Mei Hua and Lee Bee Fong
Registered Office	:	80 Robinson Road #02-00 Singapore 068898
Auditors	:	Deloitte & Touche LLP Public Accountants and Chartered Accountants 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068898
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Trustee, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Principal Paying Agent, CDP Registrar and CDP Transfer Agent	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
Non-CDP Paying Agent and Non-CDP Transfer Agent	:	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong

Non-CDP Registrar	:	Deutsche Bank Luxembourg S.A. 2, Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Trustee for the Perpetual Securityholders	:	DB International Trust (Singapore) Limited One Raffles Quay #16-00 South Tower Singapore 048583

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	CITIC Envirotech Ltd.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	DB International Trust (Singapore) Limited
Principal Paying Agent	:	Deutsche Bank AG, Singapore Branch
Non-CDP Paying Agent	:	Deutsche Bank AG, Hong Kong Branch
Description	:	US$750,000,000 Multicurrency Perpetual Securities Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Perpetual Securities outstanding at any time shall be US$750,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the Conditions.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Security, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities :	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ Swap Rate or US$ LIBOR (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion :	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions) by giving notice to the Trustee and the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 15) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. If Dividend Pusher is set out on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each, a "**Compulsory Distribution Payment Event**") have occurred: (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations (as defined in the Conditions) or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations (as defined in the Conditions); or (ii) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations has been redeemed, reduced cancelled, bought back or acquired for any consideration, in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of the Issuer's Specified Parity Obligations for the Issuer's Junior Obligations and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral	:	If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 5(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 5(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 5(IV). If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 5(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 5(IV)(a)) further defer any Arrears of Distribution by complying with the notice requirement in Condition 5(IV)(e) applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 5(IV) except that Condition 5(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full. If Additional Distribution is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Condition 5 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 5. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.
Restrictions in the case of Non-Payment	:	If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 5(IV), the Issuer shall not and shall procure that none of its subsidiaries shall: (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of the Issuer's Specified Parity Obligations for the Issuer's Junior Obligations, unless and until (a) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (b) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (c) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form of Perpetual Securities	:	The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of Registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of Registered Perpetual Securities of one Series.
Denomination	:	Perpetual Securities will be issued in such denominations as specified in the relevant Pricing Supplement. In the case of Registered Perpetual Securities, such Perpetual Securities will be issued in the denomination amount specified in the relevant Pricing Supplement, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the relevant Pricing Supplement.

Custody of the Perpetual Securities	:	Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.
Subordination of the Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.
Set-off in relation to the Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any Senior Perpetual Security remains outstanding, it shall not, and it shall procure that none of its subsidiaries will, create or allow to subsist any Security Interest (as defined in the Conditions) on any of its assets or properties of any kind, whether owned at the Issue Date (as defined in the Conditions) or thereafter acquired, to secure any Relevant Indebtedness (as defined in the Conditions) or any Guarantee (as defined in the Conditions) of Relevant Indebtedness; unless (i) at the same time or prior thereto, the Issuer's obligations under the Senior Perpetual Securities are secured equally and rateably by the same Security Interest or (ii) the Issuer provides such other security for the Senior Perpetual Securities as the holders of Senior Perpetual Securities may agree.
Limitation on Asset Sales	:	The Issuer has covenanted with the Trustee in the Trust Deed that it will not, and will not permit any of its subsidiaries to, consummate any Asset Sale (as defined in the Conditions), unless.

(i) no Enforcement Event (as defined below) shall have occurred and be continuing or would occur as a result of such Asset Sale (as defined in the Conditions);

(ii) the consideration received by the Issuer or such subsidiary, as the case may be, is at least equal to the Fair Market Value (as defined in the Conditions) of the assets sold or disposed of; and

(iii) at least 75 per cent. of the consideration received consists of cash or Replacement Assets (as defined in the Conditions), provided that in the case of an Asset Sale in which the Issuer or such subsidiary receives Replacement Assets involving aggregate consideration in excess of S$10,000,000 (or its equivalent in any other currency or currencies), the Issuer shall deliver to the Trustee an Officer's Certificate (as defined in the Conditions) as to the fairness to the Issuer or such subsidiary of such Asset Sale from a financial point of view.

For purposes of this paragraph (iii), each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Perpetual Securities) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Issuer or such subsidiary, as the case may be, from further liability; and

(2) any securities, notes or other obligations received by the Issuer or any subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Issuer or such subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds (as defined in the Conditions) from an Asset Sale, the Issuer (or any subsidiary, as the case may be) shall apply such Net Cash Proceeds to:

(A) permanently repay Senior Indebtedness (as defined in the Conditions) of the Issuer or any Indebtedness of a subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person (as defined in the Conditions) other than the Issuer or a subsidiary; or

(B) acquire Replacement Assets (which acquisition may be affected through the Issuer or any subsidiary).

Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.
Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

   (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

   (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

(2) such obligations cannot be avoided by the Issuer taking reasonable measures available to it (which shall not require the Issuer to incur unreasonable costs), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if:

(i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA; or

(ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Redemption upon a Change of Control : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving no less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control (as defined in the Conditions).

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 5(IV).
Proceedings for Winding-Up	:	If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of more than three business days (in the case of distribution) or one business day (in the case of principal) (each, an "**Enforcement Event**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 10(d), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	:	All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
Listing	:	Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, please see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

SUMMARY OF PROVISIONS RELATING TO THE PERPETUAL SECURITIES WHILE IN GLOBAL FORM

1 Initial Issue of Perpetual Securities

Global Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary or CDP.

Upon the initial deposit of a Global Security with the Common Depositary or CDP, or registration of Registered Perpetual Securities in the name of, or in the name of a nominee of, the Common Depositary or CDP and delivery of the relevant Global Certificate to the Common Depositary or, as the case may be, CDP, the relevant clearing system will credit each subscriber with a principal amount of Perpetual Securities equal to the principal amount thereof for which it has subscribed and paid.

Perpetual Securities that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Perpetual Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

While any Perpetual Security is represented by a Temporary Global Security, payments in respect of such Perpetual Securities due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Security only to the extent that certification (in a form to be provided), to the effect that the beneficial owners of interests in such Perpetual Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and (in the case of a Temporary Global Security delivered to a Common Depositary) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent or, as the case may be, the Non-CDP Paying Agent.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each, an "**Alternative Clearing System**") as the holder of a particular principal amount of Perpetual Securities (each, an "**Accountholder**") represented by a Global Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Security or the registered holder of the Global Certificate, as the case may be, and in relation to all other rights arising under the Global Securities or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Perpetual Securities for so long as the Perpetual Securities are represented by such Global Security or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security or the registered holder of the Global Certificate, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Securities

Each Temporary Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that the appropriate TEFRA exemption is either "C Rules" or "not applicable", in whole, but not in part, for the Definitive Securities defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security for interests in a Permanent Global Security or, if so provided in the relevant Pricing Supplement, for Definitive Securities.

3.2 Permanent Global Securities

Each Permanent Global Security will be exchangeable, free of charge to the holder, on or after the Exchange Date, in whole (but not (except as provided under paragraph 3.4 below) in part), for Definitive Securities:

(i) if the Permanent Global Security is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business or does in fact does so; or

(ii) if the Permanent Global Security is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder or the Trustee to declare the Perpetual Securities to be due and payable as provided in the Conditions has occurred and is continuing; or (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Perpetual Securities and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available.

In the event that a Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in Authorised Denomination(s) only. A Perpetual Securityholder who holds a principal amount of less than the minimum Authorised Denomination will not receive a Definitive security in respect of such holding and would need to purchase a principal amount of Perpetual Securities such that it holds an amount equal to one or more Authorised Denominations.

Perpetual Securities which are represented by a Global Security will only be transferable in accordance with the rules and procedures for the time being of CDP, Euroclear or Clearstream, Luxembourg.

3.3 Global Certificates

The following will apply in respect of transfers of Perpetual Securities held in Euroclear or Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Perpetual Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Perpetual Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Perpetual Securities represented by a Global Certificate pursuant to Condition 2(b) may only be made:

(i) in whole but not in part if such Perpetual Securities are held on behalf of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention to permanently cease business or does in fact do so; or

(ii) in whole but not in part if such Perpetual Securities are held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder or the Trustee to declare the Perpetual Securities to be due and payable as provided in the Conditions has occurred and is continuing; or (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Perpetual Securities and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available; or

(iii) in whole or in part, if such Perpetual Securities are not cleared through CDP, with the consent of the Issuer,

provided that, in the case of a transfer pursuant to paragraphs 3.3(i) and 3.3(ii) above, the holder of such Perpetual Securities has given the Registrar not less than 30 days' notice at its specified office of such holders' intention to effect such transfer.

3.4 Delivery of Perpetual Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, a Permanent Global Security in an aggregate principal amount equal to the principal amount of the whole or part of the Temporary Global Security submitted for exchange or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Security to reflect such exchange or (ii) in the case of a Permanent Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, duly executed and authenticated Definitive Securities in an aggregate principal amount equal to the principal amount of the Permanent Global Security submitted for exchange. Definitive Securities will be security printed in accordance with any applicable legal and stock exchange requirements substantially in the form set out in the relevant Schedules to the Trust Deed. Upon exchange (or payment) in whole this Permanent Global Security shall be deemed fully paid and shall be cancelled by the Principal Paying Agent and, unless otherwise instructed by the Issuer, the cancelled Permanent Global Security shall be returned to the Issuer.

3.5 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Security, the first day following the expiry of 40 days after its issue date and, in relation to a Permanent Global Security, a day falling not less than 60 days after the day on which the notice requiring exchange is given and on which commercial banks are open for business in Singapore and in the case of an exchange pursuant to paragraph 3.3(i), a day on which commercial banks are open for business in the cities in which Euroclear, Clearstream, Luxembourg, the Depository or, if relevant, the Alternative Clearing System are located.

4 Amendment to Conditions

The Temporary Global Securities, Permanent Global Securities and Global Certificates contain provisions that apply to the Perpetual Securities that they represent, some of which modify the effect of the Conditions set out in this Information Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Security unless exchange for an interest in a Permanent Global Security or for Definitive Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. All payments in respect of Perpetual Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Perpetual Securities, surrender of that Global Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Perpetual Securityholders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Perpetual Securities.

All payments in respect of Perpetual Securities represented by a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

All payments in respect of Perpetual Securities represented by a Global Certificate held through CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day before the due date for payment.

4.2 Prescription

Claims in respect of principal and distribution in respect of Perpetual Securities that are represented by a Permanent Global Security shall become void unless it is presented for payment within a period of five years from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a Permanent Global Security or of the Perpetual Securities represented by a Global Certificate shall (unless such Permanent Global Security or Global Certificate represents only one Perpetual Security) be treated as two persons for the purposes of any quorum requirements of a meeting of Perpetual Securityholders and, at any such meeting, the holder of a Permanent Global Security or the Perpetual Securities represented by a Global Certificate shall be treated as having one vote in respect of each principal amount of Perpetual Securities equal to the minimum Denomination Amount of the Perpetual Securities for which such Permanent Global Security or Global Certificate may be exchanged.

4.4 Cancellation

Cancellation of any Perpetual Security represented by a Permanent Global Security that is required by the Conditions to be cancelled (other than upon its redemption) shall be effected by reduction in the principal amount of such Permanent Global Security on its presentation to or to the order of the Principal Paying Agent or, as the case may be, CDP Paying Agent for endorsement in the relevant schedule to such Permanent Global Security or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 Purchase

Perpetual Securities represented by a Permanent Global Security may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the right to receive all future payments of distribution thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Perpetual Securities while such Perpetual Securities are represented by a Permanent Global Security shall be exercised by the Issuer giving notice to the Perpetual Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Perpetual Securities drawn in the case of a partial exercise of an option and accordingly no drawing of Perpetual Securities shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Perpetual Securities of any Series, the rights of Accountholders with a clearing system in respect of the Perpetual Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (as the case may be).

4.7 Trustee's Powers

So long as any Global Security or, as the case may be, Global Certificate is held on behalf of a clearing system, in considering the interests of the Perpetual Securityholders, the Trustee may have regard to any information, reports or certifications provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to such Global Security or, as the case may be, Global Certificate and may consider such interests on the basis that such accountholders or participants were the holders thereof.

4.8 Notices

So long as any Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held on behalf of:

(i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in paragraph 4.8(ii) below), notices to the holders of Perpetual Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate; or

(ii) (subject to the agreement of CDP) CDP, notices to the holders of Perpetual Securities of that Series may be given by delivery of the relevant notice to CDP or by delivery of the relevant notice to the holder of the Global Security or Global Certificate, except that so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notices in respect of such Perpetual Securities shall also be published in a daily newspaper in the English language having general circulation in Singapore.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to "Perpetual Securities" are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme. Details of the relevant Series are shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.

The Perpetual Securities are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 14 November 2015 made between (1) CITIC Envirotech Ltd., as issuer (the "**Issuer**") and (2) DB International Trust (Singapore) Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the "**Deed of Covenant**") dated 14 November 2015, relating to the Perpetual Securities (the "**CDP Perpetual Securities**") cleared or to be cleared through the CDP System (as defined in the Trust Deed) issued by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, restated or supplemented from time to time, the "**Agency Agreement**") dated 14 November 2015 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the "**Principal Paying Agent**"), transfer agent in respect of CDP Perpetual Securities (in such capacity, the "**CDP Transfer Agent**") and registrar in respect of CDP Perpetual Securities (in such capacity, the "**CDP Registrar**"), (3) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Perpetual Securities cleared or to be cleared through a clearing system other than the CDP System (the "**Non-CDP Perpetual Securities**") (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Principal Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Transfer Agent**" and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**"), (4) Deutsche Bank Luxembourg S.A., as registrar in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Registrar**", and, together with the CDP Registrar, the "**Registrars**"), and (5) the Trustee, as trustee for the Perpetual Securityholders. The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (c) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**"), in each case, in the Denomination Amount shown hereon. In the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(iv) Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

(i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository and/or any other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository and/or any other clearing system as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below), all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/

or the Depository and/or any other clearing system. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

(a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) **Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, and in the case of any change proposed by the Registrar or the Trustee, with the prior approval of the Issuer. A copy of the current regulations will be made available by the Registrar, at the expense of the Issuer, to any Perpetual Securityholder upon request.

(c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities:** In the case of an exercise of an Issuer's option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the Perpetual Securityholders of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Perpetual Securityholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 6, (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

(a) Senior Perpetual Securities: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Subordinated Perpetual Securities: This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) **Status**

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, "**Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) **Ranking of claims on winding-up**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) **No Set-off**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. Covenants

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any Senior Perpetual Security remains outstanding, it shall not, and it shall procure that none of its subsidiaries will, create or allow to subsist any Security Interest on any of its assets or properties of any kind, whether owned at the Issue Date or thereafter acquired, to secure any Relevant Indebtedness or any Guarantee of Relevant Indebtedness; unless (i) at the same time or prior thereto, the Issuer's obligations under the Senior Perpetual Securities are secured equally and rateably by the same Security Interest or (ii) the Issuer provides such other security for the Senior Perpetual Securities as the holders of Senior Perpetual Securities may agree.

(b) Limitation on Asset Sales

The Issuer has covenanted with the Trustee in the Trust Deed that it will not, and will not permit any of its subsidiaries to, consummate any Asset Sale, unless:

(i) no Enforcement Event (as defined in Condition 10(b)) shall have occurred and be continuing or would occur as a result of such Asset Sale;

(ii) the consideration received by the Issuer or such subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(iii) at least 75 per cent. of the consideration received consists of cash or Replacement Assets, provided that in the case of an Asset Sale in which the Issuer or such subsidiary receives Replacement Assets involving aggregate consideration in excess of S$10,000,000 (or its equivalent in any other currency or currencies), the Issuer shall deliver to the Trustee an Officer's Certificate as to the fairness to the Issuer or such subsidiary of such Asset Sale from a financial point of view. For purposes of this Condition 4(b), each of the following will be deemed to be cash:

(1) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Perpetual Securities) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Issuer or such subsidiary, as the case may be, from further liability; and

(2) any securities, notes or other obligations received by the Issuer or any subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Issuer or such subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Issuer (or any subsidiary, as the case may be) shall apply such Net Cash Proceeds to:

(A) permanently repay Senior Indebtedness of the Issuer or any Indebtedness of a subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Issuer or a subsidiary; or

(B) acquire Replacement Assets (which acquisition may be affected through the Issuer or any subsidiary).

The Trustee shall be entitled to accept the Officer's Certificate as sufficient evidence of the satisfaction of the conditions in Conditions 4(b) above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

(c) Definitions

For the purposes of this Condition 4:

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or sale and leaseback transaction) of any of its property or assets (including any sale or issuance of Capital Stock of a subsidiary) in one transaction or a series of related transactions by the Issuer or any of its subsidiaries to any Person; provided that "**Asset Sale**" shall not include:

(i) sales, transfers or other dispositions of inventory, receivables and other current assets in the ordinary course of business;

(ii) a transfer of assets among the Issuer and its wholly-owned subsidiaries;

(iii) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of S$3,000,000 (or its equivalent in any other currency or currencies) in any transaction or series of related transactions;

(iv) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its subsidiaries; and

(v) any sale, transfer or other disposition by the Issuer or any of its subsidiaries, including the sale or issuance by the Issuer or any subsidiary of any Capital Stock of any subsidiary, to the Issuer or any subsidiary;

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all common stock, ordinary stock and preferred stock, but excluding debt securities convertible into such equity;

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the board of directors, whose determination shall be conclusive if evidenced by a board resolution of the Issuer or the relevant subsidiary;

"**GAAP**" means Singapore Financial Reporting Standards as in effect from time to time;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(i) any obligation to purchase such Indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(iv) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means, with respect to a Person at any date of determination, any indebtedness for or in respect of:

(i) moneys borrowed;

(ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, except Trade Payables;

(vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(ix) any amount raised by the issue of redeemable shares;

(x) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance, except Trade Payables;

(xi) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (x) above; and

(xii) (without double counting) any indebtedness referred to in paragraphs (i) to (x) above of other Persons secured by Security Interest upon any assets of the Person to which this definition is being applied, provided that the amount of such Indebtedness shall be the lesser of (1) the fair market value of such asset at such date of determination and (2) the amount of such indebtedness;

"**Net Cash Proceeds**" means:

(i) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

(1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its subsidiaries, taken as a whole;

(3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (A) is secured by a Security Interest on the property or assets sold or (B) is required to be paid as a result of such sale;

(4) appropriate amounts to be provided by the Issuer or any subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(ii) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof;

"**Officer**" means, with respect to any Person, the Chairman, the Managing Director, any Executive Director, the Chief Executive Officer or the Chief Financial Officer of such Person;

"**Officer's Certificate**" means a certificate signed by an Officer of the Issuer;

"**Original Issue Date**" means the date the first Tranche of such Series of Perpetual Securities was issued;

"**Permitted Businesses**" means any business which is the same as or reasonably related, ancillary or complementary to any of the businesses of the Issuer and its subsidiaries on the Original Issue Date;

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Replacement Assets**" means, with respect to Asset Sales, (i) properties or assets that replace the properties and assets that were the subject of such Asset Sale or (ii) on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business and will, upon the acquisition by the Issuer or any of its subsidiaries of such Capital Stock, become a subsidiary;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Senior Indebtedness**" of the Issuer or a subsidiary, as the case may be, means all Indebtedness of the Issuer or the subsidiary, as relevant, whether outstanding on the Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Perpetual Securities, provided that Senior Indebtedness does not include (i) any obligation to the Issuer or any subsidiary, (ii) trade payables or (iii) Indebtedness incurred in violation of the Trust Deed; and

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

5. Distribution and Other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, the first payment will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified in the applicable Pricing Supplement):

(1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

(2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

(ii) (if a Reset Date is specified in the applicable Pricing Supplement):

(1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; and

(2) for the period from (and including) the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate,

Provided always that if a Redemption upon a Change of Control (as defined in Condition 6(f)) is specified on the face of such Perpetual Security and a Change of Control Margin is specified in the applicable Pricing Supplement, in the event that a Change of Control has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 6(f), the then prevailing Distribution Rate shall be increased by the Change of Control Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control occurred (or, if the Change of Control occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

"**Comparable Period**" means the period specified as such in the applicable Pricing Supplement;

"**Comparable US Treasury Issue**" means the US Treasury security selected by the Calculation Agent as having a maturity of Comparable Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of Comparable Period;

"**Reset Distribution Rate**" means (in the case of Fixed Rate Perpetual Securities which are denominated in Singapore dollars) the Swap Offer Rate, (in the case of Fixed Rate Perpetual Securities which are denominated in US dollars) the US Treasury Rate or such other relevant rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Change of Control Margin (if applicable, as specified in the applicable Pricing Supplement); and

"**Swap Offer Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

(bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

(cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum; and

"**US Treasury Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the yield, under the heading that represents the average for the week immediately prior to the Reset Determination Date appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity corresponding to the Comparable US Treasury Issue for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement; or (bb) if during the week preceding the Reset Determination Date, such release (or any successor release) is not published or does not contain such yields, the Calculation Agent will determine the rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable US Treasury Issue, calculated using a price for the Comparable US Treasury Issue (expressed as a percentage of its nominal amount) equal to the price for the Comparable US Treasury Issue for the Reset Determination Date),

provided that, in each case, in the event the US Treasury Rate is less than zero, the US Treasury Rate shall be equal to zero per cent. per annum.

(c) Calculation of Reset Distribution Rate

The Calculation Agent will, on the second business day prior to each Reset Date, determine the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(d) Notification of Relevant Reset Distribution Rate

The Calculation Agent will cause the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate determined by it to be notified to the Principal Paying Agent, the Registrar, the Transfer Agent, the Trustee and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Calculation Agent shall cause notice of the then applicable Reset Distribution Rate or applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 15 as soon as possible after determination thereof. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent for the purposes of this Condition 5(I) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Registrar, the Transfer Agent and the Perpetual Securityholders and (except as provided in the Agency Agreement) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) Determination or Calculation by Trustee

If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 5(I), with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount (as defined in Condition 5(II)(c)) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

In these Conditions, "**Fixed Rate Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(**II**) to the Relevant Date.

(b) Rate of Distribution - Floating Rate Perpetual Securities

(i) Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security), Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or (in the case of Perpetual Securities which are denominated in US dollars) LIBOR (in which case such Perpetual Security will be a LIBOR Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars or US dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The "Spread" is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 5(**III**)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(C) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Perpetual Securities which are LIBOR Perpetual Securities:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the offered rate for deposits in US dollars for a period equal to the duration of such Distribution Period which appears on the Bloomberg ICE LIBOR Page under the caption headed "London-Interbank Offered Rate – ICE Benchmark Administration Fixing for US Dollar" (or such replacement page thereof for the purpose of displaying LIBOR) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Bloomberg Screen ICE LIBOR Page (or such other replacement page as aforesaid) or if the Bloomberg ICE LIBOR Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent shall, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Interest for such Distribution Period as being the offered rate for deposits in US dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen LIBOR1 Page under the caption "ICE BENCHMARK ADMINISTRATION INTEREST SETTLEMENT RATES – RATES AT 11:00 LONDON TIME" and under the column headed "USD" (or such replacement page thereof for the purpose of displaying the LIBOR or such other Screen Page as may be provided hereon) and if any such rate is below zero, LIBOR will be deemed to be zero and as adjusted by the Spread (if any);

(C) if on any Distribution Determination Date, no such rate appears on the Reuters Screen LIBOR1 Page under the column headed "USD" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen LIBOR1 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will:

(aa) request the principal London offices of each of the Reference Banks in the London interbank market to provide the Calculation Agent with a quotation of the rate at which deposits in US dollars are offered by it in the London interbank market at approximately the Relevant Time on the Distribution Determination Date to prime banks in the London interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent; and

(bb) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded up, if necessary, as aforesaid) of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately the Relevant Time on such Distribution Determination Date for loans in US dollars to leading banks for a period equal to or comparable to the relevant Interest Period and in an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period plus the Spread (if any), as determined by the Calculation Agent; and

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities, LIBOR Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in the country of the Principal Paying Agent's or, as the case may be, the Non-CDP Paying Agent's specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in Singapore, (2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in Singapore and the principal financial centre for that currency;

"**Calculation Agent**" means, in relation to any Series of Perpetual Securities, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

"**Calculation Amount**" means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of distribution in accordance with Condition 5:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

"**Distribution Determination Date**" means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated;

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

"**Relevant Time**" means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the "**Distribution Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent for the purpose of Condition 5(II) shall (in the absence of manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Registrar, the Transfer Agent and the Perpetual Securityholders.

(b) Notification

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Principal Paying Agent, the Registrar, the Transfer Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Calculation Agent will, at the request and expense of the Issuer, also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 15 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event (as defined below) occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so or otherwise procure the determination or calculation of the Rate of Distribution for such Distribution Period or Distribution Amount. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 15) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event, a “**Compulsory Distribution Payment Event**”) have occurred:

(i) a dividend, distribution or other payment has been declared or paid on or in respect of any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations; or

(ii) any of the Issuer’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of its Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration, in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of the Issuer's Specified Parity Obligations for the Issuer's Junior Obligations and/or as otherwise specified in the applicable Pricing Supplement.

(A) In these Conditions, "**Junior Obligations**" means any ordinary shares of the Issuer and any class of the Issuer's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities; and

(B) "**Specified Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities and (bb) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Principal Paying Agent, by a certificate signed by two Directors of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Principal Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out hereon and subject to Conditions 5(IV)(c) and 5(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 5(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 5(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 5(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 5(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 5(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 5(IV) except that this Condition 5(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 5 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 5. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 5(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of the Issuer's Specified Parity Obligations for the Issuer's Junior Obligations, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

(i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, and the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 15) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 6 (as applicable);

(2) the next Distribution Payment Date following the occurrence of a breach of Condition 5(IV)(d) or following the occurrence of a Compulsory Distribution Payment Event; and

(3) the date such amount becomes due under Condition 10 or on a winding-up of the Issuer.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 5(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 10) on the part of the Issuer under the Perpetual Securities.

6. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 5 and without prejudice to Condition 10) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 6.

(b) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

(2) such obligations cannot be avoided by the Issuer taking reasonable measures available to it (which shall not require the Issuer to incur unreasonable costs), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee and the Principal Paying Agent:

(A) a certificate signed by a director or duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee and the Principal Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent to the right of the Issuer so to redeem, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 6(c).

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver to the Trustee and the Principal Paying Agent:

(i) a certificate, signed by a director or duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

The Trustee and the Principal Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 6(d).

(e) Redemption for Tax Deductibility

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if:

(i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA; or

(ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Principal Paying Agent:

(A) a certificate, signed by a director or duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

The Trustee and the Principal Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 6(e).

(f) Redemption upon a Change of Control

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving no less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control.

For the purposes of this Condition 6(f):

(i) "**Affiliate**" means, with respect to any Person, any other Person:

(1) who is directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person;

(2) who is a director or officer of such Person or any subsidiary of such Person or of any Person referred to in paragraph (i)(1) above; or

(3) who is a spouse or any person cohabiting as a spouse, child or stepchild, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in paragraph (i)(1) or (i)(2) above.

For the purposes of this definition, "**control**" (including, with correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as applied to any Person, means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of a Person (directly or through one or more subsidiaries) or the right to appoint and/or remove all or the majority of the members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

(ii) a "**Change of Control**" means the occurrence of one or more of the following events:

(1) the merger, amalgamation or consolidation of the Issuer with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Issuer, or the sale or transfer of all or substantially all the assets of the Issuer to another Person;

(2) the Permitted Holders are the beneficial owners of less than 50.1 per cent. of the total voting power of the Voting Stock of the Issuer;

(3) any Person (or Persons acting in concert) is or becomes the beneficial owner, directly or indirectly, of total voting power of the Voting Stock of the Issuer greater than the total voting power of the Voting Stock of the Issuer held beneficially by the Permitted Holders;

(4) individuals who on the Original Issue Date (as defined in Condition 4) constituted the board of directors of the Issuer, together with any new directors whose nomination or election was approved by a vote of at least two-thirds of the directors then still in office

who were either directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Issuer then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Issuer;

(iii) "**Permitted Holders**" means any or all of the following:

(1) CITIC Limited;

(2) any Affiliate (other than an Affiliate as defined in paragraph (i)(2) or (i)(3) above) of CITIC Limited; and

(3) any Person both the Capital Stock (as defined in Condition 4) and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are at least 80 per cent. owned by CITIC Limited and/or any Affiliate of CITIC Limited (as specified in paragraph (iii)(2) above); and

(iv) "**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

Upon the expiry of any such notice as is referred to in this Condition 6(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 6(f).

(g) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 20 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 6(g), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 6(g).

(h) Purchases

The Issuer and/or any of its subsidiaries may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer and/or any of its subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Principal Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer and/or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Perpetual Securities

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments Subject to Law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents, provided that it will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in relation to Registered Perpetual Securities, (iii) a Registrar in relation to Registered Perpetual Securities and (iv) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will be given by the Issuer to the Perpetual Securityholders in accordance with Condition 15 within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of any Perpetual Securityholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying

Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which, in the reasonable opinion of the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, is not materially prejudicial to the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

8. Taxation

All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual

Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or

(c) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 15 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Non-payment

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 10, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 5(IV). In addition, nothing in this Condition 10, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of more than three business days (in the case of distribution) or one business day (in the case of principal) (each, an "**Enforcement Event**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 10(d), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) **Enforcement**

Without prejudice to Condition 10(b) but subject to the provisions of Condition 10(d), the Trustee may, at its discretion and without further notice to the Issuer, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) **Entitlement of Trustee**

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 10(b) or Condition 10(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded or provided with security by the Perpetual Securityholders to its satisfaction.

(e) **Right of Perpetual Securityholders or Couponholder**

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect is continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

(f) **Extent of Perpetual Securityholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

11. Meeting of Perpetual Securityholders and Modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may (but is not obliged to) agree (and it is entitled to rely on, at the expense of the Issuer and after consultation with the Issuer (provided that no consultation is required after an Enforcement Event has occurred), an external legal, financial or professional adviser or opinion for this purpose), without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/ or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified by the Issuer to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of distribution or Distribution Amount) and so that such further issue shall be consolidated and form a single series with the outstanding Perpetual Securities of any series or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 13 and forming a single series with the Perpetual Securities. Any further Perpetual Securities forming a single series with the outstanding Perpetual Securities of any series constituted by the Trust Deed or any deed supplemental to it shall be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of Perpetual Securities of other series where the Trustee so decides.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its related corporations without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

The Trustee may rely without liability to the Perpetual Securityholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institutions or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

15. Notices

Notices to the holders of Registered Perpetual Securities shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 15.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository and/or any other clearing system for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository and/or any other clearing system.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Perpetual Security or Perpetual Securities, with the Principal Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository and/or any other clearing system in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository and/or any other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition 15, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Perpetual Securityholders.

16. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

17. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes ("**Disputes**") that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts. Nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders or Couponholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

Principal Paying Agent, CDP Registrar and CDP Transfer Agent
Deutsche Bank AG, Singapore Branch
One Raffles Quay
#16-00 South Tower
Singapore 048583

Non-CDP Paying Agent and Non-CDP Transfer Agent
Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Non-CDP Registrar
Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

FORM OF PRICING SUPPLEMENT IN RELATION TO PERPETUAL SECURITIES

Pricing Supplement

[LOGO, if document is printed]

CITIC ENVIROTECH LTD.

US$750,000,000

Multicurrency Perpetual Securities Issuance Programme

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of Perpetual Securities]

Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

[Principal Paying Agent
Deutsche Bank AG, Singapore Branch
One Raffles Quay, #16-00, South Tower, Singapore 048583 /

Non-CDP Paying Agent and Non-CDP Transfer Agent
Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong]*

[CDP Transfer Agent and CDP Registrar
Deutsche Bank AG, Singapore Branch
One Raffles Quay, #16-00, South Tower, Singapore 048583 /

Non-CDP Registrar
Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg]*

The date of this Pricing Supplement is [●].

*Delete as appropriate.

This Pricing Supplement relates to the Tranche of Perpetual Securities referred to above.

This Pricing Supplement, under which the Perpetual Securities described herein (the "**Perpetual Securities**") are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum (as revised, supplemented, amended, updated or replaced from time to time, the "**Information Memorandum**") dated 14 November 2015 issued in relation to the US$750,000,000 Multicurrency Perpetual Securities Issuance Programme (the "**Programme**") of CITIC Envirotech Ltd. Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Perpetual Securities will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. In the event of any inconsistency between the Information Memorandum and the Pricing Supplement, the Pricing Supplement shall prevail. The Issuer accepts responsibility for the information contained in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Perpetual Securities or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[An advance tax ruling will be requested from the Inland Revenue Authority of Singapore ("**IRAS**") to confirm, amongst other things, whether the IRAS would regard the Perpetual Securities as "debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and the distributions (including Arrears of Distribution and any Additional Distribution Amounts) made under the Perpetual Securities as interest payable on indebtedness such that holders of the Perpetual Securities may enjoy the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme, as set out in the section "Singapore Taxation" of the Information Memorandum provided that the relevant conditions are met.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

If the Perpetual Securities are not regarded as "debt securities" for the purposes of the ITA and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the distributions payable to them (including Arrears of Distribution and Additional Distribution Amounts). Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequence of their acquisition, holding and disposal of the Perpetual Securities.]*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions and if applicable) under the ITA shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

For and on behalf of

CITIC ENVIROTECH LTD.

Signed: ______________________________
Director/Authorised Signatory

* To be inserted where a tax ruling is requested.

** **N.B.** If any such change is disclosed in the Pricing Supplement, it will require approval by any stock exchange(s) on which the Programme is listed. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Information Memorandum rather than in a Pricing Supplement.

The terms of the Perpetual Securities and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1.	Series No.:	**[●]**
2.	Tranche No.:	**[●]**
3.	Currency:	**[●]**
4.	Principal Amount of Series:	**[●]**
5.	Principal Amount of Tranche:	**[●]**
6.	Denomination Amount:	**[●]**
7.	Calculation Amount (if different from Denomination Amount):	**[●]**
8.	Issue Date:	**[●]**
9.	Redemption Amount (including early redemption):	[Denomination Amount/[others]] [Specify early redemption amount if different from final redemption amount or if different from that set out in the Conditions]
10.	Status of the Perpetual Securities:	[Senior Perpetual Securities / Subordinated Perpetual Securities]
11.	Distribution Basis:	[Fixed Rate/Floating Rate]
12.	Distribution Commencement Date:	**[●]**
13.	**Fixed Rate Perpetual Security**	
	(a) Day Count Fraction:	**[●]** [If not provided in the Conditions, to insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
	(b) Distribution Payment Date(s):	**[●]**
	(c) Initial Broken Amount:	**[●]**
	(d) Distribution Rate:	**[●]** per cent. per annum
	(e) First Reset Date:	**[●]**
	(f) Reset Date:	**[●]**
	(g) Step-Up Margin:	**[●]**
	(h) Step-Up Date:	**[●]**
	(i) Initial Spread:	**[●]**
	(j) Relevant Rate:	[Specify benchmark

	(k)	Reset Period:	**[●]**
	(l)	Reference Banks:	[Specify three]
	(m)	Comparable Period:	**[●]**
14.	**Floating Rate Perpetual Security**		
	(a)	Distribution Determination Date:	**[●]** business days prior to the first day of each Distribution Period
	(b)	Day Count Fraction:	**[●]** [If not provided in the Conditions, to insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
	(c)	Specified Number of Months (Distribution Period):	**[●]**
	(d)	Specified Distribution Payment Dates:	**[●]**
	(e)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(f)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
	(g)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
	(h)	Reference Banks:	[Specify three]
	(i)	Relevant Time:	**[●]**
	(j)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark – specify if not Singapore]
	(k)	Spread:	[+/-] **[●]** per cent. per annum
	(l)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating distribution on Floating Rate Perpetual Securities, if different from those set out in the Conditions:	**[●]**
15.	Optional Payment:		**[●]**
16.	Dividend Pusher and Reference Period:		**[●]** months
17.	Dividend Stopper:		**[●]**
18.	Non-Cumulative Deferral:		**[●]**
19.	Cumulative Deferral:		**[●]**
20.	Additional Distribution:		**[●]**

21.	Issuer's Redemption Option Issuer's Redemption Option Period (Condition 6(b)):	[Yes/No] [Specify maximum and minimum number of days for notice period, which shall be a minimum of five business days in the case of Perpetual Securities cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]
22.	Redemption for Taxation Reasons: (Condition 6(c)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
23.	Redemption for Accounting Reasons: (Condition 6(d)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
24.	Redemption for Tax Deductibility: (Condition 6(e)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
25.	Redemption upon a Change of Control (Condition 6(f)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
26.	Redemption in the case of Minimal Outstanding Amount (Condition 6(g)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
27.	Form of Perpetual Securities:	[Bearer/Registered] [Temporary Global Security exchangeable for Definitive Securities /Temporary Global Security exchangeable for Permanent Global Security/Permanent Global Security/Global Certificate]
28.	Talons for future Coupons to be attached to Definitive Perpetual Securities:	[Yes/No. If yes, give details.]
29.	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
30.	Listing:	**[●]**
31.	ISIN Code:	**[●]**
32.	Common Code:	**[●]**
33.	Clearing System(s):	[Not Applicable/Euroclear/ Clearstream, Luxembourg/The Central Depository (Pte) Limited] [other clearing information]
34.	Depository:	[Common depositary for Euroclear / Clearstream, Luxembourg/The Central Depository (Pte) Limited/others]
35.	Delivery:	Delivery [against/free of] payment
36.	Method of issue of Perpetual Securities:	[Individual Dealer/ Syndicated Issue]

37.	The following Dealer(s) [is/are] subscribing for the Perpetual Securities:	[Insert legal name(s) of Dealer(s)]
38.	Paying Agent:	[Principal Paying Agent/Non-CDP Paying Agent]
39.	Calculation Agent:	**[●]**
40.	Date of Calculation Agency Agreement:	**[●]**
41.	The aggregate principal amount of Perpetual Securities issued has been translated in United States dollars at the rate of [●] producing a sum of (for Perpetual Securities not denominated in United States dollars):	US$**[●]**
42.	Use of Proceeds:	**[●]**
43.	Other terms:	

Details of any additions or variations to the terms and conditions of the Perpetual Securities as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

DESCRIPTION OF THE GROUP

Overview

Introduction

The Issuer is a leading environmental solutions provider focusing on water and wastewater treatment and reclamation in the PRC, through the application of advanced membrane based technologies.

The Issuer is a holding company incorporated in Singapore and has been listed on the Mainboard of the SGX-ST since April 2004. The Issuer was founded by Dr. Lin Yucheng (presently, the Executive Director and Chief Executive Officer of the Issuer) in 2003. Under his leadership, the Group has become one of the PRC's leading membrane based water and wastewater treatment solution and recycling solutions providers with businesses mainly in the PRC's chemical, petrochemical and industrial park sectors. The principal activities of the Group include design, fabrication, installation and commissioning of water and wastewater systems using its proprietary advanced membrane technologies such as MBR technology. The Group has designed and built some of the largest industrial wastewater treatment plants in Asia using MBR technology. The Group considers itself to be a leader in MBR solutions for industrial wastewater treatment in Asia. The Group's membrane systems have also been used successfully in pharmaceutical, food and beverage, and textile and dye stuff industries.

In August 2011, KKR (through KKRCW) became a strategic investor of the Issuer after injecting an investment of US$113.8 million in the form of the KKRCW Convertible Bonds and a follow-on equity investment of US$40 million in January 2013. KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure real estate, credit and hedge funds, with approximately US$101.6 billion in assets under management as of June 2015.

In April 2015, CITIC Limited (through CITIC Environment) joined KKR as a strategic investor of the Issuer and became its largest shareholder following the completion of the joint voluntary offer with KKR, details of which are further elaborated under the section below "Key Recent Developments – Announcement of offer by CKM (Cayman) Company Limited to purchase shares in the Issuer". As at the Latest Practicable Date, CITIC Limited is the Issuer's largest shareholder with an effective shareholding interest of 54.9%, followed by KKR as the second largest shareholder with an effective shareholding interest of 23.9%. CITIC Environment is a first tier, wholly-owned subsidiary of CITIC Limited with a registered capital of RMB 4.0 billion. CITIC Limited, a Hong Kong listed company, is the PRC's largest conglomerate with over 120,000 employees in Hong Kong, the PRC and overseas. Its businesses include financial services, real estate and infrastructure, engineering contracting, resources and energy and manufacturing, as well as other business both in the PRC and overseas. As at 30 June 2015, CITIC Limited had total assets of approximately HK$6.5 trillion. In 2014, the CITIC Group was ranked 160th in the Fortune 500 list. For CITIC Limited, the stewardship of natural resources and environmental protection is of great significance to the PRC's sustainable development, and this is one of the strategic areas that CITIC Limited plans to actively explore and develop. CITIC Environment's investment in the Issuer thus provides a viable platform for developing the PRC's water and wastewater treatment sector.

The strategic partnership with CITIC Limited and KKR marks a significant milestone for the Issuer and is expected to bring opportunities for future growth as the Group will be able to benefit from CITIC Limited's business network, strong government ties, synergies from other businesses and wider access to financing facilities. With strong support from CITIC Limited and KKR, the Issuer believes it is poised to make a significant impact in the water and wastewater treatment space in the PRC, since all future water treatment plant acquisitions and projects that CITIC Limited undertakes in the PRC will be made through the Issuer.

As at the Latest Practicable Date, the Issuer had a market capitalisation of S$1,561,954,646.

Key Recent Developments

Announcement of offer by CKM (Cayman) Company Limited to purchase shares in the Issuer

On 5 March 2015 (the "**Offer Announcement Date**"), Rothschild (Singapore) Limited ("**Rothschild**") made an announcement for and on behalf of CKM (Cayman) Company Limited ("**CKM**"), on the voluntary conditional offers by CKM to acquire (a) all the Shares, other than those already owned, controlled or agreed to be acquired by CKM, at an offer price of S$1.65 in cash for each Share (the "**Offer**"), and (b) all the KKRCW Convertible Bonds (the "**Convertible Bonds Offer**").

Based on the announcement made by Rothschild on 16 April 2015, as at 5.30 p.m. (Singapore time) on 16 April 2015, being the close of the Offer, CKM and its concert parties owned, controlled or have agreed to acquire (a) an aggregate of 839,541,349 Shares, representing approximately 85.8 per cent. of the total number of issued Shares as at the close of the Offer, and (b) US$44.0 million in principal amount of KKRCW Convertible Bonds, which are convertible into 117,926,189 new Shares, representing approximately 10.23 per cent. of the enlarged total number of 1,152,237,557 Shares (assuming the conversion of the US$44.0 million in principal amount of KKRCW Convertible Bonds and the exercise of share options of the Issuer into 70,950,000 new Shares).

According to the offer document dated 5 March 2015 issued by Rothschild on behalf of CKM (the "**Offer Document**"):

- CKM is a special purpose vehicle incorporated in the Cayman Islands for purposes of the Offer. As at the Offer Announcement Date, CKM was jointly owned by each of CITIC Environment and KKRCW in equal proportion.

- KKRCW is an indirect wholly-owned subsidiary of KKR China Water Holdings Limited, which in turn is approximately 93.20% held by KKR Asian Fund L.P. as at the Offer Announcement Date. The investment manager for KKR Asia Fund L.P. is KKR. KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business.

- As at the Offer Announcement Date, CITIC Environment is a wholly-owned subsidiary of CITIC Corporation Limited, which in turn, is a wholly-owned subsidiary of CITIC Limited (formerly known as CITIC Pacific Limited). CITIC Limited, 77.90 per cent. owned by CITIC Group Corporation which is incorporated in Beijing, and listed in Hong Kong (SEHK: 267), is one of the constituent stocks of the Hang Seng Index. As the largest conglomerate in the PRC, its businesses include financial services, resources and energy, manufacturing, real estate and infrastructure, engineering contracting, and other businesses in the PRC and overseas.

After the completion of the Offer, CKM subscribed for further Shares by way of a private placement. On 11 November 2014, CKM had entered into a conditional placing agreement with the Issuer pursuant to which the Issuer agreed to place to CKM, and CKM agreed to subscribe from the Issuer, an aggregate of 30,303,031, 66,606,061 or 90,909,091 new Shares (the "**Placement Shares**"), at a subscription price of per Placement Share of S$1.65 (the "**Placement**"). This represents an aggregate subscription amount of approximately S$50 million, S$100 million or S$150 million respectively. The actual number of Placement Shares (i.e., whether 30,303,031, 60,606,061 or 90,909,091 new Shares) to be placed by the Issuer to CKM shall be determined by CKM. The subscription price per Placement Share is at a premium of approximately 16.1% to the one month volume weighted average price of the Issuer prior to 2 July 2014, being the date of announcement of the possible transaction on which the Shares were traded on the SGX-ST. The funds raised from the Placement will be used for additional working capital requirements of the Group and to strengthen the Group's financial position and flexibility to capitalise on growth opportunities. On 16 April 2015, CKM notified the Issuer that it will subscribe for 30,303,031 Placement Shares and the Placement was completed on 23 April 2015. The 30,303,031 Placement Shares were allotted and issued to CENVIT (Cayman) Company Limited, a wholly owned subsidiary of CKM.

On 22 April 2015, KKRCW had delivered a conversion notice to the Issuer to convert all the outstanding US$44.0 million principal amount of KKRCW Convertible Bonds into new Shares and in connection therewith, 117,926,189 new Shares were allotted and issued to KKRCW on 23 April 2015.

As at the Latest Practicable Date, CITIC Environment is the single largest shareholder, and KKRCW the second largest shareholder, of CKM which, in turn, holds a majority shareholding interest of approximately 87.7% in the Issuer. As at the date of this Information Memorandum, CITIC Limited is therefore the indirect controlling shareholder of the Issuer through CITIC Environment holding a majority interest in CKM.

Change of Name

The Issuer changed its name from "United Envirotech Ltd." to "CITIC Envirotech Ltd." with effect from 30 July 2015. Given that CITIC Limited is the single largest shareholder of the Issuer after the completion of the voluntary offer made by CKM, the change of name serves to better reflect the Group's ties to CITIC Limited and to more accurately reflect the Issuer's current corporation profile and future business direction. Furthermore, the change of name will allow the public and the Issuer's business partners to better identify with the Issuer under the new name.

Change of Financial Year End

On 25 June 2015, the Issuer announced that the financial year end of the Group has been changed from 31 March to 31 December of each year. Subsequent to the completion of the voluntary offer made by CKM, CITIC Environment has acquired a majority stake in the Issuer. The change of financial year end to 31 December is to enable the Issuer to align its financial year end with the entities within the CITIC Group.

Consequent to the change of its financial year end, the Issuer's next set of audited financial statements will be for the period starting from 1 April 2015 to 31 December 2015. The Issuer's audited financial statements for the first full year following the change in financial year end will commence from 1 January 2016 to 31 December 2016.

Principal Business Activities and Technologies

The Group has three primary business divisions: (a) EPC division, (b) water investment division and (c) membrane business division. Through its EPC division, the Group provides engineering services which involve the design, fabrication, installation and commissioning of membrane based water and wastewater treatment systems. Through its water investment division, the Group develops, owns and operates water and wastewater treatment plants in PRC, with stable, long term off-take arrangements. Through its membrane business division, the Group manufactures and supplies membrane products. For FY2015, the EPC division and the water investment division contributed approximately 57.1 per cent. and 29.3 per cent. of the Group's total revenue, respectively. For the six months ended 30 September 2015, the EPC division, the water investment division and the membrane business division contributed approximately 42.7 per cent., 44.3 per cent., and 13.0 per cent. of the Group's total revenue, respectively.

The Group operates its three business divisions on an integrated basis, bringing synergistic value to its customers. While delivering an EPC capacity, the Group, as an experienced plant owner and operator, is able to identify potential issues which may arise during the plant's operational period and would be able to consider countering measures in the plant design. For its water investment projects, the Group would typically undertake the EPC scope as a main contractor, ensuring a seamless project execution. By providing its own EPC expertise, profit and margins are maintained within the Group and the risks associated with external providers of goods and services are reduced. The Group is an active user of membranes in its EPC projects and its water and waste water treatment plants. These projects require membranes when they are first built and will need membrane replacements periodically. Further, the Group focuses on industrial application in industries such as petrochemical, chemical and textile and dye stuff industries, which typically require high level membrane expertise and technology as compared to municipal water and wastewater treatment projects. By having a membrane business division, the Group will be able to continually improve and adapt the membrane for various diverse applications and respond to its customers' needs within a shorter response time.

In the EPC division, the Group undertakes turnkey projects in the capacity of an EPC contractor or as a membrane system specialist. As an EPC contractor, the Group has served major industrial clients such as petrochemical companies including Sinopec, CNPC, CNOOC and Sembcorp Utilities. The Issuer also provided EPC solutions to industrial parks such as those in Guangdong (Daya Bay Huizhou, Nansha), Jiangsu (Dafeng, Taixing, Siyang, Qidong), Sichuan (Guangan), Fujian (Yangli), Shandong (Changyi, Weifang) and Tianjin (TEDA) and to local and municipal authorities in the PRC. In 2010, the Group built one of the largest underground municipal MBR plants in the world, at Jingxi, Guangzhou, with a treatment capacity of 100,000 m^3/day.

The Group invests in Investment Projects under BOT, TOT and BOO arrangements. A portion of these Investment Projects are municipal plants backed by off-take agreements from the PRC Government. The Group's investments in Liaoning, Shandong and Heilongjiang in the PRC are examples of such projects. In addition, the Group also invests in industrial park wastewater projects, providing wastewater treatment solutions to the industrial end-users. These include the wastewater treatment plants in Nansha, Dafeng and Changyi.

The Group also provides O&M services to clients who wish to outsource their water and wastewater treatment operations to specialists like the Group. The O&M services provided by the Group are integrated into the Group's water investment division and do not provide a major source of revenue as a standalone business segment.

Being one of its key core competences, the Group seeks to apply its membrane technology in its EPC projects and its Investment Projects to the extent possible. Among the membrane technologies, the Group's principal treatment technology is MBR, which is typically applied in the treatment of various types of wastewater. The Group has an extensive track record of applying MBR technology successfully in wastewater treatment, and particularly in the treatment of industrial, chemical and petrochemical wastewater. The Issuer has built up a track record with more than 100 MBR references in various parts of the PRC and in Southeast Asia. Examples are the 25,000 m^3/day plant at Huizhou Daya Bay Petrochemical Hub and the 10,000 m^3/day plant at Guangzhou Nansha Chemical Industrial Park. In the 70,000 m^3/day Taixing treatment plant, the Group's EPC division built one of the largest industrial MBR plants in Asia. The Issuer's largest MBR project in the chemical and petrochemical sector, in terms of capacity completed to date, is the 15,000 m^3/day oil refinery wastewater treatment system for CNOOC's first onshore refinery at Huizhou, Guangdong. In September 2010, the Issuer completed a 100,000 m^3/day municipal MBR plant at Jingxi Guangzhou and at the time of completion of the plant, it was one of the largest MBR plants in the world and the first and largest underground MBR plant in Asia. In the third quarter in 2015, the Group completed the construction of a landmark 100,000 m^3/day drinking water plant in Yantai City, Shandong Province, PRC; this is currently one of the largest membrane based drinking water plants in the PRC. Also in the third quarter of 2015, the Issuer completed the construction of a 200,000 m^3/day municipal wastewater treatment plant in Fuzhou City, Fujian Province, PRC; this plant is currently the largest wastewater treatment plant in the PRC using MBR technology.

MBR technology has become particularly relevant under the PRC Government's new wastewater discharge standards as set out in the Twelfth Five-Year Plan, as MBR technology is proven to be able to meet the Twelfth Five-Year Plan's more stringent discharge standards. As the PRC Government continues to impose stricter requirements to ensure a higher proportion of wastewater, and in particular, industrial wastewater is treated before discharge, the Group believes the demand for the application of MBR treatment is likely to increase accordingly.

Other than MBR technology, the Group also applies two other membrane based technologies: CMF technology and RO technology. While MBR is typically applied in the treatment of wastewater to meet the relevant discharge standards, CMF and RO are primarily used for water purification and wastewater reclamation purposes. The Group's CMF and RO systems are used mainly in wastewater recycling (NEWater application), especially in the area of industrial wastewater recycling. Specifically, the application of CMF is principally in the production of drinking water, pre-treatment of water prior to RO and wastewater reclamation. The application of RO is principally in water purification and deionisation, as well as seawater desalination and wastewater reclamation. Depending on the requirement, the technologies are applied either individually or in different combinations to achieve the desired output quality. For instance, the Group applied a combination of CMF and RO technologies in the 3,200 m^3/day wastewater reclamation plant for CNPC in Harbin and the 7,200 m^3/day wastewater reclamation plant for the Sinopec Group in Guangzhou. In a 5,000 m^3/day effluent recovery plant for Sembcorp Utilities in Singapore, the Group applied a combination of CMF, RO and ion exchange technology.

The Issuer added the membrane business division to the Group's businesses when it completed the Memstar Acquisition in 2014. The Memstar Group is principally engaged in the business of manufacturing and supplying of membrane, membrane products and integrated membrane system, and operation of water plants. The Memstar Group is one of the leading manufacturers and suppliers of PVDF hollow fibre membrane products with global presence. MTL has been listed on the SGX-ST since 2007 and the Memstar Group is equipped with strong R&D capabilities and has manufacturing facilities located in both Singapore and the PRC. With the support of the Economic Development Board of Singapore, the R&D centre in Singapore houses advanced research facilities and is staffed with a strong R&D team. The intellectual property rights of the Memstar Group also include a number of patents, manufacturing know-how and production design in the relevant field. Membrane is a critical aspect of the Group's water and wastewater treatment plants projects and the Memstar Acquisition has transformed the Group into a vertically integrated water solutions provider with the ability to offer one-stop solutions to the Group's customers and will give the Group a competitive edge in the industry.

History

The Issuer was incorporated in 2003. In that year, the Group completed the Sinopec Group's first double membrane industrial "NEWater" project (a wastewater reclamation project). In 2003, the Group was also awarded a MBR project from Sinopec which was the first MBR project in the Chinese petrochemical industry and the largest petrochemical wastewater MBR plant in the PRC upon its completion.

The Issuer was listed on the Mainboard of the SGX-ST in 2004. In that year, it was awarded a MBR project at Huizhou Daya Bay Petrochemical Hub. The following year in 2005, the Group acquired a 200,000 m^3/day wastewater treatment plant in Liaoyang which was a milestone TOT investment project in municipal wastewater treatment plant for the Group.

In 2006, the Group won its first BOT investment project in industrial wastewater treatment plant in Guangzhou Nansha and set up its Malaysian operation, a wholly-owned subsidiary outside of the PRC. In 2007 the Group won an EPC contract to upgrade a 30,000 + 40,000 m^3/day industrial wastewater treatment plant into a MBR plant in Taixing, Jiangsu.

In 2008, the Issuer formed a joint-venture company to acquire the industrial park wastewater treatment plant in Dafeng, Jiangsu, PRC and in 2009, the Group won an EPC contract to build the Guangzhou Jingxi wastewater treatment plant, which was completed within nine months. The resulting 100,000 m^3/day underground MBR plant was at the time of completion the largest MBR plant of its kind in the world and also has the smallest ground area per capacity unit in the PRC.

In 2010, the Issuer's Taiwan Depository Receipts ("**TDRs**") were listed on the main board of the Taiwan Stock Exchange. This was followed in 2011 by an investment by KKR, by way of a subscription of the KKRCW Convertible Bonds, the proceeds of which were used for investment in water plants. In January 2013, KKR invested an additional US$40 million into the Issuer by way of a subscription of 98,536,000 new Shares, which was used for working capital and for acquisitions, construction and the upgrading of water and wastewater treatment plants.

In August 2011, the Group acquired a 40.0 per cent. stake in Maxrise Envirogroup Ltd for RMB 100 million. Through this acquisition, the Group held equity interest in four water treatment plants with up to 170,000 m^3/ day of aggregate capacity. In the same month, the Group won a BOT contract in Dafeng City, PRC to construct a 50,000 m^3/day MBR industrial wastewater treatment plant for a local industrial park.

In September 2011, the Group exercised a call option and acquired the entire equity stake in Tongji Environmental (China) Pte Ltd, now known as United Envirotech Water Resource Pte. Ltd., which owns and operates a 50,000 m^3/day wastewater treatment plant in Xinmin City, Liaoning Province, PRC for RMB 34.0 million.

In January 2012, the Group acquired Anhui Water Star Treatment and Operation Co Ltd, a company specialising in providing O&M services to wastewater treatment plants, for a consideration of RMB 5.0 million. Through the acquisition, the Group added a team of over 40 experts in various disciplines of the water sector which has significantly strengthened the Group's technical and manpower base in managing its water plants.

On 18 April 2012, the Group was awarded a landmark RMB 216 million EPC project to construct a 100,000 m^3/day drinking water plant in Yantai City, Shandong Province, PRC. The construction of the plant was completed in the third quarter of 2015 and it is currently one of the largest membrane based drinking water plants in the PRC.

On 19 August 2013, UEWRPL was awarded a 25-year BOT contract from the local government of Yantai City for a municipal wastewater treatment project in Shandong Province, PRC. The capacity of the treatment plant is 30,000 m^3/day for Phase 1 and it will reach 80,000 m^3/day upon completion of Phase 2. The total investment for Phase 1 is approximately RMB 100 million (approximately SGD 20 million). Shortly after, on 28 August 2013, the Issuer was awarded a RMB 90 million (approximately SGD 19 million) EPC project to upgrade a 100,000 m^3/day industrial wastewater treatment plant in Nantong City, Jiangsu Province, PRC.

On 10 September 2013, the Issuer signed a RMB 286 million (approximately SGD 59 million) 30 year TOT cum BOT agreement with the municipal government of Hong Wei District, Liaoyang City, Liaoning Province, PRC. Under the terms of the agreement, the Issuer will acquire the existing 15,000 m^3/day treatment plant for a consideration of RMB 25.0 million. It will upgrade the plant using its advanced MBR technology. The BOT project involves adding an additional 45,000 m^3/day of treatment capacity to cater to the increase in demand in Liaoyang City for treatment of wastewater. Upon completion, the plant will have a total treatment capacity of 60,000 m^3/day and will treat 30,000 m^3/day of municipal wastewater and 30,000 m^3/day of industrial wastewater. The upgrading work is expected to be completed by end 2016. The expansion work will take 12 months to complete. The project was funded (i) by the proceeds from KKRCW's subscription of the KKRCW Convertible Bonds and the share placement to KKR, and (ii) through bank financing.

On 13 March 2013, the Issuer signed an agreement with the local government of Siyang County, Jiangsu Province, PRC, for TOT and BOT projects in textile industrial wastewater treatment, recycling and water supply valued at RMB 200 million (approximately SGD 40 million). Under the terms of the TOT agreement, the Issuer will acquire the 30 year concession rights to operate a textile and mixed industrial wastewater treatment plant with capacities 40,000 m^3/day (Phase 1) + 80,000 m^3/day (Phase 2) for a total consideration of RMB 70 million (approximately SGD 14 million). The BOT project uses the Group's MBR technology to treat and recycle 60,000 m^3/day of textile industrial wastewater. The Group will also construct and operate a 40,000 m^3/day industrial water supply plant. The total investment for Phase I of the project at capacities 30,000 m^3/day and 20,000 m^3/day respectively for the two plants is approximately RMB 130 million (approximately SGD 26 million).

On 21 October 2013, UEWRPL signed the concession agreement with the local government of Qixia City for the Transfer – Expand – Operate – Transfer of a municipal wastewater treatment project in Yantai, Shandong Province, PRC. Under the terms of the agreement, the Issuer will acquire the existing 20,000 m^3/day treatment plant at Qixia City, PRC, and expand it to 40,000 m^3/day using the Group's MBR technology. The total investment for the project is approximately RMB 105 million (approximately SGD 21 million). The project was funded (i) by the proceeds from KKRCW's subscription of the KKRCW Convertible Bonds and the share placement to KKR, and (ii) through bank financing.

On 26 November 2013, the Issuer announced the termination of its TOT project in Shangzhi, Harbin City, Heilongjiang Province, PRC. Due to delays in construction and commissioning, the plant had not become operational and was therefore not able to be handed over to the Issuer. After several rounds of negotiation with the party transferring the project, it was resolved that the transaction be terminated with the consent of both parties. The Issuer has been compensated with a 15 per cent. per annum return on the initial deposit made by the Issuer in relation to the project.

On 18 December 2013, the Issuer announced that its TDRs would be delisted from the Taiwan Stock Exchange with effect from 28 January 2014.

On 13 January 2014, the Issuer signed an agreement with Guangan Municipal Government and West Guangan Jean City Investment Management Co. Ltd ("**WGIM**") to provide industrial water supply, wastewater treatment and wastewater recycling to West Guangan Jeans and Textile Commerce and Technology Park in Guangan City, Sichuan Province, PRC. The Issuer owns a 90 per cent. stake in a joint venture with WGIM to undertake the following BOT projects:

- Wastewater treatment using the Group's advanced membrane technology – 20,000 m^3/day (Phase 1) comprising 10,000 m^3/day each of industrial and municipal wastewater. The long term capacity is expected to be 150,000 m^3/day with industrial and municipal wastewater at 100,000 m^3/day and 50,000 m^3/day respectively.

- Industrial water supply – 20,000 m^3/day (Phase 1), for which long term capacity is expected to be 100,000 m^3/day; and

- Wastewater recycling – 20,000 m^3/day (Phase 1), for which long term capacity is expected to be 80,000 m^3/day.

In February 2014, the Issuer was awarded an EPC contract valued at RMB 580 million from Fujian Haixia Environmental Protection Co. Ltd (Fujian Haixia) to construct a 200,000 m^3/day municipal wastewater treatment plant in Fuzhou City, Fujian Province, PRC. The construction of the plant was completed in the third quarter of 2015 and it is currently the largest wastewater treatment plant in the PRC using MBR technology.

Also, in February 2014, the Issuer signed an agreement with Jiangsu Qidong Economic Development Zone Binjiang Fine Chemical Industrial Park Management Committee ("**Binjiang MC**") to acquire, upgrade and expand the industrial park wastewater treatment plant in Qidong, Jiangsu Province, PRC. The Issuer will set up a 70:30 joint venture with Binjiang MC to acquire the 15,000 m^3/day wastewater treatment plant currently serving the Binjiang Fine Chemical Industrial Park (Binjiang) and the Issuer will upgrade the plant and expand the capacity to 30,000 m^3/day using the Group's MBR technology. On 27 March 2014, UEWRPL incorporated the joint venture company in Qidong, Jiangsu Province, PRC, named United Envirotech Water (Qidong) Co Ltd which has a total paid up capital of US$12 million.

A significant milestone in April 2014 was the completion of the Memstar Acquisition which marked the transformation of the Group into a vertically integrated water solutions provider with the ability to offer one-stop solutions to its customers. Please see the above section "Overview – Principal Business Activities and Technologies" for an elaboration on the Memstar Acquisition.

On 23 June 2014, the Issuer announced that its wholly-owned subsidiary in Malaysia, Dataran Tenaga (M) Sdn Bhd ("**Dataran**") was awarded an RM 45 million (approximately SGD 17.5 million) EPC project in Johor Bahru, Johor, Malaysia. This contract was awarded for the construction of sewer network including sewage pumping station, an approximately three kilometres of sewer pipeline and a sewage treatment plant located in the southern area of Johor Bahru. This contract represents the first module of a three module project to provide a sewer network and treatment system with capacity of 250,000 population equivalent. This completed sewer network will serve the high end residential and commercial developments which are being carried out along the southern coast of Johor Bahru.

On 9 October 2014, the Issuer signed a framework agreement with Chengdu Xingrong to set up a 49:51 joint venture company with a paid-up capital of RMB 50 million (approximately SGD 10 million), in Sichuan, PRC, which owns approximately five million m^3/day of the water treatment concessions. Chengdu Xingrong is a SOE listed on the A-share of the Shenzhen Stock Exchange and is a prominent water company in the PRC. The new joint venture company will provide EPC services using the Group's membrane technologies and membrane products as well as undertake investments in water treatment projects in the western part of the PRC. The first block of projects to be undertaken by the joint venture company is the expansion and upgrading of wastewater treatment plans and recycling of treated water with combined capacity of one million m^3/day using the Group's proprietary MBR and CMF technology. The total value of the first block of projects is estimated to exceed RMB 1.5 billion (approximately SGD 300 million). The value of the Group's membrane products to be used for the first block of projects is estimated to be RMB 300 million (approximately SGD 60 million). The first block of projects is expected to be completed by mid-2016. On 30 October 2015, the Issuer announced the incorporation of the joint venture company known as Chengdu Xingrong Environment Co. Ltd.

On 24 November 2014, the Issuer signed an agreement with Beijing Drainage Equipment Co. Ltd, a wholly owned subsidiary of Beijing Drainage to set up a 49:51 joint venture company (the "**JV Co**") with a total paid up capital of RMB 48 million (approximately SGD 9.6 million) in Beijing. Beijing Drainage is a SOE established 40 years ago with the approval from Beijing Municipal Government and is a leading industry player in Beijing. The JV Co will invest RMB 120 million (approximately SGD 24 million) to set up a new state of the art manufacturing facility with an initial capacity of assembling two million square meters of membrane fibres into membrane modules. Memstar will sell membrane fibres produced in its Singapore plant to the JV Co. On 8 October 2015, the Issuer announced the incorporation of the JV Co, known as Beijing Beipai Membrane Technology Co. Ltd.

On 29 May 2015, the Issuer incorporated a subsidiary in Nantong, Jiangsu Province, PRC, known as Jiangsu Memstar Membrane Material Technology Co., Ltd ("**Jiangsu Memstar**"), with a registered capital of USD18,000,000. The Issuer has since paid USD2.7 million of Jiangsu Memstar's registered capital and the remaining amount shall be paid before 13 February 2017. The main activities of Jiangsu Memstar are to produce and sell hollow fiber membrane.

On 25 March 2015, the Issuer signed an investment agreement with Luntai Industrial Park Management Committee to design, build and operate for 30 years an industrial wastewater treatment plant in Luntai County, Xinjiang, PRC. The wastewater treatment plant will serve a petrochemical park in Luntai County, a county in the Xinjiang Uyghur Autonomous Region, PRC. The 72-square kilometre industrial park is a major petrochemical hub located at the start of the 4,000 kilometre "West-East Gas Pipeline", a project that transports natural gas from Xinjiang in the western part of the PRC to Shanghai in the eastern part of the PRC. The total investment for the construction of the 50,000 m^3/day (Phase 1) wastewater treatment plant and the associated piping network is estimated to be approximately RMB 300 million (approximately SGD 66.7 million). The wastewater treatment plant will use the Issuer's MBR technology. This will be the Issuer's first project in the Xinjiang region and when completed, the plant will be the first petrochemical MBR plant in Xinjiang. The total capacity of the treatment plant is 100,000 m^3/day and is divided into two phases of 50,000 m^3/day each.

On 26 March 2015, the Issuer signed a framework agreement with CNOOC to set up a 49:51 joint venture company in the PRC. The main businesses of the proposed joint venture company is to provide comprehensive services including investment, consultation, design, construction and operation of wastewater treatment, consultation, design, construction and operation of wastewater treatment, recycling and desalination facilities to meet the water treatment needs arising from the CNOOC group of companies' existing and upcoming RMB 40 billion new petrochemical complex at Huizhou City in the PRC's Guangdong Province. The CNOOC group of companies is one of the largest producers of offshore crude oil and natural gas in the PRC and is one of the largest independent oil and gas exploration and production companies in the world. There are more than 19 direct and associated CNOOC companies located in the complex. The joint venture is expected to invest RMB 1.0 billion to construct a new wastewater treatment facility for the new complex and to acquire and integrate some existing treatment facilities. In 2007, the Issuer was awarded an EPC contract to construct the wastewater treatment plant for the first phase of CNOOC Huizhou's petrochemical complex. The wastewater treatment plant was based on the Group's advanced MBR technology and has been treating refinery wastewater from CNOOC's refinery located on the complex. The Issuer has been providing O&M services for the plant since 2009.

On 8 April 2015, the Issuer announced that it has entered into a share transfer agreement with the shareholders of Gaoyang Bishui Lantian Co. Ltd ("**BSLT**") in relation to the acquisition of the total issued share capital in BSLT (the "**BSLT Acquisition**") for RMB 500 million (approximately SGD 111.1 million). Based on the audited financial statements of BSLT for the 12 months ended 31 December 2014, BSLT's net tangible assets were approximately RMB 434.2 million (approximately SGD 96.5 million) and BSLT's net profits were approximately RMB 21.5 million (approximately SGD 4.8 million). BSLT currently owns a wastewater treatment plant with a capacity of 200,000 m^3/day (Phase 1 capacity is 80,000 m^3/day and Phase 2 capacity is 120,000 m^3/day, and a recycling plant with a capacity of 20,000 m^3/day (to be expanded to 40,000 m^3/day + 40,000 m^3/day). BSLT has also received approval and has acquired the land for a new 60,000 m^3/day wastewater treatment plant (Phase 3). The Issuer undertook the BSLT Acquisition for the following reasons:

- the BSLT Acquisition will allow the Issuer to own the existing Phase 1 and Phase 2 wastewater treatment plant, the recycling plant and the TOT project as well as to secure the right to develop the Phase 3 wastewater treatment plant and undertake the expansion of the recycling plant and the BOT project;
- the acquisition of BSLT will add 200,000 m^3/day of industrial wastewater treatment capacity and 20,000 m^3/day of recycled water to the Issuer's existing plant portfolio, which constitutes a significant increase;
- the Phase 1 and Phase 2 wastewater treatment plants are currently operating at nearly full capacity;
- the BSLT Acquisition will give the Group the right to develop Phase 3 wastewater treatment plant, which involves the construction of a 60,000 m^3/day wastewater treatment plant using the Group's MBR technology and the construction of a 40,000 m^3/day recycling plant using the Group's double membrane technology of CMF and RO technologies. The total investment for the BOT project is estimated to be RMB 300 million; and
- BSLT is located in Gaoyang County, Hebei Province, PRC, a major textile centre of the northern part of the PRC. The Issuer intends to use this project as a springboard to penetrate the wastewater treatment market in Hebei Province and any growth in demand for the wastewater treatment services and supply of recycled water.

On 22 April 2015, the Issuer signed an agreement with the Haimen City Linjiang New District Management Committee ("**Haimen MC**") to invest USD 30 million (approximately SGD 41 million) for a BOO project of an industrial wastewater treatment plant in Haimen City, Jiangsu Province, PRC. Haimen MC owns a 20,000 m^3/day industrial wastewater treatment plant (Phase 1) which serves a chemical and textile industrial park in Haimen City. Under the terms of the agreement, the Issuer was awarded the Phase 2 project to build and operate a wastewater treatment plant with a capacity of 20,000 m^3/day using the Group's MBR technology. The total investment for Phase 2 is approximately USD 30 million. Upon the completion of the Phase 2 plant, the Issuer will acquire the Phase 1 plant from Haimen MC. The project is expected to be completed by June 2016. The Issuer will build and operate the Phase 2 plant through its 100% owned subsidiary, United Envirotech Water (Haimen) Co Ltd, incorporated in Haimen City, Jiangsu Province, PRC.

On 20 August 2015, the Issuer announced that it had secured three wastewater treatment and water supply projects with a total contract value of RMB 263 million (approximately SGD 58 million) in the PRC, as follows:

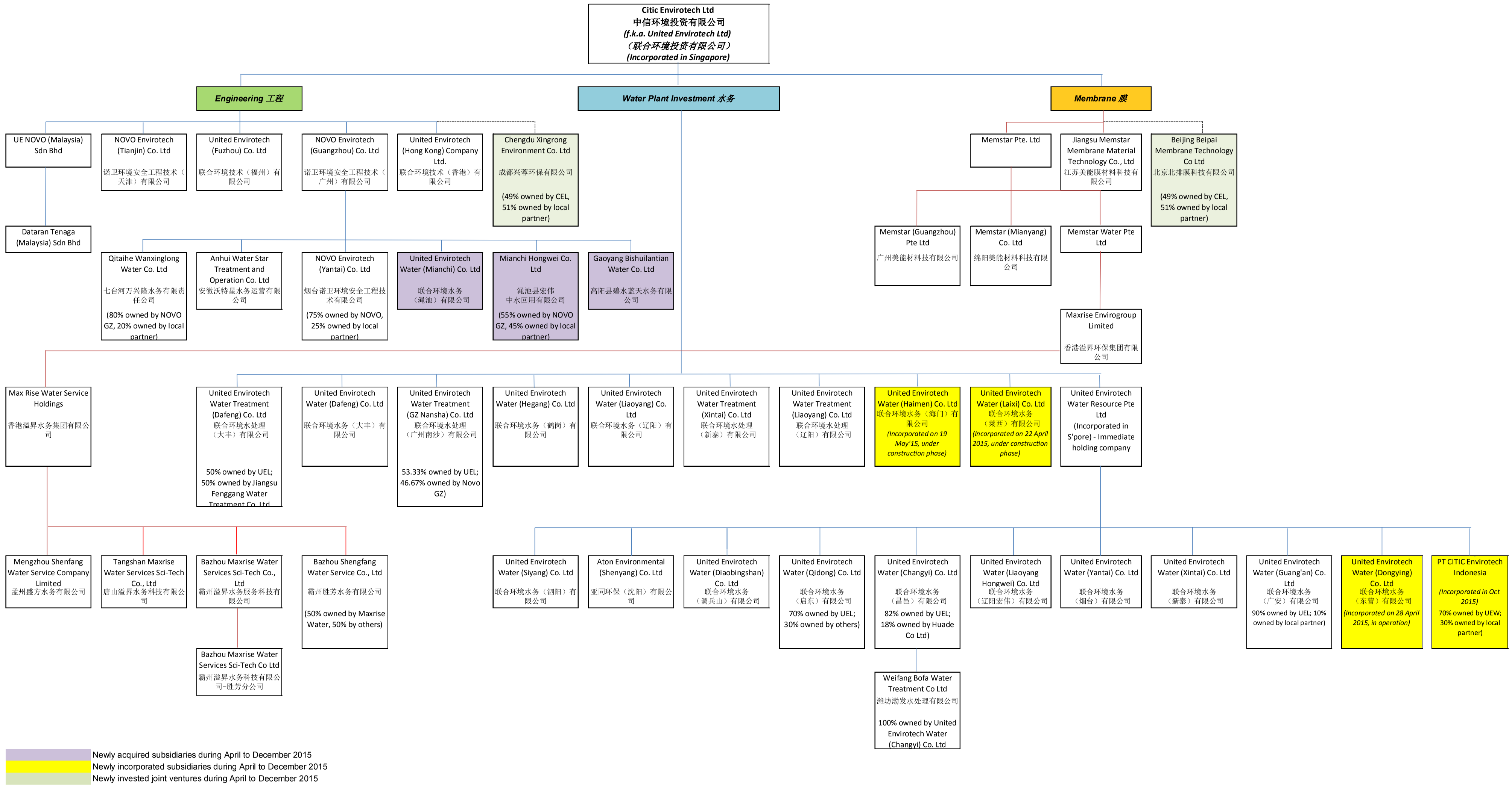
- the Issuer had acquired 82.5% of the total issued share capital in Changan Co. Ltd., a company which was awarded a 20-year BOT project to treat wastewater and supply industrial water to a textile industrial park in Nantong City, Jiangsu Province, PRC. The BOT project involves the construction and operation of a 40,000 m^3/day industrial wastewater treatment plant, a 30,000 m^3/day industrial water supply plant and a 10,000 m^3/day wastewater recycling plant. The project is implemented in two phases of equal capacities and Phase I is expected to enter into commercial operation by end-2015. The consideration for the acquisition is RMB 100 million;
- the Issuer won a bid from the local government to upgrade and expand a municipal wastewater treatment plant in Xinmin City, Liaoning Province, PRC, which plant was acquired by the Issuer in 2010. The Issuer will upgrade the plant using its advanced MBR technology to meet the higher Grade 1A standard and to expand the plant treatment capacity from 50,000 m^3/day to 80,000 m^3/day. The total investment is approximately RMB 120 million. Upon the completion of the upgrading of the plant, the Issuer will enjoy an upward revision of water tariff; and
- the Issuer secured a 50,000 m^3/day BOT water supply project in Weishan Country, Shandong Province, PRC. Phase 1 of the project involves the construction of a 30,000 m^3/day water treatment plant and is expected to start supplying water by the first quarter of 2016. The total investment for Phase 1 of the project is approximately RMB 43 million.

On 20 October 2015, the Issuer was awarded a RMB 400 million (approximately SGD 88 million) EPC contract to construct a 80,000 m^3/day wastewater treatment plant in Tianshui City, Gansu Province, PRC. Tianshui City is the second largest city in the Gansu Province, with a population of approximately 3.5 million. The wastewater treatment plant will use the Group's MBR technology to treat municipal wastewater. When completed, it is expected to be the first large scale underground MBR plant in the western part of the PRC. The project is expected to commence by end-2015 and be completed within 18 months. As this will be an underground plant, the Group is able to leverage on its experience as one of the pioneers in the application of MBR technology underground.

On 23 October 2015, the Issuer announced that its wholly-owned subsidiary, United Envirotech Water Resource Pte Ltd, has incorporated a subsidiary in Jakarta, Indonesia. The subsidiary, known as PT CITIC Envirotech Indonesia and with an initial paid up capital of USD 600,000, is 70% owned by the Issuer and will be the main vehicle for the Issuer's water business in Indonesia.

Group Structure

The chart below sets out the Group's corporate structure as at the date of this Information Memorandum:



** % of ownership is 100% unless stated otherwise

\# NOVO Guangzhou had entered into a sale and purchase agreement to sell its 80% interest in Qitaihe Wanxinglong Water Co. Ltd but the sale has not been completed as at the date of this Information Memorandum

Competitive Strengths

Pioneer in the application of membrane-based wastewater treatment technology in Asia with a proven track record, and a vertically integrated business model to provide holistic water treatment services

The Group is one of the leading membrane-based water and wastewater treatment and recycling solutions providers in the PRC's chemical, petrochemical and municipal sectors. It is also one of the leading providers of MBR wastewater treatment technology in Asia and has a 10 year track record of successful execution of MBR projects in the PRC, including designing and building some of the largest wastewater treatment plants in the PRC using MBR technology.

The Group's membrane based water and wastewater treatment systems have gained recognition as one of the most efficient solution for wastewater treatment. This operational excellence has been validated by repeat business from local and municipal authorities in the PRC, SOEs and industrial parks clients. The Guangzhou Jingxi MBR plant in particular can be a model for other wastewater infrastructure upgrades as the plant takes up approximately one-tenth the size of a wastewater treatment plant constructed based on traditional technology. The Group was also selected by CNOOC to treat wastewater from CNOOC's first RMB 28 billion refinery plant at Huizhou Daya Bay.

In addition, the Group possesses an integrated business model with engineering, procurement, design, construction and operational capabilities for water and wastewater treatment projects. The Group's in-house engineering, procurement and construction capabilities benefit its Investment Projects in plant construction and upgrading activities by ensuring consistent quality, timely delivery of projects, and guaranteeing access to technology and expertise, all of which enhances returns on projects. The Group's extensive project capabilities enable it to capture the entire value chain from project concept and design stages through construction and operation.

Through the Memstar Acquisition in 2014, the Issuer has not only acquired leading technologies in the manufacture of PVDF hollow fibre membrane and membrane products, but has also become one of the few companies with vertically integrated water and wastewater treatment and reclamation solution expertise, with businesses spanning from fibre membrane production to EPC projects and water treatment plant investments. With the ability to offer one-stop solutions to the Group's customers as well as in-house R&D capabilities to ensure the membranes suit the Group's customers' needs and the ability to provide technical advice and after sales services to its customers, the Group has a competitive edge when bidding for projects.

Well positioned to capitalise on significant growth opportunity in the MBR market in the PRC

The Group, as a market leader in the water and wastewater treatment industry in the PRC, is well positioned to benefit from favourable industry dynamics and supportive policies implemented by the PRC Government.

According to World Bank statistics, renewable internal freshwater resources per capita of the PRC is about 2072 m^3, which is only about one-third of the world per capita value (6013 m^3). The United Nations lists the PRC as one of 13 countries facing serious water scarcity, in which it has about one-fifth of the world's population but only 6.0% of the world's freshwater. Water has become a priority for the PRC Government, and it has indicated that it is prepared to spend RMB 4,000 billion on water infrastructure over the next 10 year period from 2011. This includes dam construction, reservoir management and water treatment systems.

With environmental protection remaining a priority for the PRC Government in the Twelfth Five-Year Plan, the Group expects stricter environmental protection and water quality standards to be promulgated and implemented. The PRC's updated Environmental Protection Law, which imposes tougher penalties and larger fines on companies and individuals, took effect on 1 January 2015. The Water Pollution Prevention and Control Action Plan (the "**Water Pollution Prevention Plan**") has also been approved by the State Council and was implemented on 16 April 2015. The Water Pollution Prevention Plan is regarded as one of the most stringent water regulation to be implemented in the PRC, which covers both industrial and municipal wastewater treatment, pollution prevention and control. The Issuer believes there will be strong growth opportunities arising from the following requirements stipulated by the Water Pollution Prevention Plan. Firstly, all industrial parks will be required to install proper wastewater treatment facilities in accordance with stricter discharge standards. This would benefit the Group as its strength lies in advanced wastewater treatment technology. Secondly, wastewater treatment coverage is set to reach approximately 95.0% of the cities and approximately 85.0% of the countryside in the PRC by 2020, which will generate new market demands and boost water treatment volumes of the Group. The Water Pollution Prevention Plan also urges reform of the water-pricing mechanism and it is expected that water tariffs will rise rapidly in light of the reform.

Further, since 2014, public-private-partnership arrangements have been widely promoted. Such arrangement presents an innovative solution that combines financing, management and governance covering a range of urban infrastructure and public services. In April 2015, the Ministry of Finance and the Ministry of Environmental Protection in the PRC jointly issued Opinions of Promoting the Collaboration of Government and Social Capital in the Field of Water Pollution Prevention and Control, which proposes a more vigorous push for the wider implementation of public-private-partnerships in the wastewater treatment industry, which would help to alleviate the financial burden of local governments in wastewater treatment. The Group's advanced membrane technologies, particularly MBR, gives it a competitive edge in treating wastewater to the higher standards imposed by these stricter discharge limits. In light of the promotion of public-private-partnerships in the PRC, the Group has secured three projects through joint ventures with SOEs. These included a joint venture with Chengdu Xingrong, the largest water plant operator in the western part of the PRC, to carry out EPC upgrading for all of Chengdu Xingrong's water plants. The joint venture with Chengdu Xingrong serves as a gateway for further penetration into the market for wastewater treatment in the western part of the PRC and just the initial block of upgrading works is expected to generate approximately SGD 300 million in revenue by mid-2016. Another joint venture is with Beijing Drainage to set up a manufacturing facility with an initial capacity of assembling two million square meters of membrane fibres into modules. The third joint venture is with CNOOC to provide comprehensive services for its new RMB 1.0 billion petrochemical complex in Huizhou City, PRC.

The Group believes that the industrial wastewater treatment segment has high growth potential, especially with the application of MBR as well as the fact that the usage of MBR technology in the PRC (the Group's main market) is lower compared to some Asian countries such as Singapore and Korea. The Group is focused on developing its industrial water and wastewater plant portfolio. To this end, the Group is actively seeking investment opportunities in the industrial water and wastewater sector where it has a technological advantage. In light of the more stringent discharge standards, the Group believes that there are many opportunities in the municipal and industrial wastewater treatment segment that require upgrading through the application of MBR technology. In addition MBR wastewater treatment plants typically require only 20-50% of the space occupied by conventional wastewater treatment plants, making MBR technology an efficient alternative to conventional wastewater treatment technology. The Issuer believes that MBR technology will become more widely adopted across the PRC given its higher value to land-use efficiency. Furthermore, the Issuer has an established track record in using MBR technology to treat wastewater from chemical petrochemical, refinery, textile and pharmaceutical industries, making it a valued partner to industrial park owners in the PRC to meet their wastewater treatment needs. In the Jiangsu Province, PRC, the Issuer currently owns and operates industrial park wastewater treatment plants located in cities such as Dafeng, Siyang and Qidong and it has also successfully built and upgraded industrial park wastewater treatment plants in Taixing and Nantong City. With its stellar track record and strength in membrane based technology, the Issuer is well-positioned to secure new and upgrading projects, both in EPC and investments.

Strong support from CITIC Limited and KKR, the Group's strategic partners

As at the Latest Practicable Date, CITIC Limited is the Issuer's largest shareholder with an effective shareholding interest of 54.9%, followed by KKR as the second largest shareholder with an effective shareholding interest of 23.9%.

The Issuer believes that CITIC Limited, being one of the largest SOEs in the PRC, will be an invaluable partner in the future growth of the Issuer. This is particularly important given that the industry is both capital intensive as well as increasingly dominated by large players. Amongst the advantages that CITIC Limited will offer include:

(a) an extensive business network in the PRC, together with the opportunity to tap on CITIC Environment's expertise and excellent track record, in order to support the Issuer's business development strategy and growth plans;

(b) the opportunity to leverage on the relationship with CITIC Limited to forge new partnerships with other SOEs;

(c) the ability to obtain lower financing costs as a subsidiary of CITIC Limited; and

(d) the opportunity to participate in large-scale public-private-partnership projects.

According to the Offer Document, the Issuer will be the flagship for CITIC Limited in the water and wastewater treatment business and it is the intention of CITIC Limited to develop its business in the environmental protection sector and its investment in the Issuer will provide a unique opportunity for CITIC Limited to invest in a leading membrane-based water and wastewater treatment and reclamation solution provider in the PRC's chemical, petrochemical and industrial park sector.

In addtion, the Issuer believes that it will be able to leverage on both CITIC Limited and KKR's relationships with financial institutions in the PRC and overseas in order to expand the Issuer's capabilities in the water treatment sector.

Since KKR's initial investment in the Issuer through KKRCW's subscription of the KKRCW Convertible Bonds in 2011, KKR has played an active role in assisting and supporting the Issuer on all its significant investments since 2011 and has contributed its investment and mergers and acquisition expertise as well as its capital markets network and know-how. According to the Offer Document, KKR will continue to share its global expertise and experience with the Issuer and, together with CITIC Environment as a value-added partner, work with the Issuer to support the long term growth and development of the Issuer.

Attractive financial profile underpinned by strong balance sheet and recurring revenue base

The Group recorded a revenue of S$202.3 million in FY2014, which was a 9.3 per cent. increase year on year from the S$185.0 million achieved for FY2013. For FY2015, the Group's revenue further increased to S$349.0 million, representing a 72.5 per cent. increase from FY2014. As at 30 September 2015, the Issuer had a net gearing ratio of approximately 45.6 per cent. and a net debt* to EBITDA ratio of 3.7 times. The Group benefits from a strong balance sheet complemented by a recurring revenue base underpinned by the Investment Projects' long-term concession agreements. The contracts into which the Group typically enters are characterised by a degree of cost pass through, allowing for margin stability, which further complements the Group's strong financial profile and solid fundamentals. The Issuer generated an EBITDA margin of 37.4 per cent. for the six-month period ended 30 September 2015.

The Issuer has been increasing the amount of revenue from the water investments division each year. This revenue is recurring and typically backed by off-take agreements from local and municipal authorities and industrial clients. The revenue from Investment Projects and O&M services generally provide higher margins than that derived from EPC projects. Overall, the Group's robust financial position is expected to allow it the financial flexibility to capitalise on the market growth opportunities arising in the industry in which the Group operates.

Highly experienced management team

The Group's management team has extensive experience in the water industry with a focused management team on the ground in the PRC. The Group is led by a seasoned management team with recognised market expertise in industrial MBR in Asia and a successful track record of delivering profitable growth.

The majority of the Group's senior management team has been working together since the establishment of the Issuer and has provided the guidance and execution leadership that has seen the Group move from strength to strength since 2003 when the Issuer was founded by Dr. Lin Yucheng. Dr. Lin continues to lead the Group as Chief Executive Officer. The Group's core team benefits significantly from the accumulated expertise and hands-on experience of its dedicated senior management team, allowing it to build a solid and loyal customer base.

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* The aggregate amount of indebtedness of the Issuer and its subsidiaries less cash and cash equivalents held by the Issuer and its subsidiaries.

The Group believes that the management team, with its focus on time spent on the ground in the PRC markets in which it operates, will enable it to continue to improve the efficiency of its operations, the quality of its product offerings and its ability to satisfy its customers' requirements. The Group believes that its strong management and execution capacity is evidenced by its excellent reputation in the market and prominent clients such as local and municipal authorities in the PRC and major industrial parks clients and its revenue and profit growth over the past decade.

Strategies

Focus on the significant growth potential in the MBR market in the PRC

The PRC faces an increasingly severe water pollution problem which has a direct impact on the availability of potable water for its large population. Approximately 70.0 per cent. of waterways (rivers and lakes) in the PRC are polluted as a result of industrial activities. A water pollution episode saw more than 16,000 dead pigs being fished out of the Huangpu River, Shanghai in March 2013. Another incident was the pollution-induced algae bloom in Lake Tai, Jiangsu which provides drinking water to 30 million residents. One of the primary causes of such water pollution is the indiscriminate discharge of untreated industrial wastewater into waterways that feed into major rivers. The recent spate of high profile water pollution incidents has heightened social scrutiny, culminating in the PRC Government setting wastewater treatment as a key target in the Twelfth Five-Year Plan. Among the targets, the PRC Government requires effluent discharge standards in various parts of the PRC to be raised from current Class 2 to Class 1A or 1B. Additionally, the PRC Government requires 60.0 per cent. of the wastewater treatment plants in the PRC to improve the nitrate-reduction capability. In light of such regulatory policies, the Group expects that the demand for membrane based wastewater treatment process, such as MBR, will remain robust.

The Group, as a market leader in the water and wastewater treatment industry in the PRC, is well positioned to benefit from such favourable industry dynamics and supportive policies implemented by the PRC Government, and intends to capitalise on its strong position to further increase revenue growth. To this end, the Memstar Acquisition in 2014 will enable the Group to benefit from the growth of MTL's strong membrane technologies and research and development capabilities.

Expand proportion of recurring revenue from the water investment business

The Group is committed to building its recurring income base while having the ability to sustain growth over the long term. To achieve this objective, the Group is actively seeking investment opportunities in municipal and industrial plants requiring upgrading and industrial wastewater plants where it has a technological advantage.

Expand into new provinces with a focus on industrial wastewater treatment plants

The Group executes projects for a range of clients, including local and municipal authorities in the PRC and industrial park clients. The Group intends to increase its focus on working with industrial clients. In the Group's experience, the Group's clients from the industrial sector, including SOEs, provide the Group with an increased margin from the services provided in both the EPC and the Investment Projects sectors. The Group delivers projects for local and municipal authorities in the PRC in relation to its Investment Projects but benefits, in general, from a wider profit margin from its non-municipal clients. The Group will continue to focus on this higher-margin business.

In addition, the Group has identified several major provinces in the PRC which hold opportunities for the Group to acquire and/or upgrade wastewater treatment plants, thereby extending the Group's footprint in such areas. These provinces include Jiangsu, Shandong, Zhejiang and Guangdong where the provincial governments still own much of the city's industrial water treatment assets.

Increasing the Group's focus on TOT projects

Several of the Group's Investment Projects are TOT projects, and the Group is committed to strengthening its focus on this type of project to develop its business. The advantage of TOT projects over BOT or BOO projects is in the receipt of cash-flow from tariff payments from the point of transition, as there is no construction period at the beginning of the project during which there is no receipt of tariff payment. In addition, in the absence of a construction phase of the project, capital expenditure on constructing water and wastewater treatment plants is not required, so the Group can benefit from incoming tariffs rather than outgoing construction costs at the beginning of the project.

In addition to the cash flow advantages, TOT projects bear a reduced project execution risk, as the construction phase, with its various budgeting and timing issues, is not involved. Although the Group's integrated business model reduces the expense and the risk of project execution overruns, the Group's preference is to take on existing plants and apply its technology to upgrade existing facilities. BOT projects inevitably carry a certain execution risk, and some of the work required in the construction phase will be subcontracted to third parties. The risk of reliance on the performance of third parties is mitigated in the instance of TOT projects, with a reduced reliance on subcontractors and other third party providers.

Continue to form strategic partnerships through joint ventures

The Group has embarked on a new growth model through the formation of strategic partnerships. The Group has had a track record in forming successful partnerships with strategic clients such as CNOOC, CNPC, Sinopec, Beijing Drainage and Chengdu Xingrong. Such strategic partnerships allow the Group to introduce its membrane technology into its partners' plants and network. The Group in turns benefits from gaining exposure and access into new as well as larger markets. The Group's track record partnering SOEs will also enable it to replicate a similar partnership model in the future with other SOEs. The Group intends to continue to pursue future opportunities with such partners as well as to identify strategic new partners.

Explore new growth opportunities through tie-ups with the CITIC Group

The Issuer believes that its partnership with CITIC Limited presents it with synergistic opportunities to explore new growth areas through tie-ups with the CITIC Group.

For instance, where feasible, the Issuer will explore tie-ups with the real estate arm of the CITIC Group to construct more underground water treatment plants in the PRC. The Issuer believes this will be a viable area for future business growth as increased urbanisation and rising land cost in the PRC make it more cost-effective to free up existing prime land that is currently being occupied by water treatment plants.

On 24 June 2014, the CITIC Group launched a RMB 700 billion investment and financing support for the PRC Government's "One Belt, One Road", which involves investment support for public-private-partnerships, mergers and acquisitions and in areas such as infrastructure and energy. Whenever an opportunity arises, the Issuer will consider partnering the CITIC Group to expand the Group's geographical footprint into new markets such as Kazakhstan, Pakistan, Indonesia and Ethiopia.

Continue pursuit of opportunities in the drinking water segment

In addition to the Group's existing expertise and presence in the water and wastewater treatment industry, the Group also plans to take advantage of growth in the drinking water segment. The water shortage issue caused by severe pollution to the water supply which has arisen in PRC provides huge opportunities for the Group, as the demand for services to treat water to a drinkable standard is expected to grow substantially. As the demand for treatment of water in the PRC grows, the Group is well placed to make use of its existing expertise in water treatment to expand into new business segments.

Business Sectors

EPC

Within the EPC segment, the Group designs and implements integrated water treatment systems for industrial clients and its own Investment Projects division based mainly on its membrane technology to address the specific needs of its customers. Please refer to the section "Overview – History" for details of the EPC projects awarded to the Group.

Project selection

The Group considers its ability to choose the right projects to be a cornerstone of its operational success and profitability. The Group adopts a commercially-driven approach to the selection of its projects, conducting a thorough analysis of a potential project's prospective profitability before submitting a tender.

The Group actively tracks and sources potential projects throughout the PRC. The Group monitors information from local government authorities through local news, monitors the latest development in the local water and wastewater industry and utilises local connections to identify new business opportunities. The Group's profile in the water and wastewater treatment industry in the PRC and extensive track record of successfully completed projects also results in referrals from its existing or previous customers and invitations from local and municipal governments, SOEs and other industrial enterprises to bid for projects.

In evaluating opportunities, the Group takes into account a variety of factors depending on the project, including the following:

- the prospective profitability of the project;
- the credit-worthiness of the potential customer and the customer's source of funding for the project;
- the composition of wastewater and the resulting technical demands of the project;
- the specific requirements of the customer;
- the competition for the project and the identity of its competitors in the bidding process; and
- the projected cost of building the facilities.

The Group maintains a list of projects which it reviews on a regular basis to monitor their status and development. In reviewing such projects, the Group considers the profitability, economic and fiscal conditions of the relevant local government and water supply and demand in the relevant region.

Tender process

The Group has extensive experience in project pricing in the water and wastewater treatment industry. By having a specialised team of technicians and sales staff focused on the tender process, the Group is able to increase the consistency and efficiency of its tender process, thereby increasing the Group's competitiveness.

Design

The Group considers that the expertise and experience of its in-house design team has been a key factor in its success. When the Group prepares a tender, its technical department, which includes a design team, prepares a project plan that outlines the proposed treatment process, taking into account the relevant customer's specifications and the relevant laws and regulations. The Group develops innovative designs adapted to the specific project constraints after the Group investigates and researches the background of each project. After securing the project, the Group's technical department, together with an engineering project team, will prepare a detailed design plan for the construction of the treatment facilities based on the project plan.

Procurement and subcontractors

The Group is typically responsible for the overall project management and equipment procurement portion of its projects. The Group engages subcontractors to carry out the civil engineering work for the treatment facilities and the installation of equipment. The Group may also require subcontractors to supply basic construction raw materials such as steel and cement.

Construction and installation

The Group subcontracts its construction and installation work to its subcontractors. During construction and installation, the Group's on-site project management team will monitor the progress of its subcontractors to ensure that its subcontractors comply with its quality control standards. For each project, the Group has an on-site project management team consisting of administrative and technical representatives from various operations departments. The team can draw on the resources of each of the Group's operations departments during any stage of a project, giving it full access to the extensive knowledge and experience of its various departments.

Testing

Upon the completion of the construction of the water or wastewater treatment facilities and the installation of equipment, the Group's project management team and the relevant local government carry out a site inspection to ensure the facilities conform to the layout plans and conduct trial operations of the facilities to examine their operational efficiency, capacity and water quality to ensure that the treated wastewater and water quality standards meet the customer's specifications specified in the relevant contract. If the test results are satisfactory, the Group's project management team will then submit the completion report to the relevant local government and/or its supervisory team for approval.

Project handover/after sales services

Once the relevant customer has confirmed that the facilities are in working order and comply with the relevant specifications and has confirmed the contract price thereafter, the Group will hand over the treatment facility to the relevant customer for its operation.

The Group provides the relevant customer's staff with training on the operation of the facilities. The Group also provides a detailed operation manual to the relevant customer at handover.

Upon handover, the defects liability period (which is usually 12 months) commences and during this period the Group will attend to fix any defects in the equipment or systems for which the Group is responsible at its own cost. Upon the expiry of the Group's defects liability period, the Group may continue to provide such maintenance services to the relevant customer for a fee but is not otherwise responsible for carrying out such maintenance or any repairs.

Investment Projects

This segment includes investment in or design, construction, installation and operation of water or wastewater treatment facilities that are either backed by off-take agreements from local and municipal authorities or industrial clients. Investment Projects are run and maintained for the Group's own portfolio of existing projects and water assets.

TOT, BOT and BOO

TOT, BOT and BOO projects all involve the Group maintaining and running water projects, making use of the Group's integrated business model to provide its own engineering, procurement and (in the case of BOT and BOO projects) construction to ensure that the Group's projects are executed and maintained. In TOT projects, the Group will take on an existing project and apply its technology to improve the existing project. For BOT projects, the Group will build a water or wastewater plant itself, before keeping the project as part of its own portfolio for the length of the concession (as with TOT projects). For both TOT and BOT projects, these projects will ultimately be ceded to the Group's customers, such as local and municipal authorities in the PRC at the end of the concession. For BOO projects, the Group will apply its construction expertise to build a water or wastewater plant, which it may choose to maintain as part of its portfolio.

Several of the Group's Investment Projects operate under TOT agreements, a project format in which the proprietor transfers the rights to operate a water or wastewater treatment facility to an enterprise for a consideration pursuant to the concession agreement, and in return, the enterprise can charge users a fee during the concession period, and, upon expiration of the concession period, the relevant facilities will be transferred back to the proprietor.

The Group's preference is to run TOT projects, and several of the Group's Investment Projects are TOT projects, as the Group receives a tariff payment earlier than it would for a BOT project, where no tariff is paid during the construction phase. The Group favours this from a cash flow perspective, and it also cuts out the risk of a failure or delay in project execution.

The Group has entered into a number of service concession arrangements with local and municipal authorities in the PRC, on the terms of TOT agreements in respect of its water and wastewater treatment projects. These service concession arrangements generally involve the Group as an operator paying a specific amount for those arrangements on a TOT basis; and operating and maintaining the water and wastewater treatment plants at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 20 to 30 years (the "**Service Concession Periods**"). The Group will be paid for its services over the relevant Service Concession Periods at prices stipulated through a pricing mechanism. The service concession arrangements may provide for a contractually guaranteed minimum volume of wastewater to be treated by the Group and the Group is entitled to receive payment for such minimum volume even if the volume of water actually treated by it is lower than the minimum. The guaranteed minimum treatment volume is intended to provide a minimum rate of return on the Group's investment and its treatment facilities' capacity is designed with reference to such guaranteed minimum treatment volume to mitigate risks of under-utilisation. In addition to the minimum guaranteed amount, the Group may also receive an additional amount based on the quantity of wastewater treated by its treatment plants above the minimum guaranteed treatment volume and the relevant tariff. The Group receives regular payments from local and municipal authorities in the PRC and industrial clients based on a contractually agreed tariff in accordance with a pricing formula based on key cost indices such as the consumer price index and the volume of water treated (or the contractually guaranteed minimum volume, if any). The Group is also responsible for all of the costs of repair and maintenance of the treatment facilities during the term of the concession.

The Group is generally entitled to use all the property, plant and equipment related to the project, however, the relevant local and municipal authorities in the PRC, as grantors will control and regulate the scope of services that the Group must provide with the Investment Projects, and retain the beneficial entitlement to any residual interest in the plants at the end of the Service Concession Periods. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements are entered into between the Group and the relevant local and municipal authorities in the PRC, that set out, *inter alia*, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the water and wastewater treatment plants to a specified level of serviceability at the end of the Service Concession Periods, and arrangements for arbitrating disputes.

The Group has entered into a number of service concession agreements on a BOT basis in respect of its water and wastewater treatment business. For the Group's BOT projects, the Group invests in the design and construction of water and wastewater treatment facilities which the Group operates for a contractually agreed period of up to 20 to 30 years following completion. The Group bears all relevant design, construction and operating costs of the treatment facilities and does not typically receive payments from its customers during the construction stage of the projects. Upon commencement of the operation of the facilities, the Group receives regular payments from local and municipal authorities in the PRC and industrial clients based on a contractually agreed tariff in accordance with a pricing formula based on key cost indices such as the consumer price index and the volume of water treated (or the contractually guaranteed minimum volume, if any). The Group is also responsible for all of the costs of repair and maintenance of the treatment facilities during the term of the concession. At the end of the agreed concession period, the Group will be required to transfer the treatment facilities to the relevant local government for no consideration, but the Group may be reappointed to continue to operate the facilities at the end of the concession.

The Group has also entered into a number of service concession agreements on a BOO basis. For the Group's BOO projects, the Group invests in the design and construction of water and wastewater treatment facilities which the Group owns and operates following completion. Upon commencement of the operation of the facilities, the Group is able to levy a service charge and, in some cases, any associated operational fees on its customers. The Group is responsible for all of the costs of repair and maintenance of the treatment facilities during the physical life of the project. At the end of the agreed concession period, the Group may choose to continue to operate the treatment facilities.

Membrane Business

The Group, via the Memstar Acquisition, now offers membrane products. The Group's range of membrane product offerings includes the pressurised and submerged membrane modules, skids and integrated membrane systems. These are used in industrial, municipal and commercial applications which include water supply, wastewater treatment, water reclamation, seawater desalination, bio-separation and other separations.

The Group's pressurised membrane modules are made of high performance PVDF hollow fibre ultrafiltration membranes, characterised by high performance, ease of cleaning, high flux and lower energy consumption. The modules are designed mainly for the processes of membrane bio-reactor and membrane chemical reactors, and are widely used for treatment of drinking water, industrial water, municipal/industrial wastewater and desalination of seawater, as well as special separations in various industries such as food beverage, biopharmaceutical, petroleum, chemical, electronics, environmental and power generation. In the membrane chemical reactors process, the membrane modules can be used for the production of tap water and industrial water by removing suspended solids / flocculants from raw water, such as, surface water and plant wastewater.

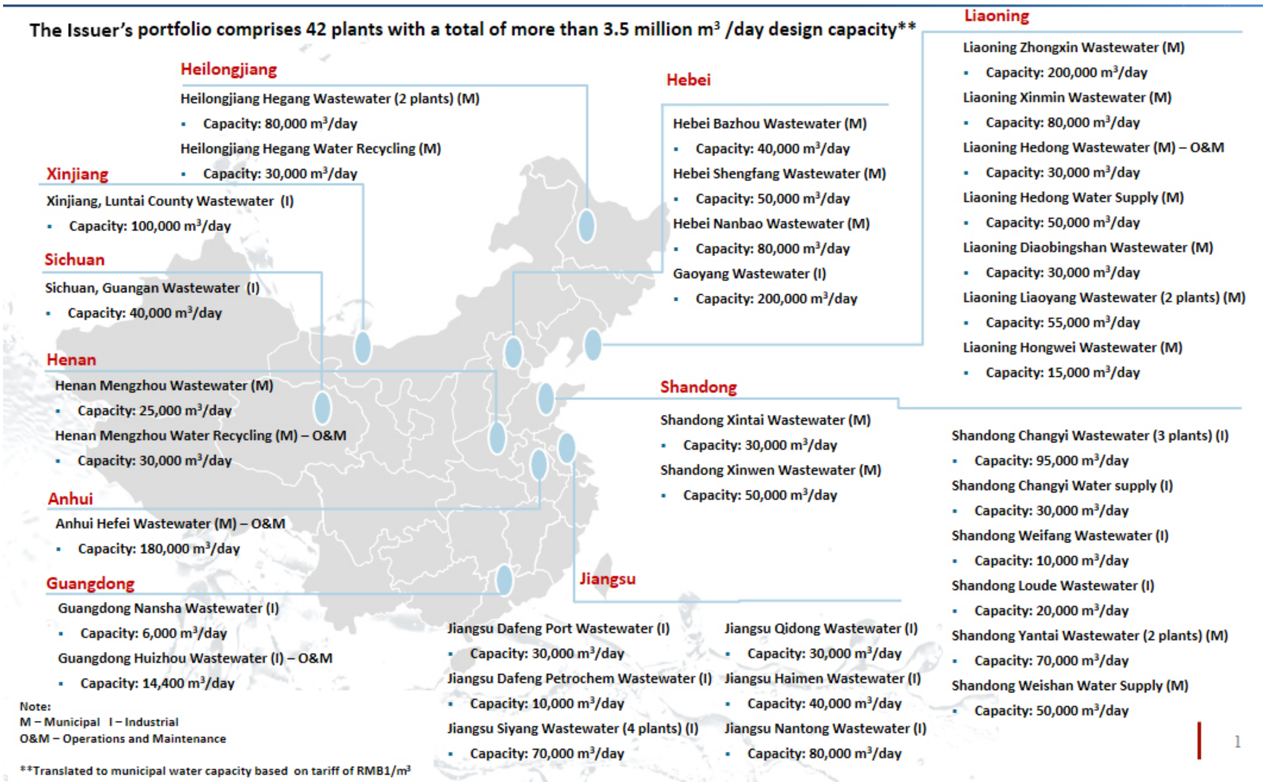
Following the Memstar Acquisition, the Group now has the capability to produce ultrafiltration and micro-filtration membrane fibres with different pore sizes using both non-solvent induced phase separation and thermal induced phase separation ("**TIPS**") processes. The Memstar Group holds the patent to produce 3G-TIPS technology which has unique polymeric science and fabrication know-how to unique surface characteristic, uniform diameter distribution and high precision and small pore size to achieve (a) permanent hydrophilic, (b) high mechanical strength, (c) excellent chlorine tolerance, (d) stronger alkalinity resistance, (e) wider adaptability to feed water, (f) improved membrane permeability, and (g) stronger oxidation resistance. The Group also now owns the proprietary rights to the "no backwash" process for pressurized membrane applications which boost recovery and save backwash equipment with a wide range of references in both industrial and municipal applications. The Memstar Group's industrial modules are widely applied for water treatment in various industries, such as petroleum, chemical, power generation, metallurgy, biochemistry, food and beverage, pharmaceutical and mineral processing, as well as treatments for municipal potable water and wastewater.

The Memstar Group's hollow fibre membranes are characterised by unique surface properties that offer high flux, high strength, antifouling, ease of cleaning and long service life. The superior quality of the membrane products is recognised by international customers from Asia, Middle East, Europe and the United States. In particular, MTL's products have received recognition by international customers from Asia and the United States. As a testimony to its product quality, it has been manufacturing and supplying membrane products for Hydranautics Nitto Group Company since 2012. Hydranautics Nitto Group Company is a wholly-owned subsidiary of Nitto Denko Corporation and is a global leader in the manufacturing and supply of RO and ultrafiltration membranes for desalination, wastewater treatment and water reuse. The Issuer expects the sales of membrane to increase, as it will be able to cross-sell the membrane products through its sales network and extensive customer base both in the PRC and globally.

The Group is also an active user of membranes in EPC projects and its water and wastewater treatment plants, which it operates on a BOT/TOT Basis. These projects require membranes when they are first built and will need membrane replacement periodically. In FY2013 (being the financial year prior to the Memstar Acquisition), approximately 85.0% of the Group's EPC sales had been derived from such membrane-based projects. The Issuer expects in-house demand and the recurring demand for membranes to increase from (a) its upcoming EPC projects, (b) replacement membranes to the Group's water and wastewater treatment plants, as well as those water and wastewater treatment plants previously constructed for its customers, and (c) the continued acquisition of water and wastewater treatment plants which may require membranes to operate.

Portfolio of Water Assets

Set out below are the details of the Group's portfolio of wastewater treatment plants as at 30 September 2015:



Set out below is a breakdown of the Group's TOT projects, BOT projects, BOO projects and O&M as at 30 September 2015:

TOT Projects

Type	Plants	Status	Treatment Capacity (m³/day)**
Municipal	6	In Operation	440,000
	2	Under Construction / In transition	55,000
Industrial	3	In Operation	445,000
	1	Under Construction / In transition	62,700

BOT Projects

Type	Plants	Status	Treatment Capacity (m³/day)**
Municipal	7	In Operation	295,000
	2	Under Construction / In transition	110,000
Industrial	7	In Operation	805,000
	4	Under Construction / In transition	694,700

BOO Projects

Type	Plants	Status	Treatment Capacity (m³/day)**
Municipal	-	In Operation	-
	1	Under Construction / In transition	40,000
Industrial	2	In Operation	102,800
	1	Under Construction / In transition	200,000

O&M

Type	Plants	Status	Treatment Capacity (m^3/day)**
Municipal	5	In Operation	295,000
Industrial	1	In Operation	14,400
TOTAL	**42**		**3,559,600**

** Translated to municipal water capacity based on tariff of RMB 1/m^3

The Group's Key Treatment Technologies

The Group applies three membrane based water and wastewater treatment technologies – MBR, CMF and RO.

The application of MBR technology is typically for biological wastewater treatment, wastewater recycling and in the instance of the upgrade of a wastewater treatment plant, where the Group will expand the capacity of the existing plant and upgrade its facilities to meet more stringent discharge limits.

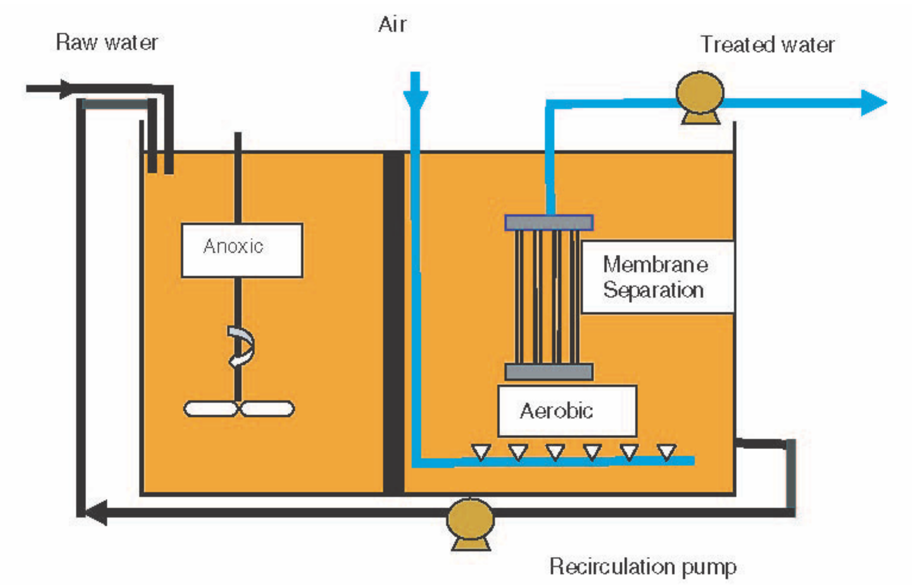
The application of CMF is principally in the production of drinking water, pretreatment of water prior to RO treatment, and wastewater recycling.

The application of RO technology is principally in relation to water purification and deionisation, as well as desalination of seawater as well as wastewater recycling.

CMF and RO technologies are also applied together in relation to seawater desalination, wastewater recycling (NEWater application) and the production of deionised water to create drinkable water.

Membrane Bioreactor Technology

MBR is a biological wastewater treatment technology which combines membrane separation with biological wastewater treatment, as illustrated by the diagram below:-



A typical MBR biological treatment system is made up of three parts, (a) an anoxic tank (where there is no or a very low concentration of oxygen), (b) an aerobic tank (where oxygen is present) and (c) a membrane separation. Wastewater is pumped into the anoxic tank and is re-circulated between the anoxic and aerobic tanks. Different types of microbes grow under the anoxic and aerobic conditions which are responsible for breaking down various contaminants present in the wastewater.

Treated wastewater is drawn from the membrane module, which is made up of sheets of hollow fibre microfiltration PVDF membranes submerged in the aerobic tank. With a pore size of 0.2 micron, the PVDF membrane completely filters out the activated sludge, containing bacteria and other microbes from the treated water. The treated water is virtually free of bacteria, microbes and other suspended solids and can be directly reused or further purified using RO, without requiring other pre-treatment.

This process has two key features. First, there is a high concentration of bacteria and microbes when compared to conventional bio-treatment systems as the bacteria and microbes cannot pass through the membrane and are left behind in the tank. A higher concentration of bacteria and microbes shortens the amount of time required to treat the wastewater. As a result of the shorter reaction time and the elimination of further pre-treatments, the Group estimates that the MBR occupies approximately 20 per cent. of the space required by a traditional biological treatment plant. Furthermore, there is more resilience to shock loading (which is a sudden increase in contaminant concentration during a wastewater purification process) and variation in raw water quality, delivering reliable and good treatment performance.

Second, the Group uses PVDF membranes, which are more resistant to membrane fouling, have a higher flux rate and a longer life span.

MBR is also applied in engineering solutions involving biological wastewater treatment and wastewater recycling. As the space requirement is drastically reduced, it allows the Group's customers to expand their water treatment capacity without allocating new space. MBR technology results in high water output quality suitable for highly polluted water and recycling.

Continuous Membrane Filtration

CMF is a water treatment technology that utilises microfiltration/ultrafiltration membrane to achieve removal of submicron contaminants in water. CMF is able to remove contaminants of 0.1 micron and 0.01 micron in size.

This technology replaces the traditional coagulation, flocculation, sedimentation and multimedia filtration processes which are used to remove suspended solids and colloidal particles in water. When compared to the traditional filtration process, CMF simplifies the operation, reduces operating cost and space, and produces better and more reliable water quality. As bacteria and water borne pathogens are also removed, CMF is used to produce drinking water from river water, ground water and surface water.

CMF is also used to reclaim wastewater for reuse and as a pre-treatment to RO which is used to produce drinkable pure water.

Reverse Osmosis

RO is a process that reverses (by application of pressure) the flow of water in the natural process of osmosis so that it passes from the more concentrated solution to the more diluted solution.

The pore size of the RO membrane is less than one nanometre. As such, almost all the contaminants will not be able to pass through RO. RO is often used to remove salt and other dissolved contaminants to produce very pure water.

Major Customers

The Group serves a range of customers across its two major segments. In EPC, the Group serves major petrochemicals companies, industrial parks and municipal governments, as well as provides EPC services for the Group's Investment Projects. The Group's Investment Projects are run for local and municipal authorities in the PRC as well as for industrial parks. As the Group's business is conducted on a project basis, contracts from its major customers may vary from year to year depending on the budget of its customers in respect of, amongst other things, production expansion or technology upgrades. As such, the Group's major customers may differ from time to time and revenue from each of its major customers may vary from year to year. The Group does not believe there is any customer concentration risk.

Competition

One of the Group's key revenue drivers is its involvement in Investment Projects. The Group perceives that its major competitors with respect to such investment projects include China Everbright International Limited (光大水务), Beijing Enterprises Water Group Ltd (北控) and Beijing Capital Co. (首创). In addition, the Group's major competitors with respect to MBR EPC projects include Beijing Origin Water Technology Company (碧水源).

Intellectual Property

The Group owns/licences the following patents as at the Latest Practicable Date:

Patent	Place of Registration	Patent Number	Protection Period	Status (owned/ licensed to use)
A Filter, Using the Activated Alumina Electrostatic Bacteria Removal Technology, for Sewage Treatment, and its Application	PRC	200410072220.1	2004-09-28 to 2024-09-27	owned
A Technique of Shortcut Nitrifying Membrane Bioreactor and Its Treatment Facilities	PRC	201010114483.X	2010-02-10 to 2030-02-09	owned
A Variable Displacement Purging Membrane Bioreactor	PRC	201020119786.6	2010-02-10 to 2020-02-09	owned
A Pulse Superposition Purging Membrane Bioreactor	PRC	201020119790.2	2010-02-10 to 2020-02-09	owned
A Sewage Treatment System for Offshore Platform or Ship	PRC	201020130348.X	2010-03-10 to 2020-03-09	owned
A Multistage Return-flow Membrane Bioreactor	PRC	201020130363.4	2010-03-10 to 2021-03-09	owned
A Compound Membrane Bioreactor	PRC	201020130372.3	2010-03-10 to 2020-03-09	owned
An Assembled Ultra-filtration Host	PRC	201020119811.0	2010-02-10 to 2020-02-09	owned
Membrane Bioreactor	PRC	200520057414.4	2005-04-22 to 2015-04-21	owned
Heterogeneous Composition Membrane Bioreactor	PRC	200720095273.4	2007-02-13 to 2017-02-12	owned
Multi-purpose Rotary-kiln Two-stage Incinerator	PRC	200820073897.0	2008-02-22 to 2018-02-21	owned
Pipeline type ultrafiltering water purifier	PRC	200720050253.5	2007-04-12 to 2017-04-11	owned
External pressure pipe type hollow fibre filtering device	PRC	200720050334.5	2007-04-13 to 2017-04-12	owned
Hollow fibre ultrafiltering filter element	PRC	200720050335.X	2007-04-13 to 2017-04-12	owned

Patent	Place of Registration	Patent Number	Protection Period	Status (owned/ licensed to use)
Conduit type hollow fibre film spinneret	PRC	200720050781	2007-04-25 to 2027-04-24	owned
Door-shape immersing type hollow fibre film biological reactor	PRC	200620055072.7	2006-02-17 to 2026-02-16	owned
Process for preparing composite hollow fibre membrane	PRC	200610035536.2	2006-05-19 to 2026-05-18	owned
Mechanical cleaning device of ultra- filtration water purifier	PRC	200920055660.4	2009-04-29 to 2019-04-28	owned
External membrane bioreactor system for sewage treatment and method thereof	PRC	200710064736.5	2007-03-23 to 2027-03-22	owned
Drinking water softening treatment system	PRC	201020100500.X	2010-01-22 to 2020-01-21	owned
Gas-water mixing cleaning device for an immersion type hollow fibre membrane module	PRC	200920056125.0	2009-05-07 to 2019-05-06	owned
Pressure pipe type hollow fibre ultrafiltering design	PRC	200930071720.7	2009-03-30 to 2019-03-29	owned
Automatic cleaning device of water purifier and cleaning method	PRC	201010100406.9	2010-01-22 to 2030-01-21	owned
Drinking water softener and softening method and equipment thereof	PRC	200910140114.5	2009-07-01 to 2029-06-30	owned
Antibacterial macromolecular ultra- filtration membrane and preparation method thereof	PRC	201010139844.6	2010-03-30 to 2030-03-29	owned
Polyvinylidene fluoride-polyether sulfone blended hollow fibre membrane and thermally induced phase separation preparation method	PRC	201010150961.2	2010-04-13 to 2030-04-12	owned
Polyvinylidene fluoride hollow fibre film and preparation method thereof	PRC	200810028326.X	2008-05-27 to 2028-05-26	owned
Method for preparing composite multilayer porous hollow membrane and device and product thereof	PRC	200910213612.8	2009-12-07 to 2029-12-06	owned

Patent	Place of Registration	Patent Number	Protection Period	Status (owned/ licensed to use)
Method for preparing composite multilayer porous hollow membrane and product thereof	USA	US 8,967,391B2	2011-12-13 to 2031-12-12	owned
Strengthened follow fibre membranes and methods for fabricating the same	Singapore	P-No. 132546	2005-12-01 to 2025-11-30	owned
Hollow fibre membrane module	Singapore	P-No. 132547	2005-12-01 to 2025-11-30	owned
Hollow fibre membrane the method of producing the same	Singapore	P-No. 142190	2006-10-27 to 2026-10-26	owned
Polyether sulfone hollow fibre filter membrane and its preparation method	PRC	201010278592.5	2010-09-08 to 2030-09-07	owned
Polyether sulfone hollow fibre ultrafiltration membrane and preparation method thereof	PRC	201010278600.6	2010-09-08 to 2030-09-07	owned
Protective fibre membrane component	PRC	201220473718.9	2012-09-17 to 2022-09-16	owned
Membrane Bioreactor	PRC	201420438495.1	2014-08-05 to 2024-08-04	owned
MBR Pulse Aeration Device without Additional Dynamic and Aeration System equipped with such Device	PRC	201420438202.X	2014-08-05 to 2024-08-04	owned
UCT-MBR Combination Wastewater Treatment Reactor	PRC	201420438248.1	2014-08-05 to 2024-08-04	owned

Risk Management

The Issuer regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Issuer reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board.

Interest rate risk

The Group is also exposed to interest rate risks as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors the Group's interest rate exposure and will consider restructuring the Group's credit facilities should the need arise.

Foreign exchange risk

The principal entities in the Group transact a significant amount of its business in Renminbi, which is also the functional currency of its principal entities and therefore its exposure to foreign currency risk is mainly in relation to United States dollars, Malaysian Ringgit, Hong Kong dollars and Singapore dollars. The management monitors the Group's foreign exchange exposure and will consider any hedging should the need arise.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The management monitors risks associated with changes in foreign currency exchanges rates and interest rates, and will consider appropriate measures should the need arises.

Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to owners of the Issuer, comprising paid up capital, reserves and accumulated profits. The Group is required by loan covenants imposed by banks to maintain a minimum current ratio, interest coverage ratio, debt service ratio and maximum gearing ratio.

The Group's management reviews the Group's capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Additionally, the management ensures that the Group's current ratio, interest coverage ratio, debt service ratio and gearing ratio is maintained within a set range in order to comply with the loan covenants imposed by the banks. Based on recommendations of the management, the Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as through the issuance of new debt or the redemption of existing debt.

Credit risk

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group relies on information supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management.

The largest customer of the Group accounted for approximately 30.0 per cent. of revenue for the year ended 31 March 2015 and approximately seven per cent. of revenue for the six-month period ended 30 September 2015. Other than this customer, there is no significant concentration of credit risk attributable to any single customer or group of customers.

The Group's credit risk primarily relates to the Group's trade and other receivables, trade prepayments and pledged bank deposits. The management of the Group generally grants credit only to customers with good credit ratings and also closely monitors overdue trade debts. The recoverable amount of each individual trade debt is reviewed at the end of each reporting period and adequate allowance for doubtful debts is made for irrecoverable amounts. In this manner, the management of the Group considers that the credit risk associated with the Group's trade receivable and trade prepayments can be significantly reduced.

The Group's top five raw material suppliers did not account for any of the carrying amount of trade prepayments as at the end of the six-month period ended 30 September 2015. In order to minimise its credit risk, trade prepayments are generally made to suppliers with good credit ratings and with good trading history with the Group.

The credit risk in relation to the Group's pledged bank deposits is not significant as the corresponding banks are reputable banking institutions in the PRC and Singapore. The credit risk associated with cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Government Regulation

Due to the nature of the Group's business activities, the Group must comply with a wide range of government regulations. The scope of the key regulations to which the Group is subject is set out below.

Foreign Investment

According to the Industries for Foreign Investment Guidance Catalogue (2015 Revision) promulgated by the Ministry of Commerce of the PRC Government and the National Development and Reform Commission of the PRC, the construction and operation of wastewater treatment and water supply plants fall within the category of industries in which foreign investment is encouraged and design and construction of construction projects falls within the category of industries in which foreign investment is permitted. Foreign investors may participate in the construction and operation of wastewater treatment projects, water supply plant and design and construction of construction projects within the PRC by means of establishment of joint ventures or wholly foreign owned enterprises.

Concession in Wastewater Treatment Projects

Grant of Concession

According to the Measures for the Administration on the Concession of Municipal Public Utilities promulgated by the Ministry of Construction and the Opinion of Ministry of Construction on Strengthening the Supervision of Municipal Public Utilities promulgated and implemented by the Ministry of Construction, the relevant regulations governing the grant of concession rights for municipal public utilities projects are applicable to wastewater treatment projects. Under these regulations government authorities are required to select investors and operators of wastewater treatment projects through public bidding, and to enter into concession agreements to grant concession rights for municipal public utilities projects.

Terms of the Concession Right and Pricing

According to the Measures for the Administration on the Concession of Municipal Public Utilities and the Notice on Issuing Opinion about Advancing Industrialization of Urban Sewage and Garbage Treatment by the National Development and Planning Commission, the Ministry of Construction and the State Environmental Protection Administration, the term of the concession rights for municipal wastewater treatment project should not exceed 30 years. After the expiration of the term, the Government authorities are required to re-select the concessionaire through a bidding process. The wastewater treatment service fee is to be determined according to the principle that the municipal wastewater treatment facilities operators should be able to recover their cost as well as make a reasonable profit.

Water Quality

The water quality of effluent flowing from municipal wastewater treatment plants are required to comply with the standards set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants (GB18918-2002). According to the Law of the PRC on the Prevention and Control of Water Pollution, companies operating centralised treatment facilities for municipal wastewater are responsible for the quality of the effluent from the wastewater treatment plant.

Water Supply

The Regulations on Urban Water Supply, which was promulgated by the State Council provide that urban water suppliers and enterprises using self-built facilities to supply water shall be examined and verified in terms of the facilities' capacity and be registered with the Industrial and Commercial Administration before starting the facilities' operation.

The Decision of the State Council on the Enactment of Administrative Licensing for the Confessedly Reserved Items Subject to Administrative Examination and Approval issued by the State Council provides that water supply enterprises that supply potable water are required to obtain Hygiene Permits from the hygiene authorities at or above the county level.

Further, according to the Water Law of the PRC adopted by the National People's Congress Standing Committee of the PRC and Measures for Administration of Water Drawing Permit issued by the Ministry of Water Resources, if a water supply enterprise needs to take water or use water resources directly from a river or lake or from the underground or directly take or use water subsided or drained off by another water drawing entity, then the enterprise is required to obtain a Water Drawing Permit from the competent water administration authorities and to pay any associated water resources fees.

Qualifications for Construction Enterprises

According to the Construction Law of the PRC adopted by the National People's Congress Standing Committee of the PRC, construction engineering enterprises, prospecting enterprises, design enterprises and project supervisory enterprises are divided into different classes according to their registered capital, specialisation and technical skill, technical equipment and performance record of completed construction projects etc. Only after these enterprises have passed qualification examinations and obtained appropriate qualification certificates may they engage in construction activities within the scope of their qualification class.

The Administrative Rules of the Qualifications of Construction Enterprises promulgated by the Ministry of Construction further provide that the qualifications for construction enterprises shall be divided into three categories, namely general contractor, specialized contractor and labor sub-contractor.

Qualifications for Engineering Design Enterprises

According to the Regulations on Administration of Construction Engineering Survey and Design implemented by the State Council, the designing units of construction projects are required to contract for the designing of construction projects within the approved scope of their respective qualifications and shall be prohibited from contracting for the designing of construction projects beyond the approved scope of their respective qualifications or in the name of other designing units.

The Provisions on Administration of Qualification for Engineering Survey and Design promulgated by the Ministry of Construction and the Standards for Engineering Design Qualification promulgated by the Ministry of Construction and relevant other regulations set forth, among other things, the categories and levels of the designing qualifications. The engineering design qualification is classified into four categories, namely the integrated engineering design qualification, industrial engineering design qualification, professional engineering design qualification and special engineering design qualification. Except for the integrated engineering design qualification, the other engineering design qualifications are divided into Class A and Class B, and some may have Class C or even Class D qualifications based on the types of engineering works and techniques they undertake and utilise.

Bidding and Tender

According to the Construction Law of the PRC and the Bidding and Tendering Law of the PRC, certain large-scale infrastructure and public utilities projects relating to social and public welfare and safety within the PRC, including surveying and prospecting, designing, engineering and supervising of such projects, as well as the procurement of major equipment and materials regarding engineering and construction, shall be subject to the bidding process.

The Measures for the Administration on the Concession of Municipal Public Utilities set forth the requirements on the procedures for the selection of the investor/operator of the municipal public facilities.

The Provisions on Standards for the Scope and Size of Construction Projects Requiring Tender issued and implemented by the State Development Planning Commission and the Administrative Measures of Tender and Bidding for Construction Project of Buildings and Public Infrastructures issued and implemented by the Ministry of Construction further provide the specific requirements for bidding and tendering.

To specify the requirements and procedures for bidding and tendering, the Provisions on Tender and Bidding of Exploration and Design Work for Engineering Projects, the Provisions on Tender and Bidding of Construction Projects and relevant specific provisions were promulgated, respectively.

Environmental Protection

According to the Law of the PRC on the Prevention and Control of Water Pollution, any enterprise operating centralised treatment facilities of urban sewage are required to obtain a Pollutants Discharge Permit.

According to the Environmental Protection Law of the PRC, units that cause environmental pollution and other public nuisances shall adopt effective measures to avoid and control the pollution and damage caused to the environment. Pollution prevention facilities in construction projects shall be designed, built and put into operation together with the main part of the project. Construction projects can only be put into operation after the environmental protection authority has examined and approved the pollution prevention facilities. Enterprises and institutions discharging pollutants shall establish an environmental protection accountability system, specifying the responsibilities of the person in-charge and the relevant personnel.

According to the Law of the PRC on Appraising of Environment Impact, the PRC Government has set up a system to appraise the environmental impact of construction projects, and classify and administer the environmental impact appraisals in accordance with the degree of environmental impact. If a construction project may result in a material impact on the environment, an environmental impact report is required, which thoroughly appraises the potential environmental impact. If the construction project may result in a slight impact on the environment, an environmental impact report of analyzing or appraising the specific potential environmental impact is required; and if the construction project may result in very little impact on the environment, an environmental impact appraisal is not required but an environmental impact form shall be filed. The report for registration shall be approved by the relevant PRC authority before construction commences.

Taxation

Value Added Tax

According to the Notice on Issuing the Catalogue of Preferential Value-added Tax Policies for Products Made through and Labor Services for Comprehensive Utilization of Resources promulgated by the Ministry of Finance and the State Administration of Taxation, a wastewater treatment plant or garbage treatment plant which sells recycled water made by itself through comprehensive utilization of resources shall be entitled to the policy of VAT refund upon collection(增值税即征即退政策), with a tax rate of 50%, on condition that relevant raw materials of the product are all several types of water resources and such product satisfies the technical requirements set out in the Quality Standard of Recycled Water (SL368—2006). Similarly, a taxpayer which provides labour services for comprehensive utilization of resources is entitled to refund 70% of the VAT upon collection on condition that the water released after the wastewater treatment process satisfies the water quality standard set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002).

Enterprise Income Tax

The Issuer may be subject to the EIT Law. According to the EIT Law and the Implementation Rules on the EIT Law, the income from environmental protection projects, or energy and water saving projects, which meet relevant requirements shall be exempted from enterprise income tax for three years commencing from the first revenue-generating year of operations and thereafter, be entitled to a 50 per cent. reduction from enterprise income tax for the next three years. The specific conditions and scope of projects shall be jointly formulated by the competent department of finance and taxation of the State Council in collaboration with other relevant departments of the State Council and shall be publicised and implemented after being approved by the State Council.

Employees

As at 30 September 2015, the Issuer had approximately 1,500 employees.

DIRECTORS AND MANAGEMENT

Current Board of Directors

As at the date of this Information Memorandum, the Directors of the Issuer are set forth below:

Name	Position
Mr. Hao Weibao	Executive Chairman
Dr. Lin Yucheng	Group Chief Executive Officer and Executive Director
Mr. Zhang Yong	Executive Director
Mr. Wang Song	Executive Director
Mr. Yeung Koon Sang alias David Yeung	Lead Independent Director
Mr. Tay Beng Chuan	Independent Director
Mr. Lee Suan Hiang	Independent Director
Mr. Zhao Fu	Non-Executive Director

Mr. Hao Weibao
Executive Chairman

Mr. Hao is the Vice Chairman and Chief Executive Officer of CITIC Environment Investment Group Co., Ltd. He is responsible for the day-to-day management of the company and the effective implementation of corporate strategies and policies. He concurrently also serves as the President of CITIC Investment Holdings Limited. Before joining CITIC Group Corporation in 2008, he worked at Sinopec for over 14 years, where he gained a wide range of valuable experience in the fields of investment, finance and international trade. During his employment with Sinopec, he worked overseas for over 10 years, taking management and leadership positions in different offices worldwide. Mr. Hao holds a Bachelor degree of Economics, with honours, from the Jiangxi University of Finance and Economics, and MBA degree from the Chinese University of Hong Kong.

Dr. Lin Yucheng
Group Chief Executive Officer and Executive Director

Dr. Lin is the founder of the Issuer and he held the position of Chief Executive Officer and Chairman of the Issuer for over 11 years since the Issuer's listing on the Mainboard of the SGX-ST in 2004. He was re-designated as the Group Chief Executive Officer and Executive Director after the completion of the voluntary offer by CKM in April 2015. Under Dr. Lin's leadership, the Group has grown into a vertically integrated, multi-billion dollar conglomerate with businesses in water treatment engineering, investment and the manufacturing of advanced membrane products.

Dr. Lin is one of the pioneers in developing and applying MBR technology for treating chemical and petrochemical wastewater. Under his leadership, the Group has become a market leader in industrial wastewater MBR technology. Over the years, the Group has successfully built approximately two million m^3/day of MBR plants, treating various types of industrial and municipal wastewater.

Dr. Lin acted as the Advisor to the Singapore government on Singapore's environment and water industry. He was also awarded Top Ten Outstanding Individual Contributor in 2010 by the Chinese Central Party Academy in recognition of his contribution to the PRC's environmental protection. Dr. Lin received his Ph.D degree from Imperial College, London on a Sino-British Government Scholarship. He was recruited by the Singapore Economic Development Board in 1990 to work in Singapore. Dr. Lin is a well-regarded Environment, Health and Safety consultant and environmental scientist. He was a member of ISO Technical Committee 207, which developed the International Standard on environmental management systems.

Mr. Zhang Yong
Executive Director

Mr. Zhang is the Vice President and Chief Financial Officer of CITIC Environment Investment and CITIC Investment Holdings Limited. He is certified as a Senior Accountant and has extensive experience in the fields of accounting and finance. He has worked for the CITIC group of companies (the "**CITIC Group**") for over 15 years and served in various leadership and management positions. He has been significantly involved with the approval and financing processes of many investment projects undertaken by CITIC Environment Investment, and has played an important role in implementing the corporate strategy and planning for both CITIC Environment Investment and CITIC Investment Holdings Limited. Before he joined the CITIC Group, he worked at the Finance Department of Beijing Beinei Group. Mr. Zhang graduated from the Beijing University of Technology and holds a MBA degree from the Chinese University of Hong Kong.

Mr. Wang Song
Executive Director

Mr. Wang is the General Manager of the Investment Department of CITIC Environment Investment. He joined the company in 2011 and has played significant role in the operations and expansions of the company's investment business. He is experienced in different fields of environment industry and actively involved with many equity investment and merger and acquisition projects undertaken by the company. Prior to joining the CITIC Group, he worked as a Senior Manager at Bank of Tokyo-Mitsubishi where he was in charge of business planning and government affairs. He also worked overseas for many years during his employment with Sinopec as a Project Manager, where he gained extensive experience in project management and international liaison affairs. Mr. Wang holds a Bachelor degree from the Beijing Foreign Studies University and a MBA degree from the Chinese University of Hong Kong.

Mr. Yeung Koon Sang alias David Yeung
Lead Independent Director

Mr. Yeung is currently a public accountant with Kreston David Yeung PAC, which he founded in 1987. He has over 20 years of experience in public accountancy and had worked previously with Deloitte & Touche, United Kingdom and Ernst and Young, Singapore. He holds a Master of Social Science (Accounting) degree from the University of Birmingham, England. He is also a fellow of the Institute of Certified Public Accountants of Singapore and a fellow of the Association of Chartered Certified Accountants, United Kingdom. He was conferred the Public Service Medal by the President of the Republic of Singapore in 2001. He is currently the non-executive Chairman of AEI Corporation Ltd.

Mr. Tay Beng Chuan
Independent Director

Mr. Tay was a Nominated Member of Parliament in Singapore from 1 October 1997 until the dissolution of Parliament on 18 October 2001. He is a member of the Singapore Parliamentary Society. Mr. Tay has been the Chairman of the Traditional Chinese Medicine Practitioners Board since 7 February 2007. He was also the President of the Singapore Chinese Chamber of Commerce & Industry from March 1997 until March 2001 and is currently the Honorary President of the said Chamber. Mr. Tay is also the Honorary President of The Singapore Buddhist Lodge. Mr. Tay is a member of the Board of Governors for Singapore Hokkien Huay Kuan. He is Yuying Secondary School Alumni's Honorary President and is also Advisor for Leong Kuay Huay Kuan. He is the Chairman and Managing Director of Winnow Investments Pte Ltd, Ocean Navigation Pte Ltd, Uni-Ocean Tankers Pte Ltd and Alor Star Shipping Pte Ltd. These companies are involved in general trading, investments, ship chartering and shipping related activities. He holds a Diploma of Commerce from the Gordon Technical Institution in Geelong, Victoria, Australia.

Mr. Lee Suan Hiang
Independent Director

Mr. Lee is the Chief Executive of the Real Estate Developers' Association of Singapore. A Colombo Plan Scholar in Industrial Design (Engineering), he had a varied career in 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. He was also Chairman of PSB Corporation, Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies and Council Member of the International Standards Organisation. He is the current President of the EDB Society and a Fellow of the UK Chartered Management Institute, Chartered Institute of Marketing and the World Academy of Productivity Science. He was awarded the Public Administration (Gold) Medal in 1998, the World SME Association Award in 2001, the Japan External Trade Organisation Award in 2002, the Chevalier de l'Ordre des Arts et Lettres from France in 2010 and the NTUC Friend of Labour Award in 2012.

Mr. Zhao Fu
Non-Executive Director

Mr. Zhao, Director of KKR, was one of the first team members in Asia when he joined KKR. Mr. Zhao played a significant role in a number of successful and innovative investments, including in the company, Far East Horizon, China Modern Dairy, Rundong Auto, China International Capital Corporation, Sino Prosperity Real Estate Platform and VATS Liquor. Prior to joining KKR, Mr. Zhao was with Morgan Stanley Private Equity Asia, where he was extensively involved in a number of highly successful private equity transactions in the PRC such as Mengniu Dairy, Ping An Insurance, Belle International and Paradise Retail. Mr. Zhao currently serves as a director of Rundong Automobile Group Company Limited and the Issuer. Mr. Zhao holds a B.S. in Physics, with first class honours, from Tsinghua University in the PRC.

Senior Management

Ms. Pan Shuhong
Group Chief Operating Officer

Ms. Pan is responsible for the strategic direction and overall effectiveness of the Group. She oversees various Management Committees, namely the Technical Development Committee, Investment Committee and Remuneration Committee as well as supervises and manages the Procurement Audit Department. She is also in charge of the marketing efforts of the Group. Ms. Pan's field of expertise includes the specialisation in electrochemistry and water treatment using advanced membrane technology. She graduated with a Bachelor and a Master Degree in Chemistry from Jilin University, PRC, in 1990 and 1993 respectively.

Dr. Ge Hailin
Chief Executive Officer, Manufacturing

Dr. Ge is responsible for the manufacturing, R&D, marketing and operations of the membrane division of the Group. Dr. Ge has many years of R&D experience in conducting polymer, membrane materials and chemical engineering. Dr. Ge graduated from the Wuxi Institute of Light Industry, PRC, in 1977 and obtained his Master in Chemical Engineering from the East China University of Science and Technology, PRC, in 1982. He was awarded a scholarship by Wollongong University, Australia to undertake his PhD study in chemistry and obtained his PhD in 1990.

Mr. Wang Ning
Senior Deputy Chief Executive Officer
Business Unit 1

Mr. Wang is responsible for the strategic planning, operations, engineering solutions and business development for Business Unit 1 of the Group. Prior to joining the Issuer, Mr. Wang worked with the Sinopec Group for more than 10 years, where his last position held was Deputy General Manager of Sinopec Guangzhou Branch. Prior to that, Wang Ning was employed by Liaoning Panjing Natural Gas Chemical Plant as Assistant Engineer and Deputy Director, between 1987 and 1992. Wang Ning obtained his Bachelor degree in Electrochemistry from Tianjin University, PRC, and MBA from the South China University of Technology.

Mr. Li Li
Senior Deputy Chief Executive Officer
Business Unit 2

Mr. Li is responsible for the strategic planning, operations, engineering solutions and business development for Business Unit 2 of the Group. Mr. Li was involved in many wastewater treatment projects and has received many prestigious awards for his contribution. Mr. Li holds a Bachelor degree in civil engineering with specialty in environmental technology from Tianjin University, PRC and he is a registered professional engineer for water and wastewater treatment in the PRC.

Mr. Tan Huchuan
Senior Deputy Chief Executive Officer
Business Unit 3

Mr. Tan is responsible for the strategic planning, operations, engineering solutions and business development for Business Unit 3 of the Group. Mr. Tan has extensive engineering, construction and project management experience working with multinational clients in Singapore and PRC. Mr. Tan holds a Bachelor degree in Petrochemical Storage and Distribution from the Harbin Commerce University, PRC.

Dr. Chong Weng Chiew
Executive Vice President
Board Office

Dr. Chong heads the Board Office of the Group. Prior to joining the Issuer, Dr. Chong had vast experience in various investment projects in Greater China. Dr Chong is also a medical doctor. He was previously the Chief Executive Officer of Ang Mo Kio Hospital from 2003 until June 2005. Prior to joining Ang Mo Kio Hospital, Dr. Chong was a medical director of Thye Hua Kwan Moral Society from 2001 to 2002, Medical Director of the Singapore Buddhist Welfare Services from 1997 to 2001, and a medical doctor with the Ministry of Health (Singapore) Health Care from 1993 to 1995. Dr. Chong holds a MBBS (Bachelor of Surgery, Medicine) degree from the National University of Singapore and was a Member of Parliament representing the Tanjong Pagar Group Representation Constituency from 2001 until 2006.

Dr. Jerry Liu
Chief Technology Officer

Dr. Liu oversees the Technology and Application Centre and is responsible for membrane technology application, process design, R&D and project management for the Group. Dr. Liu specialises in environmental engineering, particularly in water and wastewater treatment. His expertise covers a wide range of applications such as water treatment, industrial wastewater management, water reclamation, desalination and industrial process water treatment. He graduated from the School of Civil and Environmental Engineering, Nanyang Technological University, Singapore with a PH.D in Environmental Engineering.

Mr. Ngoo Lin Fong
Chief Financial Officer

Mr. Ngoo is responsible for the planning and management of the Group's financial and accounting operations. Prior to joining the Issuer, he worked for Deloitte & Touche Singapore as an audit manager. He holds a Masters in Applied Finance and a Bachelor of Business Degree (Accountancy). He is currently a member of the Institute of Singapore Chartered Accountants and CPA Australia.

Mr. Steven Qian Zhengjun
Deputy Chief Executive Officer
Business Unit 4

Mr. Qian is responsible for strategic planning, operations, engineering solutions and business development for Business Unit 4 of the Group. Prior to joining the Issuer, he worked as an engineer at Sinopec Baling branch and as the project manager at a water treatment engineering company in Shenzhen. He has more than 15 years of experience in engineering, procurement and construction of water related projects.

Mr. Qian holds a Bachelor degree in Material Science and Engineering, specialising in corrosion prevention, from Tianjin University, PRC. He is a certified and licensed legal counsel in the PRC.

Dr. Fangyue
General Manager, Manufacturing

Dr. Fang Yue is responsible for the operation of membrane manufacturing facilities in both Singapore and the PRC. Prior to joining the Issuer, Dr. Fang worked as General Manager of Veolia Environmental Services Industrial Pte Ltd, Singapore, for 18 years. He was in charge of the management of technical and operational issues, development of new technologies on hazardous waste treatment and provided technical support for industrial projects for local and Asian industries. He graduated with a Master Degree in Applied Chemistry from East China University of Science and Technology and obtained his PhD in Analytical Chemistry from Fudan University.

Board Committees

To assist in the execution of its responsibilities, the Board has established the Audit Committee, the Nominating Committee and the Remuneration Committee. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board. The full Board meets on a regular basis and as when necessary to address any specific significant matters that may arise.

Nominating Committee

The Nominating Committee comprises five members, a majority of whom are independent with regards to the Issuer. The members of the Nominating Committee as at the date of this Information Memorandum are Mr. Tay Beng Chuan, Dr. Lin Yucheng, Mr. Zhao Fu, Mr. Yeung Koon Sang alias David Yeung and Mr. Lee Suan Hiang. The Nominating Committee's principal functions will be as follows:

- make recommendations to the Board on all board appointments and re-appointments;
- determine the independence of the Directors annually;
- determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Issuer; and
- evaluate the performance and effectiveness of the Board as a whole.

The Nominating Committee selects and recommends new directors for appointment after considering several criteria such as the candidate's experience, core competency, industry knowledge and general ability to contribute to the Board's proceedings. Newly appointed directors are required to submit themselves for re-election at the new annual general meeting of the Issuer.

Audit Committee

The Audit Committee comprises three members, all of whom, including the Chairman, are independent. As at the date of this Information Memorandum, the members of the Audit Committee are Mr. Yeung Koon Sang alias David Yeung, Mr. Tay Beng Chuan and Mr. Lee Suan Hiang.

The functions of the Audit Committee are as follows:

- review, with the internal and external auditors of the Issuer, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Issuer's management to the internal and external auditors;
- review the interim and annual financial statements and the Auditors' report on the Issuer's annual financial statements before they are presented to the Board;
- review with the management, external and internal auditors the adequacy and effectiveness of the Issuer's internal controls, business and service systems and practices;
- review related and interested party transactions;
- consider the appointment and re-appointment of the external auditors;
- review the co-operation of the management with the auditors; and
- review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Issuer.

The Audit Committee has full access to and co-operation of the Issuer's management and has full discretion to invite any director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions.

Remuneration Committee

The Remuneration Committee comprises four members, three of whom are independent directors. As at the date of this Information Memorandum, the members of the Remuneration Committee are Mr. Lee Suan Hiang, Mr. Zhao Fu, Mr. Yeung Koon Sang alias David Yeung and Mr. Tay Beng Chuan. The functions of the Remuneration Committee are to review and recommend the remuneration packages of the Executive Director, the Chief Executive Officer and key executives of the Issuer, and to review the appropriateness of compensation for Non-Executive Directors including but not limited to Directors' fees and allowances. The Remuneration Committee has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the Remuneration Committee takes into consideration industry practices and norms in compensation in addition to the Issuer's relative performance and the performance of the individual Directors. No director is involved in deciding his own remuneration. The Issuer does not have any employee who is an immediate family member of a Director or Chief Executive Officer.

The Board will, on an annual basis, submit a proposal for Directors' fees as a lump sum for shareholders' approval. The sum to be paid to each of the independent directors shall be determined by his contribution to the Issuer, taking into account factors such as efforts and time spent as well as his responsibilities on the Board. Generally, directors who undertake additional duties as chairman and/or members of the Board Committees will receive higher fees because of their additional responsibilities.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following tables present a summary of the audited consolidated financial statements of the Group as at and for each of the years ended 31 March 2013, 31 March 2014 and 31 March 2015 and unaudited consolidated financial statements of the Group as at and for the six months ended 30 September 2014 and 30 September 2015.

The summary audited consolidated financial statements as at and for each of the years ended 31 March 2013, 31 March 2014 and 31 March 2015 have been extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Issuer for the years ended 31 March 2014 and 31 March 2015 that have been audited by Deloitte & Touche LLP and the related notes thereto (though prospective investors should note that they have not been specifically prepared for inclusion in this Information Memorandum).

The summary unaudited consolidated financial statements of the Group as at and for the six months ended 30 September 2015 and the unaudited consolidated financial statements of the Group as at and for the six months ended 30 September 2014 have been derived from the Issuer's unaudited financial results announcement for the three months ended 30 September 2015, and should be read in conjunction with such published unaudited financial results announcement (though prospective investors should note that they have not been specifically prepared for inclusion in this Information Memorandum). Whilst the Group's unaudited consolidated financial statements as at and for the six months ended 30 September 2015 were prepared in accordance with Singapore Financial Reporting Standards, such unaudited consolidated financial statements included in this Information Memorandum have not been audited by Deloitte & Touche LLP.

Consolidated Statement of Comprehensive Income

	For the year ended 31 March			For the six months ended 30 September	
	2013 (audited)	**2014 (audited)**	**2015 (audited)**	**2014 (unaudited)**	**2015 (unaudited)**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Revenue	185,044	202,342	348,982	171,696	154,729
Other income	6,416	3,816	23,427	14,951	10,147
Changes in inventories	(109)	67	12, 817	10,826	3,049
Material purchased, consumables used and subcontractors' fees	(110,079)	(106,760)	(197,955)	(101,046)	(66,303)
Employee benefits expense	(10,738)	(14,488)	(24,992)	(8,956)	(17,967)
Depreciation and amortisation expenses	(1,980)	(6,234)	(13,127)	(3,817)	(9,801)
Other operating expenses	(19,258)	(33,822)	(41,571)	(21,103)	(27,079)
Finance costs	(12,957)	(17,632)	(28,953)	(13,999)	(21,758)
Share of profit of associates	1,826	1,776	-	-	-
Share of profits of joint venture	974	2,125	1,283	716	-
Profit before income tax	39,139	31,190	79,911	49,268	25,017
Income tax expenses	(8,115)	(10,180)	(17,480)	(8,500)	(6,312)
Profit for the year	**31,024**	**21,010**	**62,431**	**40,768**	**18,705**
Profit attributable to:					
Owners of the Issuer	29,515	20,089	59,268	39,185	17,240
Non-controlling interests	1,509	921	3,163	1,583	1,465
Profit for the year	31,024	21,010	62,431	40,768	18,705

	For the year ended 31 March			For the six months ended 30 September	
	2013 (audited)	2014 (audited)	2015 (audited)	2014 (unaudited)	2015 (unaudited)
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Fair value change in available-for-sale investments	(3,140)	20,392	(17,252)	-	-
Currency translation (loss)/gain	(2,167)	4,731	31,955	11,691	11,126
Total other comprehensive income for the year net of tax	(5,307)	25,123	14,703	11,691	11,126
Total comprehensive income for the year	**25,717**	**46,133**	**77,134**	**52,459**	**29,831**
Total comprehensive income attributable to					
Owners of the Issuer	24,208	45,212	73,971	50,876	28,366
Non-controlling interests	1,509	921	3,163	1,583	1,465
Total comprehensive income for the year	**25,717**	**46,133**	**77,134**	**52,459**	**29,831**

Statements of Financial Position

	As at 31 March			As at 30 September
	2013 (audited)	2014 (audited)	2015 (audited)	2015 (unaudited)
	S$'000	*S$'000*	*S$'000*	*S$'000*
ASSETS				
Current Assets				
Cash and bank balances	59,068	141,672	113,757	296,741
Trade receivables	99,184	103,715	212,686	240,952
Service concession receivables	135	3,257	4,776	3,791
Other receivables and prepayments	63,328	60,701	70,023	72,161
Inventories	360	427	13,244	16,293
Prepaid leases	183	110	108	99
	222,258	309,882	414,594	630,037
Assets classified as held for sale	-	-	28,696	28,708
Total current assets	222,258	309,882	443,290	658,745
Non-current assets				
Trade receivables	665	2,241	11,671	11,240
Service concession receivables	181,087	232,392	384,814	555,058
Other receivables and prepayments	-	-	16,116	16,691
Prepaid lease	9,756	5,041	7,541	7,308
Associates	9,014	10,790	-	-
Joint Venture	9,994	12,119	-	-
Available for sale investment	32,900	53,461	-	-
Property, plant and equipment	13,276	13,459	76,790	121,349
Goodwill	1,438	1,389	255,365	255,202
Intangible	86,124	145,139	190,181	215,258
Deferred tax assets	606	615	950	958
Total non-current assets	344,860	476,646	943,434	1,183,064
Total assets	**567,118**	**786,528**	**1,386,724**	**1,841,809**

Statements of Financial Positions

	As at 31 March			As at 30 September
	2013 (audited)	**2014 (audited)**	**2015 (audited)**	**2015 (unaudited)**
	S$'000	*S$'000*	*S$'000*	*S$'000*
LIABILITIES AND EQUITIES				
Current liabilities				
Bank loans	33,064	15,381	60,379	202,127
Medium term notes	-	-	-	98,500
Trade payables	54,927	104,150	112,605	106,082
Other payables	36,797	33,015	79,398	71,243
Finance leases	68	55	47	97
Income tax payable	8,544	14,158	22,656	24,383
	133,400	166,759	275,085	502,432
Liabilities directly associated with assets classified as held for sale	-	-	26,204	25,699
Total current liabilities	133,400	166,759	301,289	528,131
Non-current liabilities				
Bank loans	37,238	69,205	160,395	178,044
Finance leases	47	25	180	360
Medium term notes	-	97,016	98,228	221,610
Convertible bonds	118,677	126,560	58,782	-
Deferred tax liabilities	6,422	7,756	26,505	27,815
Total non-current liabilities	162,384	300,562	344,090	427,829
Capital and reserves				
Share capital	151,325	151,325	484,125	607,973
General reserve	3,683	4,410	4,469	4,469
Capital reserve	-	-	2,096	2,096
Share option reserve	3,096	7,766	13,515	17,802
Fair value reserve	(3,140)	17,252	-	-
Convertible bonds reserve	22,520	22,520	8,707	-
Currency translation reserves	(3,966)	765	34,932	46,058
Retained earnings	87,895	104,287	160,816	172,423
Total equity attributable to owners of the Issuer	261,413	308,325	708,660	850,820
Non-controlling interests	9,921	10,882	32,685	35,028
Total equity	271,334	319,207	741,345	885,849
Total liabilities and equity	**567,118**	**786,528**	**1,386,724**	**1,841,809**

Other Unaudited Financial Information

Set forth below is a reconciliation of the Group's EBITDA to the Group's profit before taxation for the years indicated:

	For the year ended 31 March			For the six months ended
	2013	2014	2015	30 September 2015
	S$'000	*S$'000*	*S$'000*	*S$'000*
Profit before income tax	39,139	31,190	79,911	25,017
Interest (finance cost)	12,957	17,632	28,953	21,758
Depreciation and amortisation	1,980	6,234	13,127	9,801
Interest revenue	(771)	(755)	(1,251)	(3,780)
Share of profit of associates and joint ventures	(2,800)	(3,901)	(1,283)	-
Non controlling interests	(1,509)	(921)	(3,163)	(1,465)
Exceptional items	-	-	(14,181)(1)	6,508(2)
Consolidated EBITDA	**48,996**	**49,479**	**102,113**	**57,839**

Notes:

EBITDA is calculated as earnings before net interest, income tax expense, depreciation and amortisation expenses, share of profit of associates and joint ventures and non controlling interests and exceptional items.

Although EBITDA is not a standard measure under the Singapore Financial Reporting Standards, the Group has included EBITDA because it believes the measure is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or depreciation and amortisation. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition

(1) These relate to the one-off gain on disposal of AFS in FY2015.

(2) These relate to the one-off fees is connection with the voluntary offer made by CKM which was completed in April 2015.

FINANCIAL REVIEW

This section sets out a comparative analysis of the Group's financial results for FY2013 as compared to FY2014, FY2014 as compared to FY2015 and for the three months ended 30 September 2014 as compared to the three months ended 30 September 2015.

FY2013 vs FY2014

Statement of comprehensive income

The Group generated net profit of S$21.0 million for the FY2014 as compared to S$31.0 million in FY2013. The net profit for the Group decreased due to the following:

a. Minimal contributions from the newly secured two engineering contracts totaling approximately S$170 million as the two projects were secured during the last quarter of FY2014;

b. Higher finance costs arising from the medium term notes of S$100 million and additional bank borrowings for the investment projects which resulted in an increase in finance costs of S$4.6 million as compared to FY2013. Going forward, finance costs arising from the KKRCW Convertible Bonds will be reduced after it was partly converted to Shares on 11 April 2014. The reduction will be around S$4.5 million;

c. Strengthening of the USD against Renminbi resulted in the foreign currency exchange loss of S$1.4 million as compared to gain of S$2.1 million in FY2013; and

d. Share option expense increased from S$1.8 million to S$4.7 million, representing an increase of S$2.9 million or 161.1% as compared to FY2013.

The Group's revenue for FY2014 was S$202.3 million, which was S$17.3 million or 9.3% higher than the revenue amounting to S$185.0 million in FY2013. The increase was mainly due to the increase in revenue of the water treatment business from S$40.6 million to S$62.6 million, representing an increase of S$22.0 million or 54.3%.

Materials purchased, consumables used and subcontractors' fees decreased to $106.8 million from S$110.1 million, representing a decrease of S$3.3 million as compared to FY2013. The decrease was consistent with the decrease in engineering revenue.

	Group FY2014 S$'000	**Group FY2013 S$'000**
Engineering revenue	139,764	144,484
Material purchased, consumables used and subcontractors' fees	(106,760)	(110,079)
Gross profit	**33,004**	**34,405**
Gross profit margin (%)	23.6%	23.8%

Employee benefits expense increased to S$14.5 million for FY2014 from S$10.7 million, representing an increase of S$3.8 million or 34.9% as compared to FY2013. The increase was mainly due to the additional staff strength for the operation and maintenance of the new treatment plants acquired during the financial year.

Depreciation and amortisation expenses increased to S$6.2 million for FY2014 from S$2.0 million, representing an increase of S$4.2 million or 214.8% as compared to FY2013. The increase was mainly due to the amortisation of intangible assets relating to the newly acquired concessions.

Other operating expenses increased to S$33.8 million for FY2014 from S$19.3 million, representing an increase of S$14.5 million or 75.6% as compared to FY2013. The increase was mainly due to the operating expenses incurred for the operation and maintenance of the new treatment plants acquired during FY2014 and the increase in share option expense from S$1.8 million to S$4.7 million.

Finance costs increased from S$13.0 million for FY2014 to S$17.6 million, representing an increase of S$4.6 million or 36.1% as compared to FY2013. The increase was mainly due to the additional finance costs arising from the newly issued bond and bank borrowings during the financial year.

Fair value change in available-for sale investment of S$20.4 million gain pertained to fair value gain on the shares of MTL as at 31 March 2014.

Currency translation profit of S$4.7 million for FY2014 arose due to the strengthening of the Renminbi against the S$.

Statement of financial position

The Group's current assets increased from S$222.3 million as at 31 March 2013 to S$309.8 million as at 31 March 2014 (representing an increase of 39.4%). The increase was mainly due to the increase in cash and bank balance. Cash and bank balances increased from S$59.1 million to S$141.7 million as at 31 March 2014, this was mainly due to the net proceeds from the newly issued medium term notes of S$96.8 million.

The Group's non-current assets increased from S$344.9 million as at 31 March 2013 to S$476.6 million as at 31 March 2014 (representing an increase of 38.2%). The increase was mainly due to the additions of service concession receivables relating to the concessions arising from the acquisition of treatment plants and concessions during the year.

The Group's non-current liabilities increased from S$162.4 million as at 31 March 2013 to S$300.6 million as at 31 March 2014 (representing an increase of 85.1%). The increase was mainly due to the increase in medium term notes. During FY2014, the company issued medium term notes of S$96.8 million.

Statement of cash flow

The net cash from financing activities of the Group increased from S$67.7 million as at 31 March 2013 to S$108.0 million as at 31 March 2014. The increase was mainly due to the proceeds from the bank borrowing of S$45.6 million on the treatment plants and issuance of medium term notes of S$96.8 million during FY2014.

FY2014 vs FY2015

Statement of comprehensive income

The Group's revenue for the FY2015 was S$349.0 million, which was S$146.7 million or 72.5% higher than the revenue for FY2014, being S$202.3 million. The increase mainly comprised increases in revenue from:

a. the engineering business from S$139.8 million to S$199.4 million, representing an increase of S$59.6 million or 42.6%;

b. the water treatment business from S$62.6 million to S$102.2 million, representing an increase of S$39.6 million or 63.3%; and

c. the addition of S$47.4 million of membrane sales to outside customers arising from the Memstar Acquisition in FY2015.

Other income was S$23.4 million, which was S$19.6 million or 513.9% higher than the other income for FY2014, being S$3.8 million. The increase was mainly due to the gain on disposal of available-for-sale ("**AFS**") investment of S$14.2 million and net foreign exchange gain of S$3.0 million.

Materials purchased, consumables used and subcontractors' fees increased to S$198.0 million from S$106.8 million, representing an increase of S$91.2 million as compared to FY2014. The increase was consistent with the increase in engineering revenue and membrane sale.

	Group FY2015 S$'000	Group FY2014 S$'000
Engineering revenue	199,441	139,764
Membrane sale	47,339	-
Total	246,780	139,764
Changes in inventories	12,817	67
Material purchased, consumables used and subcontractors' fees	(197,955)	(106,760)
Gross profit	**61,642**	**33,071**
Gross profit margin (%)	25.0%	23.7%

Employee benefits expense increased to S$25.0 million from S$14.5 million, representing an increase of S$10.5 million or 72.5% as compared to FY2014. The increase was mainly due to the additional staff strength for the operation and maintenance of the new treatment plants and manufacturing facilities of membrane products of Memstar.

Depreciation and amortisation expenses increased to S$13.1 million from S$6.2 million, representing an increase of S$6.9 million or 110.6% as compared to FY2014. The increase was mainly due to the amortisation of intangible assets relating to the newly acquired concessions and depreciation on the property, plant and equipment of the membrane manufacturing facilities.

Other operating expenses increased to S$41.6 million from S$33.8 million, representing an increase of S$7.8 million or 22.9% as compared to FY2014. The increase was mainly due to the operating expenses incurred for the operation and maintenance of the new treatment plants acquired during FY2015 and the operating cost of Memstar.

Finance costs increased from S$17.6 million to S$29.0 million, representing an increase of S$11.4 million or 64.2% as compared to FY2014. The increase was mainly due to the additional finance costs arising from the issuance of bonds and bank borrowings during FY2015.

The Group generated a net profit after tax of S$62.4 million as compared to S$21.0 million for FY2014, representing an increase of S$41.4 million or 197.1%.

Statement of financial position

The Group's current assets increased from S$309.9 million as at 31 March 2014 to S$443.3 million as at 31 March 2015 (representing an increase of 43.0%). The increase was mainly due to the increase in trade receivables. Trade receivables increased from S$103.7 million to S$212.7 million (representing an increase of 105.1%) as at 31 March 2015, this was mainly due to the increase in the revenue for the Group from S$202.3 million to S$349.0 million (representing an increase of 72.5%) for FY2015.

The Group's non-current assets increased from S$476.6 million as at 31 March 2014 to S$943.4 million as at 31 March 2015 (representing an increase of 97.9%). The increase was mainly due to the additions of service concession receivables, intangibles assets relating to the concessions and goodwill on consolidation arising from the Memstar Acquisition.

The Group's non-current liabilities increased from S$300.6 million as at 31 March 2014 to S$344.1 million as at 31 March 2015 (representing an increase of 14.5%). The increase was mainly due to the increase in bank borrowings. The increase was offset by the decrease in the convertible bonds liability. During the year, USD69.8 million of convertible bonds were converted to Shares.

The Group's total equity increased from S$319.2 million to S$741.3 million as at 31 March 2015 (representing an increase of 132.2%). The increase was mainly due to:

1. the issuance of new shares to MTL for the Memstar Acquisition;

2. the issuance of new Shares to KKRCW pursuant to the conversion of USD69.8 million of the convertible bonds; and

3. the issuance of new Shares pursuant to the conversion of the Employee Share Option Scheme.

Three Months Ended 30 September 2015 vs Three Months Ended 30 September 2014

Please see Appendix IV for the Statement of Comprehensive Income and Statement of Financial Position for the three months ended 30 September 2015 and 30 September 2014.

Statement of comprehensive income

The Group's revenue for the current period was S$70.9 million, which was S$34.5 million or 32.7% lower than last corresponding period ended 30 September 2014 of S$105.4 million. The breakdown of the revenue was as follows:

	Group 3 months ended 30/09/2015 S$'million	**Group 3 months ended 30/09/2014 S$'million**	**% increase/ (decrease)**
Engineering revenue	27.7	74.7	(62.9)
Treatment revenue	32.6	25.3	28.9
Membrane sale	10.6	5.4	96.3
Total	70.9	105.4	(32.7)

The decrease was mainly due to the decrease in revenue from engineering business from S$74.7 million to S$27.7 million, representing a decrease of S$47.0 million or 62.9%.

Other income for the current period was S$8.6 million, which was S$8.2 million or 2,050% higher than the last corresponding period ended 30 September 2014 of S$0.4 million. The increase was mainly due to:

a. increase in interest income from S$0.2 million to S$2.5 million or 1,150% higher in the period ended 30 September 2015;

b. unrealised net foreign exchange gain of S$1.2 million as compared to net foreign exchange loss of S$0.6 million in the last corresponding period ended 30 September 2014; and

c. VAT rebate of S$1.9 million in the current period ended 30 September 2015.

	Group 3 months ended 30/09/2015 S$'million	**Group 3 months ended 30/09/2014 S$'million**
Engineering revenue	27.7	74.7
Membrane sale	10.6	5.4
Total	38.3	80.1
Changes in inventories	2.0	3.5
Material purchased, consumables used and subcontractors' fees	(25.9)	(60.2)
Gross profit	**14.4**	**23.4**
Gross profit margin (%)	37.6%	29.2%

Materials purchased, consumables used and subcontractors' fees decreased to S$25.9 million from S$60.2 million, representing a decrease of S$34.3 million or 56.9% as compared to the last corresponding period ended 30 September 2014. The decrease was consistent with the decrease in engineering revenue and membrane sale to 38.3 million from 80.1 million, representing a decrease of S$41.8 million or 52.2% as compared to the last corresponding period ended 30 September 2014. Gross profit margin has increased from 29.2% to 37.6% due to the increase in membrane sale with higher margin for the period ended 30 September 2015.

Employee benefits expense increased to S$7.7 million from S$4.9 million, representing an increase of S$2.8 million or 57.7% as compared to the last corresponding period ended 30 September 2014. The increase was mainly due to the additional staff strength for the operation and maintenance of the new treatment plants and manufacturing facilities of membrane products of the Memstar Group.

Depreciation and amortisation expenses increased to S$5.2 million from S$2.2 million, representing an increase of S$3.0 million or 141.0% as compared to the last corresponding period ended 30 September 2014. The increase was mainly due to the amortisation of intangible assets relating to the newly acquired concessions.

Finance costs increased from S$7.8 million to S$12.3 million, representing an increase of S$4.5 million or 57.7% as compared to the last corresponding period ended 30 September 2014. The increase was mainly due to the additional finance costs arising from the newly issued medium term notes of S$225 million and bank borrowings during the period.

Net profit analysis for the six-month period ended 30 September 2015:

	Group 6 months ended 30/9/2015 S$'million	Group 6 months ended 30/9/2014 S$'million	% Increase/ (Decrease)
Net profit for the year	18.7	40.8	(54.2)
Adjusted for one-off items:			
One-off fees relating to the General Offer on April 2015	6.5	-	N/M
One-off gain on disposal of AFS	-	(14.2)	N/M
Net profit adjusted for one-off items	25.2	26.6	(5.3)

After the adjustment for one-off items, the Group generated a net profit of S$25.2 million as compared to S$26.6 million for the last corresponding period ended 30 September 2014, representing a decrease of S$1.4 million or 5.3%.

Currency translation gain of S$20.7 million arose due to the strengthening of the Renminbi against the Singapore Dollar during the period.

Statement of financial position

The Group's current assets increased from S$443.3 million as at 31 March 2015 to S$658.7 million as at 30 September 2015 (representing an increase of 48.6%). The increase was mainly due to the increase in cash and bank balances from S$113.8 million as at 31 March 2015 to S$296.7 million, an increase of S$182.9 million or 160.7%. The increase was mainly due to the proceeds from the newly issued medium term notes of S$225 million during the period.

The Group's non-current assets increased from S$943.4 million as at 31 March 2015 to S$1,183.1 million as at 30 September 2015 (representing an increase of 25.4%). The increase was mainly due to the additions of service concession receivables during the period.

The Group's current liabilities increased from S$301.3 million as at 31 March 2015 to S$528.1 million as at 30 September 2015 (representing an increase of 75.3%). The increase was mainly due to the reclassification of first series of medium term notes from non-current to current, the first series medium term notes will be due in September 2016. In addition, the Group undertook new loans to finance the acquisition of its investment projects.

The Group's non-current liabilities increased from S$344.1 million as at 31 March 2015 to S$427.8 million as at 30 September 2015 (representing an increase of 24.3%). The increase was mainly due to the newly issued medium term notes of S$225 million during the period. The increase was offset by the decrease in convertible bonds of S$58.8 million and the reclassification of the first series of medium term notes to current liabilities. During the period, the convertible bonds were fully converted into new Shares by KKRCW.

The Group's total equity increased from S$741.3 million as at 31 March 2015 to S$885.8 million as at 30 September 2015 (representing an increase of 19.5%). The increase was mainly due to:

a. 30,303,031 new Shares were placed to CENVIT (Cayman) Company Limited at S$1.65 per Share;

b. 117,926,189 new Shares were issued to KKRCW pursuant to the conversion of USD44 million of convertible bonds; and

c. 16,174,500 new Shares were issued pursuant to the conversion of the options issued under the Issuer's employee share option scheme.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Perpetual Securities should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Perpetual Securities. Additional risk factors which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Perpetual Securities may be adversely affected. Further, the market price of the Perpetual Securities could decline, and investors may lose all or part of their investments in the Perpetual Securities. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Perpetual Securities may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Perpetual Securities issued under the Programme

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Perpetual Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Perpetual Securities.

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RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/ OR RESULTS OF OPERATIONS

Risks Relating to the Group and its Business

The Group's geographic and market concentration in the PRC and the general political, economic and other conditions in which the Group operates could lead to an effect on the Group's business

The Group derives its revenue and operating profits mainly from its water and wastewater treatment operations in the PRC and is consequently highly dependent on the state of the PRC market. As the Group's business is predominantly concentrated in the PRC, a disaster affecting parts of the PRC in which the Group operates or changes in the political and economic environment of the PRC would have a greater impact on the Group than if its operations were more geographically diversified. Future political or economic instability or a sustained slowdown in domestic economic activities in the PRC may adversely affect the Group's business.

The Group may not be able to secure new EPC or Investment Projects

A substantial part of the Group's revenue is generated from its turnkey EPC projects and also from its Investment Projects. For FY2014 and FY2015, revenue from the Group's EPC projects accounted for 69.1 per cent. and 57.1 per cent. of the Group's total revenue respectively and revenue from the Group's Investment Projects accounted for 30.9 per cent. and 29.3 per cent. of the Group's total revenue, respectively. For the six-month periods ended 30 September 2014 and 30 September 2015, revenue from the Group's EPC projects accounted for 65.9 per cent. and 42.7 per cent. of the Group's total revenue, respectively and revenue from the Group's Investment Projects accounted for 26.7 per cent. and 44.3 per cent. of the Group's total revenue, respectively. Although the Group expects its construction projects to continue to contribute a significant portion of revenue in subsequent periods, there is no assurance that it will be able to secure additional EPC projects, which could adversely affect its financial condition and results of operations. In addition, the tender process to which the Group is subject in obtaining new projects is uncertain and the Group cannot guarantee that it will continue to succeed in winning new projects.

The Group may not be able to manage future expansion of its business and/or the anticipated benefits of acquisitions, which could put significant strain on its managerial, operational and financial resources

The Group's business and operations have recently grown rapidly. The Group's revenue increased by 9.3 per cent. from S$185.0 million for FY 2013 to S$202.3 million for FY2014 and by 72.5 per cent. from S$202.3 million for FY2014 to S$349.0 million for FY2015. The Group's revenue for the six-month period ended 30 September 2015 was S$154.7 million, a decrease of S$17.0 million or 9.9%, as compared to S$171.7 million for the six-month period ended 30 September 2014. The Group's fast business growth could put significant strain on its managerial, operational and financial resources. The Group's ability to manage future growth will depend on its ability to effectively implement and improve management, operational and financial information systems on a timely basis and to expand, train, motivate and manage its workforce. There is no assurance that the Group's personnel, systems, procedures and controls will be adequate to support its future growth. Failure to manage the Group's expansion effectively may lead to increased costs, a decline in revenue and reduced profitability, which in turn will affect the Group's business, financial condition and results of operations.

The Group believes that acquisitions (such as the Memstar Acquisition) may help to accelerate the achievement of strategic goals. The realisation of anticipated benefits from such acquisitions depends upon the performance of the acquired businesses after acquisition and their successful integration into the Group. Despite conducting business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in any particular transaction, the Group may be unsuccessful in ascertaining or evaluating all such risks. As a result, it might not realise the intended advantages of any given acquisition. If the Group fails to realise the expected benefits from one or more acquisitions, the Group's business, results of operations, financial position or prospects could be adversely affected.

Further, if the Group is unable to successfully implement its acquisition or expansion strategy or address the risks associated with such acquisitions or expansions, or if the Group encounters unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, its growth and ability to compete may be impaired, and the Group may fail to achieve acquisition synergies and be required to focus resources on integration of operations, rather than on its primary businesses which may put significant strain on its managerial, operational and/or financial resources.

Any failure to obtain sufficient funding may materially and adversely affect the Group's business, financial condition, results of operations, growth prospects and expansion plans

Due to the capital intensive and long term nature of the Group's Investment Projects, there is no assurance that the Group will be able to secure adequate funding or refinancing for these Investment Projects on terms that are acceptable to the Group or at all or that these projects will achieve their initial expected returns.

Historically, the Group has financed its capital expenditure from various sources, including cash flow from operations and credit facilities. To the extent that the Group's funding requirements exceed its financial resources, the Group will be required to seek additional debt or equity financing or to defer planned expenditures. The Group's ability to obtain external financing in the future, the cost and the time to maturity of such financing is each subject to a variety of uncertainties, including:

- the condition of financial markets and in particular, the credit markets;
- potential changes in monetary policies with respect to bank interest rates and lending policy; and
- the performance of the Group.

If the Group is unable to obtain financing on a timely basis or at a reasonable cost, the Group may experience constraints on its capital expenditure, and its business, financial condition and results of operations could be materially and adversely affected.

The Group is subject to numerous regulations including in relation to environmental, health and safety and land use, and the Group could be exposed to risks relating to environmental, health and safety and other land use issues

The Group and its subcontractors are required to comply with numerous national and local laws and regulations including those relating to the protection of the environment and land use which are constantly changing. Due to the short time frame in which projects are typically acquired by the Group, and in which operations can begin, it is often the case that the Group may commence operations without all licences being in place, and some of the Group's operations therefore may be conducted without every licence having been obtained. Whilst the Group undertakes efforts to obtain all licences relevant to the operation of its business, the Group has not obtained every licence it is required to obtain. There can be no assurance that the requirements to obtain such licences may not be made more stringent in the future or that such licences currently held by the Group will be renewed when they expire. As at the date of this Information Memorandum, no material issues have been raised by any local, municipal or other authorities with the extent of the Group's licence coverage and the Issuer believes it is common for other companies in the same industry to have broadly similar licence coverage. However, going forward, any failure by the Group to comply with laws and regulations, including those in relation to environmental, health and safety and land use and to obtain relevant licences and permits by the Group or its subcontractors could result in the closure of individual facilities not in compliance or for which no licence has been obtained, the imposition of fines, and/or compulsory cessation of construction, production and operations and rectification requirements, as well as expenditures to bring its facilities into compliance. Any of such occurrences could have a material adverse effect on the Group's business, results of operations, financial position or prospects.

In addition, the Group's water and wastewater treatment, engineering, O&M and membrane manufacturing businesses and operations could expose it to substantial liability relating to environmental and health and safety issues, such as those resulting from the discharge of pollutants into the environment, the handling, storage and disposal of solid or hazardous materials or wastes and the investigation and remediation of contaminated sites. The Group may be responsible for the investigation and remediation of environmental conditions at currently and formerly operated construction sites. The Group may also be subject to associated liabilities, including liabilities for natural resource damage, third party property damage or personal injury resulting from lawsuits brought by the PRC Government or private litigants as a result of the Group's or its subcontractors' activities. In the course of the Group's operations, hazardous wastes may be generated at third party-owned or operated sites, and hazardous wastes may be disposed of or treated at third party- owned or operated disposal sites. If those sites become contaminated, the Group could also be held responsible for the cost of investigation and remediation of such sites, any associated natural resource damage, and may be subject to civil or criminal fines or penalties.

The Group is subject to risks associated with technological and regulatory changes

As an established water and wastewater treatment solutions provider, the Group must ensure that it is able to continually provide relevant solutions to its customers that meet their needs in order to maintain its market share. Over the course of time, rapid technological changes and improvements in water and wastewater treatment technology and equipment may evolve. The Group's technologies and treatment systems must continually demonstrate their suitability to treat different types of wastewater in a cost effective manner or the Group may lose customers to competitors who adapt their business to such technological changes or who develop and offer more technologically advanced solutions than the Group. Failure to adapt to such technological changes may result in a material adverse effect on the business, prospects and results of operations of the Group.

In addition, changes in regulations or standards for water and wastewater treatment in the regions where the Group conducts its business may also necessitate the use of new technologies or the improvement of its existing technologies. In the event that the Group is unable to comply with such regulatory requirements, the Group's market share, results of operations, prospects, business and profitability may be materially and adversely affected.

The Group's ability to grow could be impacted if it does not retain the continued services of its key technical and management personnel and identify, hire and retain additional qualified personnel

There is a strong competition for qualified technical and management personnel in the sectors in which the Group competes. The Group may not be able to continue to attract and retain qualified technical and management personnel, such as engineers and project managers, who are necessary for the development of its business or to replace qualified personnel. The Group's planned growth may place increased demands on its resources and will likely require the recruitment of additional technical and management personnel and the development of additional expertise by existing personnel. Loss of the services of, or failure to recruit, key technical and management personnel could limit the Group's ability to complete existing projects successfully and to engage in new projects. Failure to retain the services of key personnel may impact the ability of the Group to continue to grow in the long term, which may have a material adverse effect on the Group's business, results of operations, financial position or prospects.

The Group's insurance coverage may not be sufficient to cover the risks related to its business and operations

The Group maintains certain insurance policies covering certain employees as well as certain vehicles that it owns. The Group also maintains insurance policies relating to erection/construction risks, third party liability insurance policies in connection with its EPC business, as well as insurance policies on some of its plants and properties. The insurance policies maintained by the Group do not cover all of the Group's properties or plants and accordingly, the Group's insurance coverage may not be sufficient to cover the risks related to its business and operations.

Certain circumstances could arise which may result in significant loss or damage to the Group's systems, plants and other properties, for example:

- natural disasters, such as, but not limited to, earthquakes, floods, prolonged droughts and typhoons;
- epidemics;
- acts of war or terrorism;
- human-error in operating the water supply and wastewater treatment systems;
- protests and other forms of opposition by locally-affected residents and workers, local populations and other community stakeholders, such as lawsuits or demonstrations, among others, or

- other factors beyond the control of the Group.

In the event that the Group is unable to obtain timely repair or replacement of such damage or loss, major disruptions to its business may arise which would have a significant adverse effect on its financial position and results of operations. The Group may also face the risk of loss or damage to its properties, plants, machinery and inventories due to the occurrence of any of the above events. The Group maintains insurance against some, but not all, of these events but no assurance can be given that its insurance will be adequate to cover any direct or indirect losses or liabilities it may suffer.

Furthermore, the Group is subject to hazards and risks that are normally associated with its operations, which are subject to interruption or damage by fire, power failure and power shortages, hardware and software failure, floods, natural disasters and other events beyond its control. In addition, the Group is not required under PRC law to maintain, and unless it is contractually required to by its customers or bank lenders, the Group does not maintain, any product liability, third-party liability or business interruption insurance. Furthermore, losses incurred for liabilities not covered by the Group's insurance policies may have a material and adverse effect on its business, financial position and results of operations.

The Group's customers may make claims against it and/or terminate its services in whole or in part prematurely should it breach the terms of agreements with them or fail to implement or operate projects which fully satisfy their requirements and expectations

As at 30 September 2015, the Group was engaged in various EPC projects in the PRC. There is no assurance that the completion of such EPC projects will not be delayed or that these projects will be completed to the requirements and expectations of the Group's customers. Failure to deliver EPC projects on time or fully in compliance with the requirements and expectations of the Group's customers, may lead to claims being brought against the Group by its customers and/or termination of its services in whole or in part by the Group's customers prematurely. As a result, the Group could experience delays in the recognition of its revenue from such EPC projects and the Group may not receive payments from the relevant customer, which could adversely affect the Group's cash flow, and may harm the Group's ability to retain existing customers or attract new customers if the reputation of the Group's ability to deliver EPC projects on time and its budget is affected.

Likewise, failure to operate the Investment Projects such that the recognised effluent standards are met, may result in a delay in or loss of tariff payments for the individual projects, or may result in the levying of fines for failing to meet required standards under the concession agreements. Unsatisfactory design or workmanship, staff turnover, human errors, failure to deliver services on time, default by the Group's subcontractors or misinterpretation of or failure to adhere to regulations and procedures could result in delays or failures in the construction, testing or commissioning of any water or wastewater treatment plant. This could adversely affect the Group's business, prospects and results of operations. In addition, the Group's reputation may be negatively affected which could, in turn, negatively affect the Group's ability to obtain new projects.

Similarly, in respect of its membrane business, failure by the Group to deliver its membrane products on time or failure to meet the required standards for the membrane products may result in a delay or loss of payment from its customers and this could adversely affect the Group's business, prospects and results of operations. Any resulting negative impact on the Group's reputation could also adversely affect its ability to retain existing customers or attract new customers.

The Group is subject to various completion risks with respect to its EPC and Investment Projects which could give rise to significant delays or additional costs

The construction of water facilities and the bringing to operation of water and wastewater projects involves many potential completion risks, including changes in construction design, obtaining approval and permits, the risk associated with the acquisition of land and unexpected underground conditions. Some of these risks may arise through the actions or omission of other third parties, and some may arise from the difficulties of executing projects in time and on budget. Any such risks, if realised, could adversely affect the Group's ability to complete projects in time and on budget which may result in cost overruns, lost tariff receipts, the imposition of penalty fees and other penalties which may adversely affect the Group's financial conditions and results of operations. No assurance can be given that such occurrences in the future will not cause the Group to experience significant delays or additional costs.

The Group typically only receives payment in connection with the revenue received from its Investment Projects in the form of cash tariff payments during the operational phase of these Investment Projects and the receipt of such payments is subject to the credit risk of its customers

For each of the Group's Investment Projects, once the facility is operational, the Group receives regular cash payments from the relevant customer based on the contractually agreed pricing formula and the volume of wastewater treated or water supplied (or the contractually guaranteed minimum volume, if any). Service concession receivables for Investment Projects are settled during the concession periods of the relevant Investment Projects, which range from 20 to 30 years. With such a long period for payment of tariffs, the Group is subject to the credit risks of its customers who owe receivables to the Group under the concession agreements. The Group's profitability is dependent on its customers making prompt payment on billings for work performed by the Group and if there is any delay or failure to provide payment by the Group's customers, the Group's working capital, profitability and cash flow may be adversely affected.

Adjustments to tariffs to the Group's Investment Projects and O&M projects are subject to regulatory approval

Revenues derived from the Group's operational Investment Projects and O&M projects consist primarily of tariff receipts under the relevant concession agreements. The tariffs for such projects are generally linked to certain local benchmark prices or key cost indices such as the consumer price index, labour costs, electricity charges and, in the case of the Group's Investment Projects, the amount of the Group's initial capital investment. Adjustments to tariffs are generally subject to regulation by various government authorities in the PRC, depending on the terms of the relevant concession agreement. There is no assurance that the relevant government authorities will approve any applications to increase the tariffs. Furthermore, even if the PRC Government agrees to an adjustment to the tariff, there is no assurance that such adjustment will fully reflect any increase in the Group's actual costs. If the Group incurs significantly higher operating costs without a corresponding or sufficient increase in tariffs or in the event of a reduction in tariffs, the Group may not be able to sustain its profitability or it may even incur a loss, and the Group's financial position and results of operations may be materially and adversely affected.

Failure to achieve the projected utilisation of the facilities the Group operates may adversely affect its earnings

Each of the Group's Investment Projects has been or will be built to a specified design capacity in accordance with the terms of the relevant service concession agreement. Depending on the growth in the population and level of industrialisation in the area serviced by the relevant facilities, there is no assurance that the facilities the Group operates will be able to achieve the forecast utilisation of their design capacity, which may adversely affect its results of operations. Notwithstanding any guaranteed minimum volume provided for under some of the Investment Projects' concession agreements, if the expected utilisation rates are not achieved, the Group may not generate the revenue and profit expected from the relevant Investment Projects and its business, financial condition and results of operations may be adversely affected.

The Group relies on the performance of its third-party suppliers and subcontractors

The Group has arrangements with third-party suppliers and subcontractors that are essential to its operations. If any of these counterparties fails to provide relevant goods, equipment or services or perform its obligations or if the credit-worthiness of any of these counterparties deteriorates, the Group's operations, business and financial condition may be materially and adversely affected.

Furthermore, there is a risk that the Group may not be able to find suitable alternative suppliers and subcontractors at commercially reasonable contract terms if its contracts with its current counterparties terminate. This may result in delays in the completion of the Group's projects or incurrence of additional costs, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's business and financial results may be adversely affected by increases in interest rates and foreign exchange rates

The Group may from time to time borrow Renminbi onshore for the funding of its projects in the PRC, rendering the Group subject to benchmark interest rates for Renminbi in the PRC. The People's Bank of China (the "**PBoC**") has in the past implemented interest rate increases in the PRC. These increases in interest rates and any further increases in interest rates may adversely affect the Group's business and financial results in a number of ways. Since 2011, the PBoC has lowered the benchmark one-year lending rate. In 2015, the PBoC has continued to lower the benchmark one-year lending rate. However, there is no assurance that the PBoC will not raise the benchmark lending rate further or otherwise discourage bank lending or that the Group's business, results of operations and financial position will not be materially and adversely affected as a result. Due to the size of the Group's borrowings, and the possibility that the Group may borrow Renminbi onshore, its results of operations may be materially affected by increases in the effective interest rate of these borrowings.

In addition, the Group may borrow in other currencies offshore, including United States dollars, Singapore dollars and Hong Kong dollars, and is subject to interest rate rises affecting these currencies. An increase in the rate of foreign exchange for one of the currencies in which the Group borrows could lead to a material adverse effect on the Group's financial position.

The Group is exposed to risks associated with entering into contracts with local and municipal authorities in the PRC, SOEs and other public organisations, and its performance may be significantly affected by government spending on infrastructure and other projects

The Group's customers include agencies or entities owned or otherwise controlled by local and municipal authorities and SOEs in the PRC. To the extent that the Group's projects are funded by local and municipal authorities and SOEs, they may be subject to delays or changes as a result of changes in the respective budgets of such local and municipal authorities and SOEs, or for other policy considerations.

The spending of local and municipal authorities in the PRC on infrastructure and other construction projects has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in the PRC's economic conditions and changes in the policies of such local and municipal authorities. The revenue contributed by the Group's local and municipal government and government-owned customers accounted for a substantial portion of the Group's total revenue for FY2013, FY2014 and FY2015.

The Group therefore has significant exposure to the risks associated with contracting with public organisations. In addition, any disputes with governmental entities and other public organisations could potentially lead to contract termination if unresolved or may take a considerably longer period of time to resolve than disputes with counterparties in the private sector, and payments due to the Group from these entities and organisations may be delayed as a result. In some circumstances, they may also require the Group to change its construction methods, equipment or other performance terms or direct it to reconfigure its designs or purchase specific equipment for the relevant project in connection with the Group's engineering and construction projects or undertake additional obligations or change other contractual terms, thereby subjecting the Group to additional costs. Resolution of any disagreement with them with respect to such changes may be time-consuming and may cause the Group to incur additional costs. Changes in governmental budgets and policies relating to the Group's projects could also result in delays in project commencement or completion, adverse changes to such projects or a withholding of, or delay in, payment to the Group. If a government entity or other public organisation terminates a contract with the Group, its order book could be reduced and its business plans may be adversely affected.

Some of the Group's BOT, TOT and BOO projects undertaken by the Group in the PRC, as required by the laws of the PRC, are subject to a public bidding and tender process. In practice, not all of the Group's TOT, BOT and BOO concession agreements concerning such projects were subjected to such process, as the industry application of this regulation has been subject to the more common industry procedure of invitations to apply for projects by local and municipal authorities in the PRC. As at the date of this Information Memorandum, the Group has not encountered any problems operating under the concession agreements obtained via such invitation processes, but there can be no assurance that going forward, the tender process obligation will not be more rigidly enforced by the PRC Government. The failure to obtain such concession agreements through the standard public bidding and tender process could, if challenged, render the effectiveness of such concession agreements open to scrutiny under the laws of the PRC. If the concession agreements underpinning any of the Group's TOT, BOT and BOO projects are challenged, this could result in, among others, an order being made for the cessation of the Group's operations in respect of the relevant concession, which may have a material adverse effect on the business and results of operations of the Group.

The Group's failure to adequately protect its intellectual property rights or any infringement claims brought by third parties against the Group may have an adverse effect on the Group's business, financial condition and results of operations

The Group relies on patents, trademarks, copyrights and contractual rights to protect its intellectual property. The Group has developed advanced systems, know-how, processes, technologies and other intellectual property. The level of protection of intellectual property rights in the PRC may differ from those in other jurisdictions. There can be no assurance that any of the Group's intellectual property rights will not be challenged, misappropriated or circumvented by third parties, or that the Group's competitors will not independently develop alternative technologies that are equivalent or superior to the Group's proprietary technologies. The Group may also be subject to claims for infringement of patents, trademarks or other intellectual property rights of others. Defending any infringement claim could be time-consuming, and may result in costly litigation or damages, undermine the value of the Group's brands and trademarks or reduce sales and have a materially adverse effect on the Group's business and results of operations.

Work stoppage and other labour relations matters may have an adverse effect on the Group's financial results

The Issuer believes that the Group has a good working relationship with its employees and has not experienced any material work stoppages, strikes or other labour problems in the past. However, there is no assurance that any such events will not arise in the future. If its employees were to engage in a strike or other forms of work stoppage, the Group could experience a significant disruption of operations and/or higher ongoing labour costs, which may have a material adverse effect on its business and results of operations.

The Group's business may be affected by global economic conditions

The Group's business may be adversely affected by global economic conditions. Events such as liquidity disruptions in major financial markets, a global economic slowdown, substantial volatility in financial markets globally, the tightening of liquidity in global financial markets or the collapse of a number of financial institutions can have a significant adverse impact on the global credit and financial markets as a whole including, among other things, the demand for real estate, the availability and cost of credit and consumer sentiment.

In the event of a deterioration in the financial markets, which could result in significant declines in employment, household wealth, consumer demand and lending, this may adversely affect economic growth in the PRC and other markets in which the Group operates and the financial performance and condition of the Group. A slowdown in the global economy could result in a loss of business for the Group's business segments and could have an adverse effect on its result of operations.

The Group may be exposed to risks associated with strategic partners

Historically, the Group conducted some of its business through joint ventures and associate companies, and where feasible, the Group will continue to explore conducting its business through such strategic partnerships. However, there can be no assurance that the Group will be successful in pursuing its stated strategies through such business structures.

Furthermore, the Group's joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group, (b) take actions contrary to the Group's policies or objectives, (c) undergo a change of control, (d) experience financial and other difficulties, or (e) be unable or unwilling to fulfil its obligations under the joint venture, which may affect the Group's business, prospects, financial condition or results of operations.

Risks Relating to the PRC

The Group derives a significant proportion of its turnover from the PRC. Accordingly, the Group's financial condition, results of operations and prospects will be subject to the economic, political and legal developments in the PRC as well as the economies in the surrounding region.

The economic, political and social conditions in the PRC may adversely affect the Group's business

The PRC economy differs from the economies of most developed countries in many respects, including:

(i) extent of government involvement;

(ii) level of development;

(iii) growth rate;

(iv) control of foreign exchange; and

(v) allocation of resources.

While the economy in the PRC has experienced significant growth over the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government exercises significant control over the economic growth of the PRC through allocating resources, controlling foreign exchange, setting monetary policy and providing preferential treatments to particular industries or companies. The Group's financial condition and operating results may be adversely affected by the PRC Government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC. However, these economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, some of these measures may benefit the overall PRC economy, but may also have a negative effect on the water and wastewater treatment industry or the Group's business. Furthermore, a substantial portion of productive assets in the PRC is still owned by the PRC Government.

Since early 2004, the PRC Government has implemented certain measures to prevent the PRC economy from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential and commercial properties and may have an adverse impact on economic growth in the PRC. If the PRC's economic growth slows down or experiences a recession, the demand for the Group's services may also slow down and hence the Group's business, financial condition and results of operations may be adversely affected.

In addition, demand for the Group's services and its business, financial condition and results of operations may be adversely affected by:

(i) political instability or changes in social conditions in the PRC;

(ii) changes in laws and regulations or the interpretation of PRC laws and regulations;

(iii) measures which may be introduced to control inflation or deflation;

(iv) changes in the rate or method of taxation; and

(v) imposition of additional restrictions on currency conversion and remittances abroad.

The Group is subject to the PRC Government control's on currency conversion

The majority of the Group's revenue is denominated in Renminbi and must be converted in order to pay dividends or make other payments in other currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, foreign exchange controls remain applicable for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there have been shortages of foreign currency available for conversion from Renminbi in the PRC, and it is possible that such shortages could recur, or that restrictions on conversion could be re-imposed. Any volatility of the Renminbi exchange rate in the future may materially affect the Group's financial condition and results of operations and any devaluation of the Renminbi against foreign currencies will increase the amount of Renminbi the Group needs to service its obligations denominated in foreign currencies.

The Group may experience delays or difficulties in obtaining approvals from the PRC Government

The Group's construction and operation of water and wastewater management projects in the PRC are dependent on it obtaining approvals from a variety of government authorities at different levels, the continued receipt of which cannot be assured. These projects have been and may in the future be subject to risks relating to changes in governmental regulations and economic policies which may require additional approvals to be obtained. In such event, the Group may incur additional expense to comply with the requirements arising from changes in regulations and policies. This will in turn affect the Group's financial performance as it leads to increased business costs. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals, its operations and business in the PRC, and hence its overall financial performance, may be adversely affected.

The PRC legal system is evolving and has inherent uncertainties that could limit the legal protection available to the Group

The Issuer's subsidiaries are generally subject to laws and regulations applicable to foreign investment in the PRC. The PRC legal system is based on written statutes. Prior court decisions may only be cited for reference. Since 1979, the PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in the PRC. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, and may not be as consistent or predictable as in other more developed jurisdictions. Depending on the government agency or how an application or case is presented to such agency, the Group may receive less favourable interpretations of laws and regulations than its competitors, or the Group may receive interpretations that are inconsistent with its interpretations. These uncertainties may impede the Group's ability to enforce the contracts it has entered into with its customers, suppliers and business partners. The Group cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government's decisions by itself, provincial or national governments. These uncertainties may limit legal protections available to the Group. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention and have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The payment of dividends by the Issuer's operating subsidiaries in the PRC is subject to restrictions under the PRC law

The Group operates its core business mainly through its operating subsidiaries in the PRC. The law of the PRC require that dividends be paid only out of after tax net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. The law of the PRC requires companies in the PRC, including the Issuer's PRC subsidiaries, to set aside part of their after tax net profit each year as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Group's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any restrictions on the availability and usage of its major source of funding may impact the Group's ability to fund its operations and to service its indebtedness.

Higher labour costs and inflation in the PRC may adversely affect the Group's business and its profitability

Labour costs in the PRC have also risen in recent years as a result of the enactment of new labour laws and social development. On June 29, 2007, the PRC National People's Congress enacted the Labor Contract Law, which came into effect on January 1, 2008. On July 1, 2013, the amendment to the Labor Contract Law became effective. The Labour Contract Law formalises workers' rights concerning overtime hours, pensions, layoffs, employment contracts and the role of trade unions and provides for specific standards and procedure for the termination of an employment contract. In addition, the Labour Contract Law requires the payment of a statutory severance pay upon the termination of an employment contract in most cases, including in cases of the expiration of a fixed-term employment contract. The implementation of the Labour Contract Law may increase the Group's operating expenses, in particular its personnel expenses, as the continued success of the Group's business depends significantly on its ability to attract and retain qualified personnel. In the event that the Group decides to terminate some of its employees or otherwise change its employment or labour practices, the Labour Contract Law may also limit the Group's ability to effect those changes in a manner that is cost-effective or desirable, which could adversely affect the Group's business, financial condition and results of operations. In addition, inflation in the PRC has increased. According to the National Bureau of Statistics of the PRC, consumer price inflation in the PRC was 2.5 per cent. and 1.5 per cent. in December 2013 and December 2014, respectively. In the event that inflation rates in the PRC continue to rise, it may result in higher labour cost, as well as higher cost of raw materials which are mainly purchased from suppliers in the PRC, which will in turn increase the Group's operating costs. As the Group expects its production staff to increase, rising labour costs may further increase its operating costs and partially erode the cost advantage of its PRC-based operations and therefore negatively impact its profitability.

Making capital contributions or loans to the Issuer's PRC subsidiaries are subject to PRC regulations

Any capital contributions or loans that the Issuer, as an offshore entity, makes to its PRC subsidiaries are subject to PRC regulations. For example, shareholder's loans to each of the Issuer's foreign invested PRC subsidiaries, in aggregation with such PRC subsidiary's other loans from overseas entities cannot exceed (i) the proportion of the registered capital of such PRC subsidiary paid up by the foreign shareholder(s), to the registered capital of such PRC subsidiary subscribed for by the foreign shareholder(s), multiplied by, (ii) the difference between the total amount of investment each of its foreign invested PRC subsidiaries is approved to make under relevant PRC laws and the registered capital of each of its foreign invested PRC subsidiaries, and must be registered with the local branch of the State Administration of Foreign Exchange as a procedural matter.

In addition, the Issuer's capital contributions to each of its PRC subsidiaries must be approved by the Ministry of Commerce of PRC Government or its local counterpart.

On August 29, 2008, the State Administration of Foreign Exchange ("**SAFE**") promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into Renminbi by restricting how the converted Renminbi may be used. SAFE Circular 142 provides that the Renminbi capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and unless otherwise provided by law, such Renminbi capital may not be used for equity investments within China.

In addition, SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from foreign currency registered capital of a foreign-invested company.

The use of such Renminbi capital may not be altered without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. Based on this, the Group may not be able to convert the net proceeds in foreign currencies it receives from any offering of Perpetual Securities under this Programme into Renminbi to make equity investments in the PRC through its foreign invested PRC subsidiaries.

Since SAFE Circular 142 has been in place for more than five years, SAFE decided to further reform the foreign exchange administration system in order to satisfy and facilitate the business and capital operations of foreign invested enterprises, and issued the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises in Certain Regions on July 4, 2014, or SAFE Circular 36. SAFE Circular 36 suspends the application of SAFE Circular 142 in certain regions and allows a foreign-invested enterprise registered in these regions with equity investments as main business to use the RMB capital converted from foreign currency registered capital for equity investments within the PRC. On March 30, 2015, SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency

Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which abolished Circular 142 and Circular 36 and became effective on June 1, 2015. Under SAFE Circular 19, a foreign-invested enterprise may also choose converting its registered capital from foreign currency to RMB on self-discretionary basis but shall not use such converted registered capital to provide entrusted loans or repay loans between non-financial enterprises. A foreign- invested enterprise with equity investments as main business can use the RMB capital converted for equity investments within the PRC.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, the Issuer cannot provide any assurance that it will be able to obtain the necessary government approvals or complete the necessary government registrations on a timely basis, or at all. If the Issuer fails to obtain such approvals or complete such registrations, the ability to make equity contributions or provide loans to its PRC subsidiaries or to fund their operations may be negatively affected, which may adversely affect their liquidity and ability to fund their working capital and expansion projects and meet their obligations and commitments.

In February 2012, SAFE issued regulations requiring PRC residents who are granted share options by an overseas publicly listed company to register with SAFE through a Chinese agent (including without limitation a Chinese subsidiary of the overseas publicly-listed company) and complete certain other procedures. The Issuer has in place an existing share option scheme for all its directors and employees. The Issuer and its employees in the PRC who have been granted share options (the "**Eligible PRC Employees**") are subject to these regulations. The Issuer and its Eligible PRC Employees would be registering with SAFE. Failure on the part of the Issuer or its Eligible PRC Employees to complete the SAFE registrations may subject the Eligible PRC Employees or the Issuer to fines and legal sanctions and may also limit the Issuer's ability to contribute additional capital into its PRC subsidiaries, limit its PRC subsidiaries' ability to distribute dividends to it, or otherwise materially adversely affect the Group's business.

The Issuer may be treated as a resident enterprise for PRC tax purposes under the EIT Law and may therefore be subject to PRC income tax on its global income. The non-PRC Perpetual Securityholders may as a result be subject to a 10 per cent. PRC withholding tax on the proceeds gained from the Perpetual Securities or the transfer thereof

Under the EIT Law, and its implementing rules, both of which came into effect on 1 January 2008, enterprises established under the laws of foreign countries or regions whose "*de facto* management bodies" are located within China territory are considered resident enterprises and will generally be subject to EIT at the rate of 25% on its global income. "*De facto* management body" refers to a managing body that exercises, in substance, overall management and control over the production and business, personnel, accounting and assets of an enterprise. The State Administration of Taxation of the PRC ("**SAT**") issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of *De Facto* Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the "*de facto* management body" of a Chinese-controlled offshore-incorporated enterprise is located in the PRC. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by foreigners, like the Issuer, the determining criteria set forth in Circular 82 may reflect the SAT's general position on how the "*de facto* management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners. If the Issuer were to be considered a PRC resident enterprise, the Issuer would be subject to PRC enterprise income tax ("**EIT**") at the rate of 25% on its global income. In such cases, the profitability and cash flow of the Issuer may be adversely affected as a result of its global income being taxed under the EIT Law and its implementing rules.

In addition, under the EIT Law and its implementing rules, the PRC-sourced income of non-PRC resident enterprises is generally subject to a 10 per cent. withholding tax, unless the tax rate is reduced by a tax treaty between the PRC and the relevant jurisdiction. If the Issuer were to be considered a PRC resident enterprise under the EIT Law and its implementing rules, the Issuer shall withhold income tax from the payment of distribution in respect of the Perpetual Securities for any non-PRC enterprise Perpetual Securityholder. However, despite the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Perpetual Securityholders so that holders of the Perpetual Securities would receive the full amount of the scheduled payment, as further set out in the Conditions.

Similarly, if the Issuer were to be considered as a PRC resident enterprise under the EIT Law and its implementing rules, any gain realised by the non-PRC enterprise Perpetual Securityholders from the transfer of the Perpetual Securities may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10 per cent. PRC withholding tax.

The Group's PRC-sourced income may be subject to PRC withholding tax under the EIT Law

The Group conducts substantially all its operations in the PRC. Under the EIT Law and its implementation rules, the PRC-sourced income of non-PRC resident enterprises, such as dividend paid by PRC resident enterprises to non-PRC resident enterprise shareholders, is generally subject to a 10 per cent. withholding tax, unless the tax rate is reduced by a tax treaty between the PRC and the relevant jurisdiction. If the Issuer is considered a non-PRC resident enterprise, dividends it receives from its PRC subsidiaries in the PRC will generally be subject to a 10 per cent. withholding tax under the EIT Law and its implementing rules.

It may be difficult to effect service of legal process, enforce foreign judgments or bring original actions in the PRC based on other foreign laws against the Group, its directors or senior managers in the PRC

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to effect service of process upon those persons in the PRC or to enforce against them in the PRC any judgments obtained from non-PRC courts. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The Group may experience government-imposed control on credit or prices as a result of inflation

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past 10 years, the rate of inflation in the PRC has been as high as 6.2% and as low as -0.8%. Further, as at September 2015, the consumer price index in the PRC has increased by 1.6% year-on-year, according to the National Bureau of Statistics of the PRC. That has led to the adoption by the PRC Government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC Government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in the PRC, which could materially and adversely affect the Group's business, financial condition and results of operations.

Risks Relating to Renminbi-denominated Perpetual Securities

Perpetual Securities denominated in Renminbi ("**Renminbi Perpetual Securities**") may be issued under the Programme.

A description of risks which may be relevant to an investor in Renminbi Perpetual Securities are set out below:

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Perpetual Securities

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Perpetual Securities denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Perpetual Securities and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Perpetual Securities

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Perpetual Securities. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Perpetual Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Perpetual Securities is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Issuer will make all payments of interest and principal with respect to the Renminbi Perpetual Securities in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Perpetual Securities in that foreign currency will decline.

Investment in the Renminbi Perpetual Securities is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Perpetual Securities may carry a fixed interest rate, the trading price of the Renminbi Perpetual Securities will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Perpetual Securities propose to sell their Renminbi Perpetual Securities, there is no assurance that they may receive an offer that is equivalent to or higher than the amount they have invested.

Payments with respect to the Renminbi Perpetual Securities may be made only in the manner designated in the Renminbi Perpetual Securities

All payments to investors in respect of the Renminbi Perpetual Securities will be made solely (i) for so long as the Renminbi Perpetual Securities are represented by global certificates held with CDP, the common depositary for Clearsteam Banking S.A. and Euroclear Bank S.A./N.V. or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement or (ii) for so long as the Renminbi Perpetual Securities are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Perpetual Securities may become subject to income taxes under PRC tax laws

Under the EIT Law, the Individual Income Tax Law of the PRC (the "**IIT Law**") and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Perpetual Securities by non-PRC resident enterprise or individual holders may be subject to the EIT Law or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The EIT Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual holder from the transfer of Renminbi Perpetual Securities but its implementation rules have reduced EIT rate to 10 per cent. The IIT Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual holder from the transfer of Renminbi Perpetual Securities.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Perpetual Securities by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law, the IIT Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Perpetual Securityholders who are residents of Hong Kong, including enterprise holders and individual holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Perpetual Securityholders.

Therefore, if non-PRC enterprise or individual resident holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Perpetual Securities, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Perpetual Securities reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Perpetual Securities may be materially and adversely affected.

Remittance of proceeds in Renminbi into or out of the PRC

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Perpetual Securities, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

RISKS RELATING TO THE PERPETUAL SECURITIES GENERALLY

The Issuer is a holding company and payments with respect to the Perpetual Securities are structurally subordinated to liabilities, contingent liabilities and obligations of the Issuer's subsidiaries

The Issuer is a holding company with no material operations and it conducts its operations through its operating subsidiaries in the PRC. The Perpetual Securities will not be guaranteed by any of its current subsidiaries in the PRC or any other entity. The Issuer's ability to pay distribution and any other amount payable on the Perpetual Securities will depend primarily upon the receipt of dividends or other payments from the Group's operating subsidiaries. Creditors of the Group's subsidiaries would have a claim on such subsidiaries' assets that would be prior to the claims of the Perpetual Securityholders. As a result, the Issuer's payment obligations under the Perpetual Securities will be effectively subordinated to all existing and future obligations of the Group's subsidiaries (including obligations of its subsidiaries under guarantees issued in connection with the Issuer's business), and all claims of creditors of the Group's subsidiaries will have priority with respect to the assets of such entities over the claims of the Issuer, including Perpetual Securityholders.

The ability of the Issuer to service payments on the Perpetual Securities and to meet its obligations depends on dividends and other distributions and payments from and among the Group's operating subsidiaries, which are subject to contractual, regulatory and other limitations

The Issuer is a holding company and depends on dividends and other distributions and payments from subsidiaries and branches of subsidiaries for substantially all of its cash flow. The Group's assets are held by these subsidiaries and branches of subsidiaries. The ability of the Issuer to pay its expenses and meet its obligations, including payments on the Perpetual Securities, is largely dependent upon the flow of funds from and among the Issuer's subsidiaries and branches of subsidiaries. There is no assurance that such subsidiaries and branches of subsidiaries will be able to make dividend payments and other distributions and payments in an amount sufficient to meet the Issuer's cash requirements or to enable the Issuer to make payment under the Perpetual Securities.

The payment of the Perpetual Securities and other distributions and payments from and among the Issuer's subsidiaries and branches of subsidiaries are regulated by applicable insurance, foreign exchange and tax laws, rules and regulations (including regulations regarding the repatriation of earnings, monetary transfer restrictions and foreign currency exchange regulations). The amount and timing of certain dividends, distributions and other payments by the Group's subsidiaries or branches of subsidiaries may require regulatory approval, the approval of the shareholders of the relevant entity and the approval of the board of directors of the relevant entity, any of which may prohibit the payment of dividends or other distributions and payments by the Issuer's subsidiaries and branches of subsidiaries if they determine that such payment could be adverse to the interests of such subsidiary or the creditors thereof.

Some of the Issuer's subsidiaries have entered into joint venture agreements with operating companies outside of the Group. The Group may from time to time sell or transfer assets to these joint venture companies. Some of the joint venture agreements the Group enters into may provide for certain rights in favour of the relevant joint venture partner, and this may include the right to limit or prevent dividends being paid to the Issuer by the joint venture entity. Such restrictions may reduce the cash-flow of the Issuer available to service its obligations under the Perpetual Securities.

Certain of the Issuer's subsidiaries may be restricted under loan agreements from making dividends to their shareholders. In some instances, this includes a restriction on using the proceeds from such loans to pay dividends directly to such shareholders. Loan agreements and other contractual financing arrangements entered into by the Group in the future could also be subject to similar restrictions set out in their various terms, as well as in the terms of the TOT, BOT and BOO agreements to which the Group is subject.

Limited liquidity of the Perpetual Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Perpetual Securities issued under the Programme or the ability of the Perpetual Securityholders, or the price at which the Perpetual Securityholders may be able, to sell their Perpetual Securities. The Perpetual Securities may have no established trading market when issued, and one may never develop. Even if a market for the Perpetual Securities does develop, it may not be very liquid. Therefore, investors may not be able to sell their Perpetual Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Perpetual Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Perpetual Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Liquidity may have a severely adverse effect on the market value of the Perpetual Securities. Although the issue of additional Perpetual Securities may increase the liquidity of the Perpetual Securities, there can be no assurance that the price of such Perpetual Securities will not be adversely affected by the issue in the market of such additional Perpetual Securities.

Fluctuation of market value of the Perpetual Securities issued under the Programme

Trading prices of the Perpetual Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries, associated companies (if any) and/or joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries, associated companies and/or joint venture companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries, associated companies (if any) and joint venture companies (if any).

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Perpetual Securities.

Interest rate risk

Perpetual Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in perpetual security prices, resulting in a capital loss for the Perpetual Securityholders. However, the Perpetual Securityholders may reinvest the distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, perpetual security prices may rise. Perpetual Securityholders may enjoy a capital gain but distribution payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Perpetual Securityholders may suffer erosion on the return of their investments due to inflation. Perpetual Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Perpetual Securities. An unexpected increase in inflation could reduce the actual returns.

The Perpetual Securities may not be a suitable investment for all investors

Each potential investor in the Perpetual Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Perpetual Securities, the merits and risks of investing in the Perpetual Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Perpetual Securities and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Perpetual Securities, including Perpetual Securities with principal or distribution payable in one or more currencies, or where the currency for principal or distribution payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Perpetual Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Perpetual Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Perpetual Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Perpetual Securities will perform under changing conditions, the resulting effects on the value of the Perpetual Securities and the impact such investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Perpetual Securities are legal investments for them, (2) Perpetual Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Perpetual Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Perpetual Securities under any applicable risk-based capital or similar rules.

Modification and waivers

The terms and conditions of the Perpetual Securities contain provisions for calling meetings of Perpetual Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Perpetual Securityholders including Perpetual Securityholders who did not attend and vote at the relevant meeting and Perpetual Securityholders who voted in a manner contrary to the majority.

The terms and conditions of the Perpetual Securities also provide that the Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Perpetual Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders.

The Trustee may request Perpetual Securityholders to provide pre-funding, an indemnity and/or security to its satisfaction.

In certain circumstances, the Trustee may request Perpetual Securityholders to provide pre-funding, an indemnity and/or security to its satisfaction before it takes actions on behalf of Perpetual Securityholders. The Trustee shall not be obliged to take any such actions if not pre-funded and/or indemnified and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such pre-funding actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Perpetual Securityholder to take such actions directly.

A change in Singapore law which governs the Perpetual Securities may adversely affect Perpetual Securityholders

The Perpetual Securities are governed by Singapore law in effect as at the date of issue of the Perpetual Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Perpetual Securities.

The Perpetual Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Perpetual Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Perpetual Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Perpetual Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Perpetual Securities by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the relevant Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Perpetual Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Perpetual Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Perpetual Securityholders should be aware that Definitive Securities which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade.

Perpetual Securities may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Perpetual Securities may provide that, for so long as the Perpetual Securities are represented by a Global Security or a Global Certificate and the relevant clearing system(s) so permit, the Perpetual Securities will be tradable in nominal amounts (a) equal to, or in integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Securities will only be issued if, amongst other reasons more particularly set out in the relevant Global Security or Global Certificate, the relevant clearing system(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business. The Pricing Supplement may provide that, if Definitive Securities are issued, such Perpetual Securities will be issued in respect of all holdings of Perpetual Securities equal to or greater than the minimum denomination. However, Perpetual Securityholders should be aware that Definitive Securities that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Securities will in no circumstances be issued to any person holding Perpetual Securities in an amount lower than the minimum denomination and such Perpetual Securities will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote) in respect of such Perpetual Securities.

The market prices of Perpetual Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of perpetual securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the perpetual securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Perpetual Securityholders receiving less distribution or principal than expected

The Issuer will pay principal and distribution on the Perpetual Securities in the currency specified. This presents certain risks relating to currency conversions if a Perpetual Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Perpetual Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Perpetual Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Perpetual Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Perpetual Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Perpetual Securities and (iii) the Investor's Currency equivalent market value of the Perpetual Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Perpetual Securityholders may receive less distribution or principal than expected, or no distribution or principal.

Changes in market interest rates may adversely affect the value of fixed rate Perpetual Securities

Investment in fixed rate Perpetual Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Perpetual Securities.

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, Perpetual Securityholders should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to not to pay all or a part of a distribution under the Conditions

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, if Non-Cumulative Deferral is specified in the relevant Pricing Supplement, any distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time if at all, whether or not funds are or subsequently become available, and any such distributions not paid at all will be lost and the Issuer will have no obligation to make payment of such distributions or to pay interest thereon. Accordingly, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please see the section on "Terms and Conditions of the Perpetual Securities – Redemption and Purchase" herein.

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due and such failure continues for a period of more than three business days (in the case of distribution) or one business day (in the case of principal). The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Perpetual Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Perpetual Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as debt securities by the IRAS for the purposes of the ITA or that distribution payments made under each Tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "Singapore Taxation") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA or the distribution payments made under each Tranche of the Perpetual Securities are not regarded as interest payable on indebtedness and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from each issue of Perpetual Securities under the Programme (after deducting issue expenses) will be used by the Issuer and/or its subsidiaries for general corporate purposes, including, but not limited to, refinancing of existing borrowings, making investments and/or acquisitions, general working capital and corporate purposes. If, in respect of any particular issue of Perpetual Securities, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Perpetual Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Perpetual Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Perpetual Securities which are accepted for clearance by CDP, the entire issue of the Perpetual Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Perpetual Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Perpetual Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Perpetual Securities through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Perpetual Securities in such securities sub-accounts for themselves and their clients. Accordingly, Perpetual Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Perpetual Securities in direct securities accounts with CDP, and who wish to trade Perpetual Securities through the Depository System, must transfer the Perpetual Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Perpetual Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Perpetual Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines or circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Perpetual Securities or of any person acquiring, selling or otherwise dealing with the Perpetual Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Perpetual Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Perpetual Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. It should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Perpetual Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Perpetual Securities, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger nor any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Perpetual Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each Tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each Tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA or, any distribution payment made under any Tranche of the Perpetual Securities is not regarded as interest payable on indebtedness and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any Tranche of the Perpetual Securities.

1. Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 20%. With effect from Year of Assessment

2017, the applicable rate for non-resident individuals will be increased to 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"break cost" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium" means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

As the Programme is wholly arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), any Tranche of the Perpetual Securities issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 (the "**Relevant Securities**") would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013 (the "**MAS Circular**"), "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities paid by the Issuer and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such operation in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require to the MAS), Specified Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10%; and

(c) subject to:

(i) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require,

payments of Specified Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any Tranche of Relevant Securities, the Relevant Securities of such Tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, such Relevant Securities would not qualify as "qualifying debt securities"; and

(b) even though a Tranche of Relevant Securities are "qualifying debt securities", if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

(i) any related party of the Issuer; or

(ii) any other person who acquires such Relevant Securities with funds obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity date of not less than 10 years;

(c) either –

  (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or

  (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

The MAS Circular provides details in respect of the refinement of the QDS Plus Scheme to allow debt securities with certain standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10^{th} year), the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the QDS Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the qualifying debt securities scheme if the other conditions for qualifying debt securities continue to be met. Debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond's pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme. This refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to the exempt income are to be treated.

However, even if a Tranche of the Relevant Securities are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Securities derived by:

(a) any related party of the Issuer; or

(b) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. *Capital Gains*

Any gains considered to be in the nature of capital made from the sale of the Relevant Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Relevant Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Perpetual Securities who adopt or are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Relevant Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on "*Adoption of FRS 39 treatment for Singapore income tax purposes*".

3. *Adoption of FRS 39 treatment for Singapore income tax purposes*

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Perpetual Securities who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Securities.

4. *Estate Duty*

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Perpetual Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Perpetual Securities). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Perpetual Securities from the Issuer pursuant to the Programme Agreement.

United States

The Perpetual Securities have not been and will not be registered under the Securities Act, and the Perpetual Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act ("**Regulation S**").

Bearer Perpetual Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Perpetual Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Perpetual Securities are a part, as determined and certified to the relevant Paying Agent by such Dealer (or, in the case of an identifiable tranche of Perpetual Securities sold to or through more than one Dealer, by each of such Dealers with respect to Perpetual Securities of an identifiable tranche purchased by or through it, in which case the relevant Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Perpetual Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Perpetual Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Perpetual Securities, an offer or sale of Perpetual Securities within the United States by any dealer (whether or not participating in the offering of such Perpetual Securities) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

European Economic Area – Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Perpetual Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Perpetual Securities to the public in that Relevant Member State:

(a) if the Pricing Supplement in relation to the Perpetual Securities specify that an offer of those Perpetual Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Perpetual Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant

Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealers; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Perpetual Securities to the public**" in relation to any Perpetual Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Perpetual Securities to be offered so as to enable an investor to decide to purchase or subscribe the Perpetual Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Perpetual Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Perpetual Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Perpetual Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Perpetual Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Perpetual Securities in, from or otherwise involving the United Kingdom.

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Perpetual Securities may not be offered or sold directly or indirectly in the PRC (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Region or Taiwan). Neither this Information Memorandum nor any material or information contained or incorporated by reference herein relating to the Perpetual Securities, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Perpetual Securities in the PRC.

The material or information contained or incorporated by reference in this Information Memorandum relating to the Perpetual Securities does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Perpetual Securities may only be offered or sold to PRC investors that are authorised to engage in the purchase of the Perpetual Securities of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, CSRC, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Perpetual Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Perpetual Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Perpetual Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Perpetual Securities or caused the Perpetual Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Perpetual Securities or cause the Perpetual Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Perpetual Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any Pricing Supplement or any other document in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Perpetual Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Mr. Hao Weibao	Executive Chairman
Dr. Lin Yucheng	Group Chief Executive Officer and Executive Director
Mr. Zhang Yong	Executive Director
Mr. Wang Song	Executive Director
Mr. Yeung Koon Sang alias David Yeung	Lead Independent Director
Mr. Tay Beng Chuan	Independent Director
Mr. Lee Suan Hiang	Independent Director
Mr. Zhao Fu	Non-Executive Director

2. The Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer**.**

3. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

<u>Directors</u>

	Direct Interest		Deemed Interest	
	Number of Shares	**%**	**Number of Shares**	**%**
Dr. Lin Yucheng	-	-	42,840,667	3.8
Yeung Koon Sang alias David Yeung	600,000	0.05	-	-
Lee Suan Hiang	360,500	0.03	400,000	0.04
Tay Beng Chuan	1,125,000	0.10	-	-

<u>Substantial Shareholders</u>

	Direct Interest		Deemed Interest	
	Number of Shares	**%**	**Number of Shares**	**%**
CENVIT (Cayman) Company Limited	618,843,642	54.87	-	-
KKR China Water Investment Limited	269,024,005	23.85	-	-
P&L Capital Limited	57,062,255	5.06	-	-

SHARE CAPITAL

4. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.

5. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	(Number of Shares)	Amount
Ordinary Shares	1,127,765,088	S$542,141,613.50

BORROWINGS

6. Save as disclosed in Appendix III, the Group had as at 31 March 2015 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

7. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Perpetual Securities, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

8. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 March 2015.

LITIGATION

9. Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Information Memorandum, a significant adverse effect on the financial position or profitability of the Issuer or the Group.

MATERIAL ADVERSE CHANGE

10. There has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer or the Group since 30 September 2015.

AUTHORISATIONS

11. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Perpetual Securities.

AUDITOR

12. Deloitte & Touche LLP (Public Accountants and Chartered Accountants) has audited, and rendered an unqualified audit report on, the consolidated financial statements of the Issuer as at and for the financial year ended 31 March 2015.

CONSENT

13. Deloitte & Touche LLP (Public Accountants and Chartered Accountants) has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

14. Copies of the following documents may be inspected at the office of the Issuer at 10 Science Park Road, #01-01, The Alpha, Singapore 117684 during normal business hours:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 13 above; and

    (d) the audited consolidated financial statements of the Issuer and its subsidiaries for the financial years ended 31 March 2015 and 31 March 2014 and the announcement on the unaudited consolidated financial statements of the Issuer and its subsidiaries for the three months ended 30 September 2015.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

15. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CITIC ENVIROTECH LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of CITIC Envirotech Ltd. and its subsidiaries for the financial year ended 31 March 2014 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED ENVIROTECH LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of United Envirotech Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at March 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 129.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 (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 profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at March 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
July 1, 2014

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2014

		Group		Company	
		2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	6	141,672	59,068	75,799	40,164
Trade receivables	7	103,715	99,184	-	-
Service concession receivables	8	3,257	135	-	-
Other receivables and prepayments	9	60,701	63,328	145,454	94,478
Inventories	10	427	360	-	-
Prepaid leases	11	110	183	-	-
Total current assets		309,882	222,258	221,253	134,642
Non-current assets					
Trade receivables	7	2,241	665	-	-
Service concession receivables	8	232,392	181,087	-	-
Prepaid leases	11	5,041	9,756	-	-
Subsidiaries	12	-	-	156,334	139,097
Associates	13	10,790	9,014	6,432	6,317
Joint venture	14	12,119	9,994	7,308	7,688
Available-for-sale investment	15	53,461	32,900	53,461	32,900
Property, plant and equipment	16	13,459	13,276	214	249
Goodwill	17	1,389	1,438	-	-
Intangible assets	18	145,139	86,124	200	200
Deferred tax assets	19	615	606	-	-
Total non-current assets		476,646	344,860	223,949	186,451
Total assets		786,528	567,118	445,202	321,093

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	20	15,381	33,064	3,150	8,566
Trade payables	21	104,150	54,927	-	-
Other payables	22	33,015	36,797	15,179	17,743
Finance leases	23	55	68	38	54
Income tax payable		14,158	8,544	-	-
Total current liabilities		166,759	133,400	18,367	26,363
Non-current liabilities					
Bank loans	20	69,205	37,238	-	-
Finance leases	23	25	47	-	38
Convertible bonds	24	126,560	118,677	126,560	118,677
Medium term notes	25	97,016	-	97,016	-
Deferred tax liabilities	19	7,756	6,422	-	-
Total non-current liabilities		300,562	162,384	223,576	118,715
Capital and reserves					
Share capital	26	151,325	151,325	151,325	151,325
General reserve	27	4,410	3,683	-	-
Share option reserve	28	7,766	3,096	7,766	3,096
Convertible bonds reserve	24	22,520	22,520	22,520	22,520
Fair value reserve		17,252	(3,140)	17,252	(3,140)
Currency translation reserve		765	(3,966)	802	(786)
Retained earnings		104,287	87,895	3,594	3,000
Equity attributable to owners of the Company		308,325	261,413	203,259	176,015
Non-controlling interests		10,882	9,921	-	-
Total equity		319,207	271,334	203,259	176,015
Total liabilities and equity		786,528	567,118	445,202	321,093

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
MARCH 31, 2014

	Note	2014 $'000	2013 $'000
Revenue	29	202,342	185,044
Other income	30	3,816	6,416
Changes in inventories		67	(109)
Material purchased, consumables used and subcontractors' fees		(106,760)	(110,079)
Employee benefits expense	32	(14,488)	(10,738)
Depreciation and amortisation expenses	32	(6,234)	(1,980)
Other operating expenses		(33,822)	(19,258)
Finance costs	31	(17,632)	(12,957)
Share of profit of associates	13	1,776	1,826
Share of profit of joint venture	14	2,125	974
Profit before income tax	32	31,190	39,139
Income tax expense	33	(10,180)	(8,115)
Profit for the year		21,010	31,024
Profit for the year attributable to:			
Owners of the Company		20,089	29,515
Non-controlling interests		921	1,509
		21,010	31,024
Earnings per share (cents):			
Basic	34	3.38	6.13
Diluted	34	3.06	4.81

	Note	2014 $'000	2013 $'000
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation gain (loss)		4,731	(2,167)
Fair value change in available-for-sale investment		20,392	(3,140)
Other comprehensive income for the year, net of tax		25,123	(5,307)
Total comprehensive income for the year		46,133	25,717
Total comprehensive income attributable to:			
Owners of the Company		45,212	24,208
Non-controlling interests		921	1,509
		46,133	25,717

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
MARCH 31, 2014

	Share capital $'000	General reserve $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group										
Balance at April 1, 2012	92,659	2,646	1,290	22,520	-	(1,799)	60,850	178,166	-	178,166
Total comprehensive (loss) income for the year										
Profit for the year	-	-	-	-	-	-	29,515	29,515	1,509	31,024
Other comprehensive income for the year	-	-	-	-	(3,140)	(2,167)	-	(5,307)	-	(5,307)
Total	-	-	-	-	(3,140)	(2,167)	29,515	24,208	1,509	25,717
Transactions with owners, recognised directly in equity										
Acquisition of subsidiary (Note 39)	-	-	-	-	-	-	-	-	400	400
Incorporation of subsidiaries (Note 12)	-	-	-	-	-	-	-	-	8,012	8,012
Recognition of share-based payment (Note 28)	-	-	1,806	-	-	-	-	1,806	-	1,806
Dividends (Note 35)	-	-	-	-	-	-	(1,433)	(1,433)	-	(1,433)
Transfer to general reserve	-	1,037	-	-	-	-	(1,037)	-	-	-
Issuance of share capital (Note 26)	58,682	-	-	-	-	-	-	58,682	-	58,682
Share issuance cost (Note 26)	(16)	-	-	-	-	-	-	(16)	-	(16)
Total	58,666	1,037	1,806	-	-	-	(2,470)	59,039	8,412	67,451
Balance at March 31, 2013	151,325	3,683	3,096	22,520	(3,140)	(3,966)	87,895	261,413	9,921	271,334

	Share capital $'000	General reserve $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group										
Balance at 1 April, 2013	151,325	3,683	3,096	22,520	(3,140)	(3,966)	87,895	261,413	9,921	271,334
Total comprehensive income										
Profit for the year	-	-	-	-	-	-	20,089	20,089	921	21,010
Other comprehensive income for the year	-	-	-	-	20,392	4,731	-	25,123	-	25,123
Total	-	-	-	-	20,392	4,731	20,089	45,212	921	46,133
Transactions with owners, recognised directly in equity										
Acquisition of subsidiary (Note 39)	-	-	-	-	-	-	-	-	40	40
Recognition of share-based payment (Note 28)	-	-	4,670	-	-	-	-	4,670	-	4,670
Dividends (Note 35)	-	-	-	-	-	-	(2,970)	(2,970)	-	(2,970)
Transfer to general reserve	-	727	-	-	-	-	(727)	-	-	-
Total	-	727	4,670	-	-	-	(3,697)	1,700	40	1,740
Balance at March 31, 2014	151,325	4,410	7,766	22,520	17,252	765	104,287	308,325	10,882	319,207

STATEMENTS OF CHANGES IN EQUITY
MARCH 31, 2014

	Share capital $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000
Company							
Balance at April 1, 2012	92,659	1,290	22,520	-	(1,813)	2,822	117,478
Total comprehensive income (loss) for the year							
Profit for the year	-	-	-	-	-	1,611	1,611
Other comprehensive income for the year	-	-	-	(3,140)	1,027	-	(2,113)
Total	-	-	-	(3,140)	1,027	1,611	(502)
Transaction with owners, recognised directly in equity							
Recognition of share-based payment (Note 28)	-	1,806	-	-	-	-	1,806
Dividends (Note 35)	-	-	-	-	-	(1,433)	(1,433)
Issuance of share capital (Note 26)	58,682	-	-	-	-	-	58,682
Share issuance cost (Note 26)	(16)	-	-	-	-	-	(16)
Total	58,666	1,806	-	-	-	(1,433)	59,039
Balance at March 31, 2013	151,325	3,096	22,520	(3,140)	(786)	3,000	176,015

	Share capital $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000
Company							
Balance at April 1, 2013	151,325	3,096	22,520	(3,140)	(786)	3,000	176,015
Total comprehensive (loss) income for the year							
Profit for the year	-	-	-	-	-	3,564	3,564
Other comprehensive income for the year	-	-	-	20,392	1,588	-	21,980
Total	-	-	-	20,392	1,588	3,564	25,544
Transactions with owners, recognised directly in equity							
Recognition of share-based payment (Note 28)	-	4,670	-	-	-	-	4,670
Dividends (Note 35)	-	-	-	-	-	(2,970)	(2,970)
Total	-	4,670	-	-	-	(2,970)	1,700
Balance at March 31, 2014	151,325	7,766	22,520	17,252	802	3,594	203,259

*: Fair value reserve arises on the revaluation of available-for-sale investment (Note 15).

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
MARCH 31, 2014

	Group	
	2014	2013
	$'000	$'000
Operating activities		
Profit before income tax	31,190	39,139
Adjustments for:		
Gain on disposal of property, plant and equipment	(40)	-
Gain on disposal of prepaid lease	(1,064)	-
Interest income	(755)	(771)
Interest expense	17,632	12,957
Share of profit of associates	(1,776)	(1,826)
Share of profit of joint venture	(2,125)	(974)
Depreciation and amortisation expenses	6,234	1,980
Share option expenses	4,670	1,806
Exchange differences arising on foreign currency translation	5,444	(7,297)
Operating cash flows before movements in working capital	59,410	45,014
Trade receivables	(5,746)	(58,238)
Other receivables and prepayments	(10,772)	(1,881)
Inventories	(67)	195
Trade payables	49,209	31,278
Other payables	(3,709)	6,993
Cash from operations	88,325	23,361
Interest received	755	771
Interest paid	(14,816)	(3,730)
Income tax paid	(3,919)	(1,475)
Net cash from operating activities	70,345	18,927
Investing activities		
Other receivables and prepayment – tender deposits	17,218	20,000
Other receivables and prepayment – deposit for acquisition of subsidiaries	-	(9,312)
Proceeds from disposal of prepaid lease	6,695	-
Proceeds from disposal of property, plant and equipment	245	-
Addition to service concession receivables	(51,107)	(64,164)
Addition to intangible assets	(62,318)	(35,270)
Addition to prepaid leases	(373)	-
(Repayment of) Advances to associate (Note 9)	(3,540)	1,120
Purchase of available for sale investment	-	(27,048)
Purchase of property, plant and equipment	(1,546)	(1,570)
Capitalised expense for purchase of available for sale investment	(169)	-
Net cash outflow on acquisition of subsidiary (Note 39)	(332)	(1,591)
Net cash used in investing activities	(95,227)	(117,835)

	Group 2014 $'000	Group 2013 $'000
Financing activities		
New bank loans raised	45,610	25,324
Proceeds from issuing shares, net of expenses	-	49,674
Proceeds from issuing medium term notes, net of expenses	96,757	-
Dividends paid	(2,970)	(1,433)
Repayment of obligations under finance lease	(35)	(73)
Repayments of bank loans	(31,326)	(13,981)
Contribution from non-controlling shareholders	-	8,012
Pledged fixed deposits	-	206
Net cash from financing activities	108,036	67,729
Net increase (decrease) in cash and cash equivalents	83,154	(31,179)
Cash and cash equivalents at beginning of financial year	59,068	89,252
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(550)	995
Cash and cash equivalents at end of financial year (Note 6)	141,672	59,068

Non-cash transaction

In 2013, the Company issued 18,000,000 ordinary shares at $0.50 each to the vendor as part of the consideration for the acquisition of available-for-sale investment.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1 GENERAL

The Company (Registration No. 200306466G) is incorporated in Republic of Singapore with its principal place of business at 10 Science Park Road, #01-01 The Alpha, Singapore 117684 and registered office at 80 Robinson Road, #02-00, Singapore 068898. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are that of investment holding company and provision of environmental engineering services.

The principal activities of the subsidiaries, associates and joint venture are disclosed in Notes 12, 13 and 14 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2014 were authorised for issue by the Board of Directors on July 1, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS – On April 1, 2013, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

At the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 32 *Financial Instruments: Presentation*
- FRS 36 *Impairment of Assets*
- FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*
- FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*
- FRS 112 *Disclosure of Interests in Other Entities*

Consequential amendments were also made to various standards as a result of the new standard/revised standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial application except as follows:

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

Management does not anticipate that the application of these amendments to FRS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used. Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation -Special Purpose Entities.*

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with full retrospective application.

When the Group adopts FRS 110, the entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. Management will perform a more detailed review to quantify the impact on application of FRS 110 and FRS 27.

FRS 111 *Joint Arrangements* and FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 classifies joint arrangements either as joint operations or joint ventures based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The Group does not expect the adoption of FRS 111 to have a significant impact on the overall financial statements.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. FRS 112 will take effect from financial years beginning on or after January 1, 2014. The Group does not expect the adoption of FRS 112 to have a significant impact on the overall financial statements.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's entity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquire or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Available-for-sale financial assets

Certain investments held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits and other short term highly liquid assets that are subject to an insignificant risk of changes in value and are readily convertible to a known amount of cash.

Loans and receivables

Trade receivables, financial receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment had not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay if the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans, medium term notes and convertible bonds are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Company and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognition with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PREPAID LEASES - Prepaid leases are stated at costs and are amortised, over the period of the lease, on a straight-line basis to the statement of profit or loss and other comprehensive income. The lease period for the land is 50 years.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets less residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold building	-	5%
Leasehold building	-	$3^{1}/_{3}$%
Leasehold improvements	-	10% to 20%
Motor vehicles	-	10% to 20%
Plant and machinery	-	10% to 20%
Treatment plants	-	3% to 5%
Office equipment, furniture and fittings	-	10% to 20%

Depreciation is not provided on freehold land and construction-in-progress.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

SERVICE CONCESSION RECEIVABLES - A financial asset (receivable under service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services rendered and/or the consideration paid and payable by the Group for the right to manage and operate the infrastructure for public service. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. The financial asset (receivable under service concession arrangement) is accounted for in accordance with the policy set out for "Financial instruments" above.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets" below.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration.

INTANGIBLE ASSETS - Club memberships are stated at cost, less any impairment in value. Where an indication of impairment exists, the carrying amount of the intangible asset is assessed and written down immediately to its recoverable amount.

Operating concessions represent the rights to operate water treatment plants and are stated at cost less accumulated amortisation and any accumulated impairment losses. Operating concessions are amortised on a straight-line basis over the operation phase of the concession periods ranging from 20 to 30 years.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associate.

INTERESTS IN JOINT VENTURE - A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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). 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (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.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

CONVERTIBLE BONDS - Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve). In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when the goods are delivered and legal title is passed.

<u>Rendering of technical services</u>

Revenue from a contract to provide technical services is recognised when the outcome of the contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Environmental engineering contracts

Revenue from environmental engineering contracts are recognised when the outcome of the contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, as measured by the proportion that contract costs incurred for work performed to date against the estimated total contract costs and accepted by the customer, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Income from treatment of waste water

Income from treatment of waste water is recognised based on the volume of waste water treated and are recognised when the services are rendered.

Interest income and finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount.

Finance income represents the interest income on the long term receivables recognised in respect of the service concession arrangements in accordance with INT FRS 112 *Service Concession Arrangements*. Finance income is recognised in profit or loss using the effective interest method.

Commission income

Commission income is recognised when the services are rendered.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal government whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Scheme is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and the Malaysia Employee Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 28 to the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each reporting period, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the share option reserve.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the 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, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 credited or debited directly to equity, in which case the tax is also recognised directly in equity, 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 calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Chinese Renminbi ("RMB"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

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), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

GENERAL RESERVE - Pursuant to relevant laws and regulations in the PRC applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiaries, the dividend declaring subsidiaries are required to maintain two statutory reserves, being a statutory surplus reserve fund and an enterprise fund. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the subsidiaries. The subsidiaries are required to transfer 10% of its profit after taxation as reported in its PRC statutory financial statements to the statutory surplus reserve fund until the balance reached 50% of its registered capital. The statutory surplus reserve fund can be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital.

The subsidiaries are also required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to the enterprise expansion fund at rates determined by the Board of Directors. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation (see below).

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty

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

Revenue recognition

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2 to the financial statements. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the costs. In making the assumptions, the Group evaluates by relying on past experience and the work of specialists. Management is satisfied that the recognition of the revenue in the current year is appropriate and in accordance with the Group's policy for revenue recognition.

Service concession arrangements

Where the Group performs more than one service under the concession arrangements, the consideration for the services provided under the concession arrangements is allocated to the components by reference to their relative fair values.

Estimation is exercised in determining the fair values of the receivables under service concession arrangements as well as impairment of the receivables under service concession arrangements and intangible assets subsequent to initial recognition. Discount rates, estimates of future cash flows and other factors are used in the determination of the amortised cost of financial asset and corresponding finance income.

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's intangible assets and receivables arising from service concession arrangements at the end of the reporting period is disclosed in Notes 18 and 8 to the financial statements respectively.

Impairment allowances for trade and other receivables

Trade receivables and other receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

In making the estimation, management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the responsible engineering personnel discusses with the relevant customers and report on the recoverability of such debts. Specific allowance is only made for receivables that are unlikely to be collected. In this regard, management is satisfied that adequate allowance for doubtful debts has been made in the financial statements in light of the historical records of the Group. The carrying amounts of trade receivables and other receivables at the end of the reporting period are disclosed in Notes 7 and 9 to the financial statements respectively.

Classification between financial assets and/or intangible asset under INT FRS 112 *Service Concession Arrangements*

The Group recognises the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset under public-to-private concession arrangement. However, if the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, it is necessary to account separately for each component of the operator's consideration. The consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

The segregation of the consideration for a service concession arrangement between the financial asset component and the intangible asset component, if any, requires the Group to make an estimate of a number of factors, which include, inter alia, fair value of the construction services, expected future sewage treatment volume of the relevant sewage treatment plant over its service concession period, future guaranteed receipts and unguaranteed receipts, and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates are determined by the Group's management based on their experience and assessment on current and future market conditions.

The carrying amount of the service concession receivables and intangible assets at the end of the reporting period is disclosed in Notes 8 and 18 respectively to the financial statements.

Useful lives of property, plant and equipment

As described in Note 2 to the financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, management is satisfied that there is no change in the useful lives of the property, plant and equipment from prior year. The carrying amounts of property, plant and equipment at end of the reporting period are disclosed in Note 16 to the financial statements.

Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment exhibit any indication of impairment. In instances where there are indications of impairment, the recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. The value-in-use calculations require the exercise of judgement and use of estimates. The carrying amount of property, plant and equipment at the end of the reporting period are disclosed in Note 16 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. Management provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by management and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Finance Department under the policies approved by management.

The Group does not hold or issue derivative financial instruments for speculative purposes.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising paid up capital, reserves and retained earnings.

The Group is required by loan and medium term note covenants imposed by banks to maintain a minimum shareholders' equity, maximum gearing ratio, minimum net debt to shareholder's equity ratio, minimum earnings before income tax, depreciation and amortisation to net finance charge ratio and maximum dividend ratio.

The Group's management reviews the capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Additionally, management maintains the Group's shareholders' equity and gearing ratio within a set of range to comply with the loan covenants imposed by the banks. Based on recommendations of management, the Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issuance of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from the prior year. As at the end of the reporting period, the Group is in compliance with all capital requirements on its external borrowings.

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and the Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) **Categories of financial instruments**

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Service concession receivables	235,649	181,222	-	-
Loans and receivables	146,111	143,646	145,454	85,166
Cash and bank balances	141,672	59,068	75,799	40,164
Financial guarantee contracts	-	-	2,206	2,294
Available-for-sale financial asset	53,461	32,900	53,461	32,900
Total	576,893	416,836	276,920	160,524
Financial liabilities				
Trade payables	104,150	54,927	-	-
Other payables	33,015	36,797	15,179	17,743
Bank loans	84,586	70,302	3,150	8,566
Finance leases	80	115	38	92
Convertible bonds	126,560	118,677	126,560	118,677
Medium term notes	97,016	-	97,016	-
Total	445,407	280,818	241,943	145,078

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives

Management of the Group monitors and manages the financial risks relating to the operations of the Group to minimise adverse potential effects of financial performance. These risks include market risk (including currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and cash flow interest rate risk.

(i) Foreign exchange risk management

The principal entities in the Group transact businesses significantly in Renminbi ("RMB"), which are also the functional currencies of its principal entities and therefore its exposure to foreign currency risk is mainly due to United States Dollar ("US$"), Malaysia Ringgit ("RM$"), Hong Kong Dollar ("HK$") and Singapore Dollar (S$).

Management monitors the foreign exchange exposure and will consider any hedging should the need arises.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	2014				2013			
	US$	RM$	HK$	S$	US$	RM$	HK$	S$
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cash and bank balances	2,790	-	-	81,375	28,924	-	2,091	9,291
Other receivables and prepayment	82	-	-	148	82	-	-	70
Available-for-sale financial asset	-	-	-	53,461	-	-	-	32,900
Due from subsidiaries	-	2,234	-	-	-	2,080	-	-
Bank borrowings	-	-	-	(46,818)	-	-	-	(8,566)
Other payables	(1,790)	-	-	(2,097)	(5,300)	-	-	(3,027)
Finance leases	-	-	-	(38)	-	-	-	(93)
Convertible bonds	(126,560)	-	-	-	(118,677)	-	-	-
Medium term note	-	-	-	(97,016)	-	-	-	-
	(125,478)	2,234	-	(10,985)	(94,971)	2,080	2,091	30,575

	2014 US$ $'000	2014 RM$ $'000	2014 HK$ $'000	2014 S$ $'000	2013 US$ $'000	2013 RM$ $'000	2013 HK$ $'000	2013 S$ $'000
Company								
Cash and bank balances	211	-	-	70,929	28,695	-	-	9,291
Other receivables and prepayment	82	-	-	148	82	-	-	70
Available-for-sale financial asset	-	-	-	53,461	-	-	-	32,900
Due from subsidiaries	-	2,234	-	-	-	2,080	-	-
Bank borrowings	-	-	-	(3,150)	-	-	-	(8,566)
Other payables	(1,790)	-	-	(2,097)	(5,300)	-	-	(3,027)
Finance leases	-	-	-	(38)	-	-	-	(93)
Convertible bonds	(126,560)	-	-	-	(118,677)	-	-	-
Medium term note	-	-	-	(97,016)	-	-	-	-
	(128,057)	2,234	-	22,237	(95,200)	2,080	-	30,575

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase in the functional currency of each group entities against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the functional currency of each Group entities strengthens 10% against the relevant currency.

	US$ impact 2014 $'000	US$ impact 2013 $'000	RM$ impact 2014 $'000	RM$ impact 2013 $'000	HK$ impact 2014 $'000	HK$ impact 2013 $'000	S$ impact 2014 $'000	S$ impact 2013 $'000
Profit or loss								
Group	12,548	9,497	(223)	(208)	-	(209)	1,099	(3,058)
Company	12,806	9,520	(223)	(208)	-	-	(2,224)	(3,058)

For a 10% weakening of the functional currency of each Group entities against the relevant currency, there would be an equal and opposite impact on the profit.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management

The Group is exposed to interest rate risks as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider restructuring the Group's credit facilities should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management set out below.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended March 31, 2014 would decrease/increase by $407,000 (2013 : decrease/increase by $214,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate bank loans and the loan principal amounts.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management. The largest customer of the Group accounts for approximately 8% (2013 : 18%) of revenue. Other than this customer, there is no significant concentration of credit risk given to any single customer or group of customers. Management has assessed the credit worthiness of the third party and believed that the credit risk associated with this loan is minimum.

The Group's credit risk primarily relates to the Group's trade and other receivables, trade prepayments and pledged bank deposits. Management of the Group generally grants credit only to customers with good credit ratings and also closely monitors overdue trade debts. The recoverable amount of each individual trade debt is reviewed at the end of each reporting period and adequate allowance for doubtful debts has been made for irrecoverable amounts. In this regard, management of the Group considers that the credit risk associated with the Group's trade receivable and trade prepayments is significantly reduced.

The credit risk in relation to the Group's pledged bank deposits is not significant as the corresponding banks are reputable banking institutions in the PRC. The credit risk associated with cash and cash equivalents is limited because the counterparties are reputable banks.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 9 to the financial statements respectively.

The maximum amount the company could be forced to settle under the financial guarantee contract in Note 37, if the full guaranteed amount is claimed by the counterparty to the guarantee is USD15,000,000 ($18,915,000) (2013: Nil). Based on the expectations at the end of the reporting period, the company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(iv) Equity price risk management

The Group is exposed to equity price risks arising from available-for-sale equity investments. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not trade in available for sale investments.

Price sensitivity analysis

The sensitivity analyses have been determined based on the exposure to price risks at the reporting date. If the prices had been 10% higher/lower, the Group's and Company's revaluation reserve would increase/decrease by $4,493,000 (2013 : increase/decrease $3,290,000).

(v) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or less than 1 year $'000	More than 1 year to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2014						
Non-interest bearing	-	137,165	-	-	-	137,165
Fixed interest rate	7.9	3,461	270,302	-	(46,850)	226,913
Variable interest rate	5.1	12,853	72,482	9,840	(13,846)	81,329
Total		153,479	342,784	9,840	(60,696)	445,407
2013						
Non-interest bearing	-	91,724	-	-	-	91,724
Fixed interest rate	7.5	29,453	153,063	-	(36,284)	146,232
Variable interest rate	6.7	6,119	33,109	22,154	(18,520)	42,862
Total		127,296	186,172	22,154	(54,804)	280,818

	Weighted average effective interest rate %	On demand or less than 1 year $'000	More than 1 year to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Company						
2014						
Non-interest bearing	-	15,179	-	-	-	15,179
Fixed interest rate	7.9	3,430	268,507	-	(45,173)	226,764
Total		18,609	268,507	-	(45,173)	241,943
2013						
Non-interest bearing	-	17,743	-	-	-	17,743
Fixed interest rate	7.6	9,275	153,408	-	(35,348)	127,335
Total		27,018	153,408	-	(35,348)	145,078

Non-derivative financial assets

All non-derivative financial assets of the Group and the Company are on demand or due within 1 year except for the Group's trade receivables amounting to $2,241,000 (2013: $665,000) and the Group's service concession receivables amounting to $232,392,000 (2013: $181,087,000) as further disclosed in Notes 7 and 8 respectively.

The maximum amount that the company could be forced to settle under the corporate guarantee contract in Note 37, if the full guaranteed amount is claimed by the counterparty to the guarantee, is USD15,000,000 ($18,915,000) (2013: Nil).

The earliest period that the guarantee could be called is within 1 year (2013: Nil) from the end of the reporting period. As mentioned in Note 4(iii), the Company consider that it is more likely than not that no amount will be payable under the arrangement.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined.

Group and company

Financial assets	Fair value as at 2014 S$'000	Fair value as at 2013 S$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Available-for-sale investment	53,461	32,900	2014: Level 2 (See Note below) 2013: Level 1	2014: Quoted market prices in an active market, adjusted for the probability-weighted value of the Group's rights to distribution proceeds comprising units of shares of the Company (also listed on an active market) and cash consideration upon completion of the Group's acquisition of Memstar Pte. Ltd., as disclosed in Note 41. 2013: Quoted market price in an active market	N/A	N/A

On July 29, 2013, the investee announced the proposed disposal of its principal and wholly-owned subsidiary, transfer and/or novation of certain sale assets to the Company ("Proposed Disposal) for an aggregate consideration of $293,414,807 which comprises of $73,353,702 in cash and $220,061,105 through allotment and issuance of 200,055,550 new ordinary shares in the share capital of the Company at an issue price of $1.10 per share.

Pursuant to the approval of the Proposed Disposal by the shareholders on February 12, 2014, special dividend and capital reduction arising from the proceed of the Proposed Disposal will be distributed to the shareholders ("Distribution"). The investee further announced on March 24, 2014 that the shareholders recorded on the Register of Members of the investee as at March 28, 2014 would be entitled to the Distribution, subject to the completion of the Proposed Disposal.

Management considers the fair value of the Group's available-for-sale investment as at March 31, 2014 based on market participants' assumption on the characteristic of similar assets held as the Company. The fair value of the Group's available-for-sale investment as at March 31, 2014 are to be measured based on the quoted closing market prices on the last market day of the financial year, adjusted for the probability-weighted value of the Group's rights to Distribution proceeds comprising of units of shares of the Company and cash consideration upon completion of the Group's acquisition of Memstar Pte. Ltd. (Note 41).

Consequently, the adjustment to the listed market price, described in the valuation technique for the fair value as at March 31, 2014, resulted in a transfer from fair value hierarchy level 1 to level 2.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Other than medium term notes, which is disclosed in Note 25 in the financial statement, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the bases determined between the parties is reflected in the financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties (subsidiaries of an associate):

	Group	
	2014	2013
	$'000	$'000
Income from waste water treatment	4,506	3,258
Income from engineering services	-	1,404

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

5 RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2014	2013
	$'000	$'000
Short-term benefits	2,975	2,708
Share-based payment	3,072	1,396
Post-employment benefits	101	85
Total	6,148	4,189

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed deposits	446	413	-	-
Cash at banks	141,200	58,612	75,799	40,164
Cash on hand	26	43	-	-
Cash and bank balances	141,672	59,068	75,799	40,164

The interest rates relating to fixed deposits for the Group ranged from 3% to 3.15% (2013 : 0.35% to 3.5%) per annum and for a tenure of approximately 90 days (2013 : 90 days).

As at March 31, 2014, the Group had cash and cash equivalents placed with banks in People's Republic of China ("PRC") amounting to $56,608,000 (2013 : $16,123,000). The repatriation of these cash out of PRC is subjected to the Foreign Exchange Control Regulations in PRC.

7 TRADE RECEIVABLES

	Group 2014 $'000	Group 2013 $'000
Outside parties	105,980	99,873
Less: Allowance for doubtful debts	(24)	(24)
Net	105,956	99,849
Movements in allowance for doubtful debts:		
At beginning and end of year	24	24
<u>Presentation on the Statements of Financial Position:</u>		
Current	103,715	99,184
Non-current	2,241	665
Total	105,956	99,849

The average credit period on sales of goods and rendering of services are 180 days (2013 : 180 days). No interest is charged on the overdue trade receivables.

The Group's non-current trade receivables amounting to $2,241,000 (2013 : $665,000) are due within 4 years (2013 : 5 years).

The table below is an analysis of trade receivables as at March 31:

	Group 2014 $'000	Group 2013 $'000
Not past due and not impaired	54,867	59,610
Past due but not impaired (i)	51,089	40,239
Total	105,956	99,849
Impaired receivables		
- collectively assessed (ii)	24	24
Less: Allowance for impairment	(24)	(24)
Net	-	-
Total trade receivables, net	105,956	99,849

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

7 TRADE RECEIVABLES (CONT'D)

	Group	
	2014	2013
	$'000	$'000
(i) Aging of receivables that are past due but not impaired:		
< 6 months	30,232	19,562
> 6 months to 18 months	12,215	17,866
> 18 months to 30 months	8,332	2,811
> 30 months	310	-
Total	51,089	40,239

(ii) These amounts are stated before any deduction for impairment losses. These receivables are not secured by any collateral or credit enhancements.

This allowance for doubtful debts has been determined by reference to past default experience for estimated irrecoverable amounts from the provision of environmental consultancy and engineering services to third parties.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Management believes that there is no further allowance required for credit risk in excess of the allowance for doubtful debts as there has been no significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Management is of the opinion that the fair value of the non-current trade receivables approximates the carrying amount.

8 SERVICE CONCESSION RECEIVABLES

	Group	
	2014	2013
	$'000	$'000
Service concession receivables	235,649	181,222
Less: Non-current portion	(232,392)	(181,087)
Current portion	3,257	135

The maturity analysis of service concession receivables that are:

	Group	
	2014	2013
	$'000	$'000
In operation:		
On demand or within one year	3,257	135
In the second to fifth year inclusive	30,544	12,348
After five years	173,501	146,307
Total	207,302	158,790
Under construction	28,347	22,432
Total service concession receivables	235,649	181,222

8 SERVICE CONCESSION RECEIVABLES (CONT'D)

The significant aspects of the service concession arrangements are as follows:

(a) The arrangements are 30-year concession arrangements for waste water treatment with the respective municipal governments under INT FRS 112 *Service Concession Arrangements*. The Group has a total of 14 (2013 : 10) service concession arrangements as the end of the reporting period.

Service concession receivables arose from the following:

(i) A 30 year contract in Liaoyang City, Liaoning Province, to operate a waste water treatment plant. The plant started operation in May 2005.

(ii) A 30 year contract in Xintai City, Shandong Province, to operate two waste water treatment plants. The plants started operation in November 2005.

(iii) A 30 year contract in Hegang City, Heilongjiang Province, to build and operate two waste water treatment plants. The plants have started operation in October 2010 and November 2011 respectively.

(iv) A 30 year contract in Xinmin City, Liaoning Province, to build and operate a waste water treatment plant. The plant was acquired by the Group in August 2011.

(v) A 30 year contract in Xintai City, Shandong Province, to build and operate a waste water treatment plant. As at the end of the reporting period, the plant is still under construction and has not commenced operation.

(vi) A 30 year contract in Changyi City, Shandong Province, to upgrade and operate a waste water treatment plant. The plant had started operation in June 2012.

(vii) A 30 year contract in Changyi City, Shandong Province, to upgrade and operate a waste water treatment plant. The plant had started operation in August 2012.

(viii) A 30 year contract in Changyi City, Shandong Province, to upgrade and operate a waste water treatment plant. The plant had started operation in December 2012.

(ix) A 30 year contract in Changyi City, Shandong Province, to operate a water supply plant. The water supply plant had started operation in October 2012.

(x) A 30 year contract in Weifang City, Shandong Province, to upgrade and operate a waste water treatment plant. The plant had started operation in November 2013.

(xi) A 30 year contract in Diaobingshan City, Heilongjiang Province, to a waste water treatment plant. The plant was acquired by the Group in December 2012.

(xii) A 30 year contract in Dafeng City, Jiangsu Province, to build and operate a waste water treatment plant. The plant had started operation in February 2014.

(xiii) A 30 year contract in Yantai City, Shandong Province, to build and operate a waste water treatment plant. As at end of the reporting period, the waste water treatment plant is still under upgrading and has not commenced operation.

(xiv) A 30 year contract in Liaoyang City, Liaoning Province, to upgrade and operate a waste water treatment plant. As at end of the reporting period, the waste water treatment plant is still under upgrading and has not commenced operation.

(b) For the above arrangements, the Group has a contractual rights under the concession arrangements to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the plants. Under the terms of the arrangements, the Group will receive a yearly minimum amount of RMB244,433,000 (equivalent to $50,329,000) [2013 : RMB181,297,000 (equivalent to $35,842,000)] from the contracted parties (grantors) in exchange for services performed by the Group.

(c) All the waste water treatment arrangements state the rights and obligations for the grantors and operator as follows:

(i) The operator has an unconditional right to use the land and infrastructure within the waste water plant. The operator also has an unconditional right to receive payment from the local government for treatment of waste water.

(ii) The operator has the obligation to treat the required amount of waste water and also to ensure that the treated water fulfil the standard quality requirement of the grantor. In addition, the operator cannot provide waste water treatment services to third parties without seeking permission from the grantor.

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

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

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

(d) Service concession receivables amounting to $81,419,000 (2013 : $Nil) are pledged to secure the loans for the Group (Note 20).

(e) The fair value of the non-current portion of financial receivables approximates its carrying value, as management is of the opinion that the effective interest rates used ranging from 7.60% to 11.70% (2013: 7.47% to 11.59%).

(f) Revenue and gross profits for the year arising from service concession arrangement under service concession receivables and intangible assets (Note 18) for the provision of construction services amount to $79,425,000 (2013 : $49,054,000) and $23,354,000 (2013 : $19,796,000) respectively which form part of revenue from environmental engineering projects (Note 29).

(g) The counterparties of the above service concession arrangements are municipal governments in People's Republic of China. Management is of the view that the associated credit risk is not significant.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Tender deposits	4,508	21,726	1,812	1,812
Prepayments and advance payment to supplies	14,819	10,219	-	-
Deposits	558	528	287	280
Associates (Note 13)	17,211	13,671	17,211	13,671
VAT receivable	5,727	973	-	-
Dividend receivables from subsidiaries (Note 12)	-	-	37,516	30,197
Loan to a subsidiary (Note 12)	-	-	-	5,223
Subsidiaries (Note 12)	-	-	75,196	29,925
Deposit for acquisition of subsidiaries	9,312	9,312	9,312	9,312
Commission income receivable	4,000	4,000	4,000	4,000
Other receivables	4,566	2,899	120	58
Total	60,701	63,328	145,454	94,478

In 2013, the loan to a subsidiary was unsecured, repayable on demand and bore fixed interest rate at 7.65% per annum. The loan was fully settled during the year.

The amounts due from associates and subsidiaries are unsecured, interest free and repayable on demand.

Commission receivables amounting to $3,000,000 and $1,000,000 are aged more than 1 year and 2 years respectively (2013: $3,000,000 are current and $1,000,000 are aged more than 1 year).

In 2013, a deposit of $9,312,000 was paid for acquisition of 80% equity interests in two entities which operate wastewater treatment plants in the PRC. In 2013, the acquisition was discontinued and the Group initiated the arbitration through the China International Economic and Trade Arbitration Commission in April 2013 for the recovery of the deposit paid. As at end of the reporting period, the arbitration is pending hearing. Management is of the view that the deposit is recoverable.

10 INVENTORIES

	Group	
	2014	2013
	$'000	$'000
Raw materials, at cost	349	308
Trading merchandise, at cost	78	52
Total	427	360

11 PREPAID LEASES

	Group	
	2014	2013
	$'000	$'000
Cost:		
At beginning of year	10,652	10,652
Exchange realignment	76	*
Acquisition of subsidiaries (Note 39)	544	-
Additions	373	-
Disposals	(5,902)	-
At end of year	5,743	10,652
Accumulated amortisation:		
At beginning of year	713	532
Exchange realignment	(33)	*
Charge to profit or loss	183	181
Disposals	(271)	-
At end of year	592	713
Carrying amount:		
At end of year	5,151	9,939

*Amount less than $1,000

Presentation on Statements of Financial Position:

Current assets	110	183
Non-current assets	5,041	9,756
Total	5,151	9,939

This represents prepaid lease payments for land use rights of a piece of land located in the PRC on which the treatment plant of the subsidiary is erected. The lease for the land runs for an initial period of 50 years commencing on March 31, 2007. None of the leases include contingent rentals.

As at the end of the reporting period, the Group has pledged land use right with carrying amount of $5,151,000 (2013 : $9,939,000) to secure project financing facilities granted to the Group (Note 20).

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

12 SUBSIDIARIES

	Company 2014 $'000	Company 2013 $'000
Unquoted equity shares, at cost	150,446	136,804
Exchange realignment	1,448	(2,081)
Financial guarantee contracts	2,206	2,294
Net	154,100	137,017
Due from subsidiaries (non-trade)	2,234	2,080
Total	156,334	139,097

The balances with subsidiaries are unsecured, interest-free and not expected to be repayable within one year. As the amount due from subsidiary has no definite repayment period, it is not possible for management to calculate what the fair value of these balances as at the end of the reporting period.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held 2014 %	Group's effective interest and voting power held 2013 %
Novo Envirotech (Guangzhou) Co. Ltd [a]	Environmental engineering/ People's Republic of China ("PRC")	100	100
Novo Envirotech (Tianjin) Co. Ltd [a]	Environmental engineering/PRC	100	100
Novo Envirotech (Yantai) Co. Ltd [a]	Environmental engineering/PRC	75	75
UE Novo (Malaysia) Sdn. Bhd. [a]	Investment holding company/ Malaysia	100	100
United Envirotech (Dafeng) Co. Ltd [a]	Manage and operate industrial waste water treatment plant/ PRC	100	100
United Envirotech Water (Hegang) Co Ltd [a]	Operation of water treatment plant/ PRC	100	100

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held	
		2014 %	2013 %
United Envirotech Water (Liaoyang) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
United Envirotech Water Resource Pte Ltd [(b)]	Investment holding company/ Singapore	100	100
United Envirotech Water Treatment (Liaoyang) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
United Envirotech Water Treatment (Xintai) Co Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
Subsidiaries of Novo Envirotech (Guangzhou) Co. Ltd.:			
Anhui Water Star Treatment and Operation Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
Heilongjiang Qitaihe Wanxinglong Water Co. Ltd [(a)]	Operation of water treatment plant/ PRC	80	80
United Envirotech Water Treatment (Nansha) Co., Ltd [(a)]	Management of waste water treatment system/ PRC	100	100
Subsidiaries of UE Novo (Malaysia) Sdn. Bhd.:			
Dataran Tenaga (M) Sdn. Bhd. [(a)]	Trading of pumps and engineering services/ Malaysia	100	100
Subsidiaries of United Envirotech Water Resource Pte. Ltd.:			
Aton Environmental (Shenyang) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
United Envirotech Water (Changyi) Co Ltd [(a)]	Operation of water treatment plant/ PRC	70	70

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

12 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held	
		2014 %	2013 %
Subsidiaries of United Envirotech Water Resource Pte. Ltd.:			
United Envirotech Water (Diaobingshan) Co Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
United Envirotech Water (Liaoyang Hongwei) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100#	-
United Envirotech Water (Shangzhi) Co Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
United Envirotech Water (Qidong) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	70#	-
United Envirotech Water (Siyang) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100#	-
United Envirotech Water (Xintai) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100	100
United Envirotech Water (Yantai) Co. Ltd [(a)]	Operation of water treatment plant/ PRC	100#	-
Subsidiaries of United Envirotech Water (Changyi) Co. Ltd.:			
Bofa Weifang Water Treatment Co. Ltd [(a)]	Operation of water treatment plant/ PRC	63@	-

* Subsidiary is 60% held by Novo Envirotech (Guangzhou) Co. Ltd. and 40% held by the Company

Incorporated during the financial year.
@ Acquired during the financial year.

Notes on auditors:

(a) Audited by overseas practise of Deloitte Touche Tohmatsu Limited for Group's consolidation purposes.
(b) Audited by Deloitte & Touche LLP, Singapore.

13 ASSOCIATES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	6,020	6,020	6,020	6,020
Exchange realignment	*	*	(603)	(718)
Share of post-acquisition profit and reserves	3,755	1,979	-	-
	9,775	7,999	5,417	5,302
Excess of interests in the fair value of associates' identifiable net assets over cost of investment	1,015	1,015	1,015	1,015
Total	10,790	9,014	6,432	6,317

*Amount less than $1,000

Details of the associates are as follows:

Name of associates	Principal activities/Country of incorporation and operation	Effective interest and voting power held	
		2014	2013
		%	%
Guangzhou Zhongxin Water Co., Ltd [a]	Environmental engineering/ PRC	37	37
Maxrise Envirogroup Ltd [b]	Investment holding company/ Hong Kong	40	40

Notes on auditors:

[a] Dormant

[b] Reviewed by Moore Stephens LLP, Singapore for consolidation purposes.

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MARCH 31, 2014

13 ASSOCIATES (CONT'D)

Summarised financial information in respect of the associates are set out below:

	Group	
	2014	2013
	$'000	$'000
Total assets	101,955	90,521
Total liabilities	(77,010)	(70,710)
Net assets	24,945	19,811
Group's share of associates' net assets	9,775	7,999
Revenue	14,722	14,020
Profit for the year	4,479	4,565
Group's share of associates' profit for the year	1,776	1,826

14 JOINT VENTURE

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	7,688	7,688	7,688	7,688
Exchange realignment	(639)	(639)	(380)	*
Share of post-acquisition loss and reserves	5,070	2,945	-	-
Net	12,119	9,994	7,308	7,688

Details of the joint venture are as follows:

Name of joint venture	Principal activities/Country of incorporation and operation	Effective interest and voting power held	
		2014	2013
		%	%
United Envirotech Water Treatment (Dafeng) Co., Ltd	Management of waste water treatment system/PRC	50	50

The joint venture is audited by overseas practises of Deloitte Touche Tohmatsu Limited for Group's consolidation purposes.

Summarised financial information in respect of the joint venture is set out below:

	Group	
	2014	2013
	$'000	$'000
Total assets	32,859	30,015
Total liabilities	(8,621)	(10,027)
Net assets	24,238	19,988
Group's share of joint venture's net assets	12,119	9,994
Revenue	8,621	4,957
Profit for the year	4,250	1,948
Group's share of joint venture's profit for the year	2,125	974

15 AVAILABLE-FOR-SALE INVESTMENT

	Group and Company	
	2014	2013
	$'000	$'000
Available-for-sale investment, at fair value	53,461	32,900

The available-for-sale investment represents the Group's investment in the quoted equity shares of Memstar Technology Ltd.

As described in Note 4(d)(vi), the fair value of the of the available-for-sale investment as at March 31, 2014 is based on the quoted closing market price on the last market day of the financial year, adjusted for the probability-weighted value of the Group's rights to distribution proceeds comprising of units of shares of the Company and cash consideration upon completion of the Group's acquisition of Memstar Pte. Ltd. (Note 41).

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold building	Leasehold building	Leasehold improvements	Motor vehicles	Plant and machinery	Treatment plants	Office equipment, furniture and fittings	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Cost										
At April 1, 2012	99	220	15	214	2,153	4,773	11,342	842	6,296	25,954
Exchange realignment	-	-	-	-	3	5	-	1	-	9
Subsidiary acquired (Note 39)	-	-	-	-	63	40	-	12	-	115
Additions	-	195	-	118	356	594	87	220	-	1,570
Disposals	-	-	-	-	(52)	(22)	-	(72)	-	(146)
Transfer to Service Concession Receivables (Note 8)	-	-	-	-	-	-	-	-	(6,296)	(6,296)
At March 31, 2013	99	415	15	332	2,523	5,390	11,429	1,003	-	21,206
Exchange realignment	7	16	-	4	19	(21)	171	5	-	201
Subsidiary acquired (Note 39)	-	-	-	-	52	-	-	32	-	84
Additions	-	180	-	46	470	419	204	227	-	1,546
Transfer	-	(8)	-	-	-	-	-	8	-	-
Transfer to Service Concession Receivables (Note 8)	-	-	-	(18)	-	-	-	-	-	(18)
Disposals	-	-	-	-	(153)	(186)	-	(10)	-	(349)
At March 31, 2014	106	603	15	364	2,911	5,602	11,804	1,265	-	22,670

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land $'000	Freehold building $'000	Leasehold building $'000	Leasehold improvements $'000	Motor vehicles $'000	Plant and machinery $'000	Treatment plants $'000	Office equipment, furniture and fittings $'000	Construction in progress $'000	Total $'000
Accumulated depreciation										
At April 1, 2012	-	21	4	139	1,077	3,544	1,548	536	-	6,869
Exchange realignment	-	-	-	-	4	3	2	-	-	9
Subsidiary acquired (Note 39)	-	-	-	-	7	4	-	2	-	13
Depreciation	-	31	-	20	363	337	314	91	-	1,156
Disposals	-	-	-	-	(52)	(22)	-	(72)	-	(146)
At March 31, 2013	-	52	4	159	1,399	3,866	1,864	557	-	7,901
Exchange realignment	-	-	-	1	6	29	19	2	-	57
Subsidiary acquired (Note 39)	-	-	-	-	40	-	-	29	-	69
Depreciation	-	-	1	27	284	441	410	136	-	1,299
Disposals	-	-	-	-	(132)	(8)	-	(4)	-	(144)
At March 31, 2014	-	52	5	187	1,597	4,328	2,293	720	-	9,182
Accumulated impairment										
As at April 1, 2013, March 31, 2013 and March 31, 2014	-	-	-	17	-	-	-	12	-	29
Carrying amount										
At March 31, 2014	106	551	10	160	1,314	1,274	9,511	533	-	13,459
At March 31, 2013	99	363	11	156	1,124	1,524	9,565	434	-	13,276

* Amount less than $1,000.

	Leasehold improvement $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Company				
Cost				
At April 1, 2012	93	358	100	551
Addition	1	-	7	8
At March 31, 2013	94	358	107	559
Addition	1	-	7	8
Write-off	-	(36)	-	(36)
At March 31, 2014	95	322	114	531
Accumulated depreciation				
At April 1, 2012	75	113	70	258
Depreciation	12	32	8	52
At March 31, 2013	87	145	78	310
Depreciation	4	32	7	43
Write-off	-	(36)	-	(36)
At March 31, 2014	91	141	85	317
Carrying amount				
At March 31, 2014	4	181	29	214
At March 31, 2013	7	213	29	249

The carrying amount of the Group's and the Company's motor vehicles includes an amount of $181,000 (2013 : $213,000) in respect of assets held under finance leases (Note 23).

The Group has pledged its freehold land, freehold building and treatment plant with total carrying amount of approximately $9,509,000 (2013 : $9,565,000) to a bank for banking facilities granted to a subsidiary of the Group (Note 20).

NOTES TO FINANCIAL STATEMENTS
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17 GOODWILL

	Group	
	2014	2013
	$'000	$'000
At beginning of year	1,438	1,468
Exchange realignment	(49)	(30)
At end of year	1,389	1,438

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the cash generating units, mainly due to one subsidiary, Dataran Tenaga (M) Sdn Bhd, are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates and expected order book secured and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. Order book secured and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next four years using an average discount rate of 15% (2013 : 15%) being the Group's internal rate of return and a growth rate of 5% (2013 : 5%) per annum.

Management estimates that any reasonable changes in the estimates and assumptions used in the discontinued cash flow model would not change the conclusion on the goodwill impairment.

18 INTANGIBLE ASSETS

	Operating concessions $'000	Club memberships $'000	Total $'000
Group			
Cost			
At April 1, 2012	37,894	200	38,094
Additions	35,270	-	35,270
Acquisition of a subsidiary (Note 39)	13,403	-	13,403
At March 31, 2013	86,567	200	86,767
Exchange realignment	1,401	-	1,401
Additions	62,318	-	62,318
At March 31, 2014	150,286	200	150,486
Accumulated amortisation			
At April 1, 2012 and March 31, 2013	643	-	643
Exchange realignment	(48)	-	(48)
Amortisation for the year	4,752	-	4,752
At March 31, 2014	5,347	-	5,347
Carrying amount			
At March 31, 2014	144,939	200	145,139
At March 31, 2013	85,924	200	86,124

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

18 INTANGIBLE ASSETS (CONT'D)

Operating concessions

Operating concessions represent the rights to charge users of the public service for the water purification contracts. Such operating concession rights fall within the scope of INT FRS 112 *Service Concession Arrangements*. The operating concessions are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on straight-line basis over the respective periods of the operating concessions granted to the Group ranging from 20 to 30 years.

	Group	
	2014	2013
	$'000	$'000
Amount to be amortised:		
Not later than one year	5,592	3,684
Later than one year but not later than five years	22,368	14,736
Later than five years	116,979	67,504
Total	144,939	85,924

Operating concessions arose from the following:

(i) A 30 year contract in Liaoyang City, Liaoning Province, to build and operate a drinking supply plant and a waste water treatment plant. The drinking supply plant and waste water treatment plant had commenced operation in July 2012.

(ii) A 30 year contract in Qitaihe city, Heilongjiang province, to operate a waste water treatment plant. The plant started operation in February 2013 and was acquired by the Group in December 2012.

(iii) A 20 year contract in Changyi city, Shandong province, to operate a waste water treatment plant. The plant started operation in 2007 and was acquired by the Group in July 2012. The plant include both intangible assets and service concession receivables element for which the service concession receivable element is included in Note 8.

(iv) A 30 year contract in Siyang City, Jiangsu province, to upgrade and operate a waste water treatment plant. The plant was started operation in October 2013. .

19 DEFERRED TAX ASSETS (LIABILITIES)

	Group	
	2014	2013
	$'000	$'000
Deferred tax assets	615	606
Deferred tax liabilities	(7,756)	(6,422)
Net	(7,141)	(5,816)

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Timing differences due to accounting under INT FRS112 $'000	Other allowances $'000	Prepaid leases $'000	Net $'000
Group				
At April 1, 2012	(4,075)	579	(1,023)	(4,519)
(Charge) Credit to profit or loss	(1,310)	27	(14)	(1,297)
At March 31, 2013	(5,385)	606	(1,037)	(5,816)
(Charge) Credit to profit or loss	(2,371)	9	1,037	(1,325)
At March 31, 2014	(7,756)	615	-	(7,141)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $4,158,000 (2013 : $3,403,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20 BANK LOANS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Bank loans (unsecured)	67,648	61,987	3,150	8,566
Bank loans (secured)	16,938	8,315	-	-
Total	84,586	70,302	3,150	8,566
The loans are repayable as follows:				
On demand or within one year	15,381	33,064	3,150	8,566
More than one year	69,205	37,238	-	-
Total	84,586	70,302	3,150	8,566
Average effective interest rates (per annum)	5.1%	6.3%	3.8%	3.4%

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20 BANK LOANS (CONT'D)

The bank loans of the Group amounting to $6,699,000 (2013: $8,200,000) are secured by a treatment plant (Note 16) of one of the subsidiaries.

The bank loans of the Group amounting to $10,132,000 (2013: $Nil) are secured by the service concession receivables of its subsidiaries (Note 8d), prepaid leases (Note 11) and treatment plant (Note 16) of one of the subsidiaries.

The bank loans of the Group amounting to $107,000 (2013 : $115,000) are secured by a charge over the Group's freehold land and freehold building (Note 16).

21 TRADE PAYABLES

	Group	
	2013	2012
	$'000	$'000
Outside parties	104,150	54,927

The average credit period on purchases of goods is 30 days (2013 : 30 days). No interest is charged on overdue trade payables

22 OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Value added tax	8,156	7,864	-	-
Accruals	24,592	27,988	3,620	7,532
Subsidiary (Note 12)	-	-	11,292	9,416
Withholding tax	267	945	267	795
Total	33,015	36,797	15,179	17,743

23 FINANCE LEASES

	Group				Company			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Within one year	61	74	55	68	38	56	38	54
In the second to fifth year inclusive	26	48	25	47	-	38	-	38
Total	87	122	80	115	38	94	38	92
Less: Future finance charges	(7)	(7)	NA	NA	*	(2)	NA	NA
Present value of lease obligations	80	115	80	115	38	92	38	92
Less: Due within one year			(55)	(68)			(38)	(54)
Due after one year			25	47			-	38

* Amount less than $1,000.

The average remaining lease terms for the Group and the Company are 1 to 7 years and 1 year (2013 : 2 to 5 years and 2 years) respectively. For the year ended March 31, 2014, the average effective borrowing rates for both the Group and the Company were 4.2% to 6.4% (2012 : 4.2% to 4.5%) per annum. Interest rates are fixed at the contract date, and thus expose the Group and Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's and Company's lease obligations approximate their carrying amounts.

24 CONVERTIBLE BONDS

On October 4, 2011, The Company issued $136,320,000 (equivalent to US$109,319,000), 2.5% convertible bonds. The convertible bonds entitle the holders to convert them into ordinary shares of the Company (unless previously redeemed, converted or purchased and cancelled) at any time on or after October 4, 2011 up to the close of business on September 28, 2016 at a conversion price (subject to adjustments) of S$0.450 per share at a fixed exchange rate of $1.20619 per US$. Unless previously redeemed, purchased or cancelled, the convertible bonds will be redeemed on October 3, 2016. Interest of 2.5% will be paid annually in arrears with the first interest payment date falling on October 3, 2012.

Unless previously redeemed or converted and cancelled, the convertible bonds will be redeemed at a redemption price equivalent to United States dollars ("USD") principal amount plus accrued interest at 100 per cent on the maturity. Meanwhile, the holders will have a right to require the Company to redeem the bonds at a redemption price equivalent to USD principal amount together with the interest accrued on that date following occurrence of relevant events (as defined in the Offering Circular).

The net proceeds received from the issue of the bonds have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

	Group and Company	
	2014	2013
	$'000	$'000
Nominal value of bonds issued	141,908	141,908
Less: Transaction costs	(8,151)	(8,151)
Net value of bonds issued	133,757	133,757
Equity component at date of issue	(22,520)	(22,520)
Liability component at date of issue	111,237	111,237
Exchange realignment	1,111	(705)
Cumulative interest accrued	23,107	13,445
Total	135,455	123,977
Less: Interest payables included in accruals (Note 22)	(1,790)	(5,300)
Less: Coupon paid to bondholders	(7,105)	-
Liability component at end of year	126,560	118,677

The interest accrued is calculated by applying an effective interest rate of 7.9% (2013 : 7.9%) to the liability component.

Management estimates the carrying amount of the liability component of the convertible bond as at March 31, 2014 and March 31, 2013 approximate its fair value.

25 MEDIUM TERM NOTES

	Group and Company 2014 $'000
Issued during the year	96,757
Amortisation of issuance cost charge to profit or loss (Note 31)	259
At end of the year	97,016

During the year, the Company established the Medium term note programme (the "MTN programme") with aggregate nominal value of US$300,000,000. $50,000,000, $15,000,000 and $35,000,000 were issued on September 2, 2013, October 7, 2013 and February 4, 2014 from the MTN programme under Series 001 (the "Notes") and the Notes carried fixed interest of 7.25% per annum with interest payable on March 2 and September 2 of each year. The Notes will mature on September 2, 2016. The Notes are unsecured.

The Notes are listed on the Singapore Exchange Securities Trading Limited. Prior to the maturity of the Notes, the Company may redeem the Notes based on the stipulated redemption price on the occurrence of the early redemption condition stated in the pricing supplement. Early redemption conditions for the Notes are:

- additional tax obligation to the Company due to any change in, or amendment to, the laws or regulation of Singapore;
- on event of default; and
- change in control of the Company.

The Notes contained certain covenants that limited the Group's abilities to, among other things:

- incur additional indebtedness;
- maintain certain level of earnings ratio;
- maintain certain level of total shareholders' equity; and
- declare dividends exceeding a certain ratio to the consolidated profit after tax.

Management estimated the fair value of the Notes at March 31, 2014 to be approximately $98,950,000. The fair value is based on the bid price extracted from Bloomberg as at March 31, 2014 and management determined the Notes to be under Level 2 fair value hierarchy.

The net carrying amount of the Notes was stated net of issue expenses totalling $3,419,000. Such expenses will be amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of March 31, 2014, accumulated amortisation amounted to $259,000.

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26 SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid-up:				
At beginning of the year	594,132	477,596	151,325	92,659
Issued of shares, net of expenses	-	116,536	-	58,666
At end of the year	594,132	594,132	151,325	151,325

The ordinary shares, which have no par value, carry on vote per share and carry a right to dividends as and when declared by the Company.

In 2013, the Company issued 98,536,000 ordinary shares at $0.5042 each to its investor. The Company also issued 18,000,000 ordinary shares at $0.50 each to the vendor as part of the consideration for the acquisition of available-for-sale investment (Note 15). Share issue expenses incurred amounting to $16,000 were set off against share capital.

Share options over ordinary shares granted under the employee share option scheme:

As at March 31, 2014, employees held options over 73,300,000 ordinary shares (of which 61,550,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
8,750,000	March 1, 2020
3,000,000	July 20, 2020
49,550,000	February 15, 2023
12,000,000	March 28, 2023
73,300,000	

As at March 31, 2013, employees held options over 73,700,000 ordinary shares (of which 61,950,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
8,750,000	March 1, 2020
3,000,000	July 20, 2020
49,950,000	February 15, 2023
12,000,000	March 28, 2023
73,700,000	

Share options granted under the employee share option scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are contained in Note 28 to the financial statements.

Ordinary shares to be issued upon conversion of convertible bonds

As at March 31, 2014, the number of ordinary shares to be issued upon the full conversion of the convertible bonds up to maturity as at October 3, 2016 are 305,000,007 (2013: 305,000,007).

27 GENERAL RESERVE

	Group	
	2014	2013
	$'000	$'000
Statutory surplus reserve fund:		
At beginning of year	3,683	2,646
Transfer from retained earnings	727	1,037
At end of year	4,410	3,683

28 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all directors and employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price that is equivalent to the Market Price; or a price that is set at a discount to the Market Price, provided always that the maximum discount shall not exceed 20% of the Market Price; and the prior approval of Shareholders shall have been obtained in a separate resolution. The vesting period is 1 year for non-discount options and 2 years for discounted options. If the options remain unexercised after a period of 10 years (Executive Directors and Employees) and 5 years (Non-Executive Directors) from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

In 2013, the Company made amendments to the existing employee share scheme and 61,950,000 units of share option was granted with inclusion of time-based and performance conditions on exercising of the options.

28 SHARE-BASED PAYMENTS (CONT'D)

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2014		2013	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at beginning of year	73,700,000	0.5126	11,850,000	0.2741
Granted	-	-	61,950,000	0.5582
Forfeited	(400,000)	0.5520	(100,000)	0.2502
Outstanding at end of year	73,300,000	0.5124	73,700,000	0.5126
Exercisable at end of year	11,750,000	0.2741	11,750,000	0.2741

In 2013, the weighted average share price at the date of grant for share options granted was $0.5582. The options outstanding at the end of the year have a weighted average remaining contractual life of 8 years (2013 : 9 years).

These fair values for share options granted were calculated using The Black-Scholes pricing model.

The inputs into the valuation model were as at the respective grants dates were as follows:

Grant date: March 1, 2010	
Weighted average share price ($)	0.3000
Weighted average exercise price ($)	0.2502
Expected volatility (%)	52.87
Expected life (years)	3
Risk free rate (%)	2.72
Expected divided yield (%)	Nil

Grant date: July 20, 2010	
Weighted average share price ($)	0.3209
Weighted average exercise price ($)	0.3447
Expected volatility (%)	52.87
Expected life (years)	3
Risk free rate (%)	2.72
Expected divided yield (%)	Nil

Grant date: February 15, 2013	
Weighted average share price ($)	0.745
Weighted average exercise price ($)	0.552
Expected volatility (%)	31.38
Expected life (years)	4
Risk free rate (%)	2.72
Expected divided yield (%)	Nil
Grant date: March 28, 2013	
Weighted average share price ($)	0.715
Weighted average exercise price ($)	0.584
Expected volatility (%)	40.00
Expected life (years)	4
Risk free rate (%)	1.88
Expected divided yield (%)	0.90

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

In 2013, the estimated fair values of the options granted were $25,207,000.

For the financial year ended March 31, 2014, the Group and the Company recognised an expense of $4,670,000 (2013 : $1,806,000) related to fair value of the options granted.

29 REVENUE

	Group	
	2014	2013
	$'000	$'000
Revenue from environmental engineering projects	129,079	139,457
Income from waste water treatment	49,140	29,513
Finance income from service concessions	13,438	11,047
Sales of goods	5,695	5,027
Technical services income	4,990	-
Total	202,342	185,044

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30 OTHER INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income	755	771
Foreign exchange gain - net	-	2,120
Commission income	1,529	2,966
Gain from disposal of property, plant and equipment	40	-
Gain from disposal of prepaid lease	1,064	-
Others	428	559
Total	3,816	6,416

31 FINANCE COSTS

	Group	
	2014	2013
	$'000	$'000
Interest expense from:		
Bank borrowings	4,667	3,720
Convertible bonds (Note 24)	9,662	9,227
Finance leases	6	10
Amortisation of medium term notes issue expense (Note 25)	259	-
Medium term notes	3,038	-
Total	17,632	12,957

32 PROFIT BEFORE INCOME TAX

This has been arrived at after charging (crediting):

	Group	
	2014	2013
	$'000	$'000
Foreign exchange loss (gain), net	1,437	(2,120)
Auditors' remuneration:		
Paid to auditors of the Company	150	135
Paid to other auditors	525	448
Non-audit fees:		
Paid to auditors of the Company	237	72
Paid to other auditors	-	-

Employee benefits expense	10,858	7,811
Directors' remuneration	1,668	1,451
Directors' fee	198	225
Cost of defined contribution retirement plans	1,764	1,251
Total employee benefits expenses	14,488	10,738

Depreciation of property, plant and equipment	1,299	1,156
Amortisation of intangible assets	4,752	643
Amortisation of prepaid leases	183	181
Total depreciation and amortisation expenses	6,234	1,980

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

33 INCOME TAX EXPENSE

	Group	
	2014	2013
	$'000	$'000
Current tax	8,267	6,073
Under (Over) provision in prior years	50	(200)
Deferred tax (Note 19)	1,325	1,297
Withholding tax	538	945
Income tax expense	10,180	8,115

(a) Except as disclosed below, the PRC entities are taxed at the statutory tax rate of 25%;

(i) Novo Envirotech (Guangzhou) Co. Ltd and Novo Envirotech (Tianjin) Co. Ltd - The entities, being high-tech enterprises, enjoy a 15% tax incentive with renewal annually.

(ii) Aton Environmental (Shenyang) Co. Ltd and United Envirotech Water (Diaobinshan) Co. Ltd – The entities, being productive foreign investment enterprises, enjoy a 12.5% tax incentive with renewal annually.

(iii) The following entity is granted to claim tax exemption from the PRC income tax for the first three years commencing its first profit-making year of operations, after offsetting all tax losses carried forward from the previous years, and thereafter, entitled to claim 50% relief from PRC income tax for the next three years. The entity has not elected its first profit-making year and is currently taxed at the statutory rate of 25%.

United Envirotech Water (Siyang) Co. Ltd

(iv) The following entities are granted to claim tax exemption from the PRC income tax for the first three years commencting its first profit-making year of operations, after offsetting all tax loses carried forward from the previous years, and thereafter, entitled to claim 50% relief from PRC income tax for the next three years.

United Envirotech Water (Changyi) Co. Ltd; and
United Envirotech Water (Hegang) Co. Ltd

(b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore domestic income tax rate of 17% (2013 : 17%) to profit before income tax as a result of the following differences:

	Group 2014 $'000	Group 2013 $'000
Profit before income tax	31,190	39,139
Tax expense at the Singapore domestic income tax rate of 17%	5,302	6,654
Tax effect of expense that are not deductible in determining taxable profits	2,751	1,545
Deferred tax benefit not recognised	1,684	335
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,232	404
Tax exempt income	(1,159)	(1,636)
Under (Over)provision in prior years	50	(200)
Withholding tax	538	945
Others	(218)	68
Total	10,180	8,115

The Group has tax losses carry forwards available for offsetting against future taxable income as follows:

	Group 2014 $'000	Group 2013 $'000
Amount at beginning of year	17,166	15,194
Amount arising	9,346	1,972
Amount at end of year	26,515	17,166
Deferred tax benefit on above unrecorded	4,507	2,918

No deferred tax asset on the tax losses carryforwards has been recognised due to the unpredictability of future profits streams of the loss-making entities.

The above deferred tax benefits unrecorded are subject to agreement with the Comptroller of Income Tax and the tax authorities, as well as conditions imposed by law.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

34 BASIC AND DILUTED EARNINGS PER SHARE

	Group	
	2014	2013
Earnings ($'000)		
Profit attributable to owners of the Company	20,089	29,515
Effect of dilutive potential ordinary shares: Interest in convertible loans (net of tax)	9,662	9,227
Earnings for the purposes of diluted earnings per tax	29,751	38,742
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	594,132	481,783
Effect of dilutive potential ordinary shares from share options and convertible bonds	378,300	323,064
Weighted average number of ordinary shares for the purpose of diluted earnings per share	972,432	804,847
Earnings per share (cents)		
- Basic	3.38	6.13
- Diluted	3.06	4.81

35 DIVIDENDS

During the financial year, a tax exempt (1-tier) dividend of $0.005 per ordinary shares totalling $2,970,660 on 594,132,000 shares was paid to shareholders in respect of the financial year ended March 31, 2013.

In 2013, a tax exempt (1-tier) dividend of $0.003 per ordinary shares totalling $1,433,000 on 477,596,000 shares was paid to shareholders in respect of the financial year ended March 31, 2012.

Subsequent to the year end, the directors of the Company propose a tax exempt (1-tier) dividend of $0.003 per ordinary shares totalling $2,740,000 on 913,243,000 shares for the financial year just ended to be paid. This is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

36 OPERATING LEASE ARRANGEMENTS

	Group	
	2014	2013
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	364	552

At the end of the reporting period, the Group and Company have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	554	289	170	120
In the second to fifth year inclusive	700	222	305	-
Total	1,254	511	475	120

Operating lease payments represent rentals payable by the Group and Company for certain of its office and workshop properties. Leases are negotiated for an average of two years (2013:two years).

37 CONTINGENT LIABILITIES

During the financial year, the Company provided corporate guarantee to a subsidiary, United Envirotech Water (Siyang) Co Ltd for banking facilities up to USD15,000,000 ($18,915,000) [2013: $Nil].

38 SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

The Group is principally engaged in two operating segments, namely (1) Engineering - design and implementation of integrated environmental engineering solution based on membrane technology; and (2) Treatment - rendering of waste water treatment services.

38 SEGMENT INFORMATION (CONT'D)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment results represent the profits earned by each segment without allocation of central administration costs, directors' remuneration, share of results of associates and a joint venture, interest income, foreign exchange gains and losses and finance costs at corporate level.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

Segment information about the Group's operating segment is presented below:

	2014			2013		
	Engineering $'000	Treatment $'000	Total $'000	Engineering $'000	Treatment $'000	Total $'000
Revenue						
External sales	139,764	62,578	202,342	144,484	40,560	185,044
Results						
Segment result	23,720	24,847	48,567	31,044	17,399	48,443
Finance costs			(17,632)			(12,957)
Unallocated corporate expenses			(2,964)			(2,038)
Foreign exchange (loss) gain			(1,437)			2,120
Share of profit of associates			1,776			1,826
Share of profit of joint venture			2,125			974
Interest income			755			771
Profit before income tax			31,190			39,139
Income tax			(10,180)			(8,115)
Profit for the year			21,010			31,024

Segment assets represent property, plant and equipment, service concession receivables, associates, joint venture, intangible assets, goodwill, inventories, trade and other receivables, restricted bank balances and bank balances and cash, which are attributable to each operating segments. Segment liabilities represent trade and other payables and bank borrowings, which are attributable to each operating segments.

	2014			2013		
	Engineering	Treatment	Total	Engineering	Treatment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	130,714	460,076	590,790	121,538	326,456	447,994
Unallocated corporate assets			195,738			119,124
Consolidated total assets			786,528			567,118
Segment liabilities	110,633	129,894	240,527	87,034	72,303	159,337
Unallocated corporate liabilities			226,794			136,447
Consolidated total liabilities			467,321			295,784

Unallocated corporate assets mainly represent Group's cash and bank balances and other financial assets.

Unallocated corporate liabilities represent Group's finance leases, bank loans, deferred tax liabilities, medium term notes and convertible bonds at corporate level.

Other information

	2014			2013		
	Engineering	Treatment	Total	Engineering	Treatment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Additions to non-current assets	262	117,691	117,953	358	114,195	114,553
Depreciation and amortisation	179	6,055	6,234	291	1,689	1,980

38 SEGMENT INFORMATION (CONT'D)

Geographical segment

The geographical locations of the customers of the Group principally comprise the People's Republic of China ("PRC") and Malaysia.

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

	Revenue from external customers		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
PRC	186,617	170,418	397,972	290,706
Singapore	-	-	414	449
Malaysia	15,725	14,626	1,890	1,797
Total	202,342	185,044	400,276	292,952

Non-current assets information presented above mainly consist of prepaid lease, property, plant and equipment, service concession receivables, intangible assets, club memberships, goodwill and deferred tax assets.

Information about major customers

Revenue from the major customers which accounts for 10% or more of the Group's revenue are as follows:

	Group	
	2014	2013
	$'000	$'000
Engineering (One customer)	-	34,189

39 ACQUISITION OF SUBSIDIARIES

The Group acquired the following subsidiaries and accounted for the acquisition using the acquisition method of accounting:

For the financial year ended March 31, 2014

During the financial year, the Group acquired 90% equity interest in Weifang Bofa Water Treatment Co. Ltd. for a cash consideration of RMB1,800,000 ($360,000) for the expansion of the Group's business. The effective date of the completion of the acquisition, as determined by management, is May 1, 2013.

Details of the fair value of consideration transferred, assets acquired and liabilities assumed at the date of the acquisition are as follows:

	Total
	$'000
Cash and bank balances	28
Trade receivables	361
Other receivables	279
Prepaid lease	544
Property, plant and equipment	15
Service concession receivable	3,302
Trade payables	(14)
Other payables	(4,115)
Net assets acquired	400
Less: Non-controlling interest	(40)
Total consideration paid	360

Net cash outflow on acquisition of subsidiary

Consideration paid in cash	360
Less: Cash and cash equivalents acquired	(28)
Net cash outflow	332

Acquisition-related costs with insignificant amount had been excluded from the consideration transferred and have been recognised as expense during the year within the "other operating expenses" line item in the statement of profit or loss and other comprehensive income.

The interest of non-controlling shareholder recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifable net assets.

The acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of $675,000 and loss of $212,000 in the Group's financial statements for the year ended March 31, 2014.

Had the business combination during the year been effected at April 1, 2013, there would have been no effect on the revenue and profit of the Group as the subsidiary was dormant prior to the acquisition.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

39 ACQUISITION OF SUBSIDIARIES (CONT'D)

For the financial year ended March 31, 2013

In 2013, the Group acquired 80% equity interest in Heilongjiang Qitaihe Wanxinglong Water Co. Ltd. for a cash consideration of RMB8,000,000 ($1,600,000) for the expansion of the Group's business. The effective date of the completion of the acquisition, as determined by management, is November 30, 2012.

Details of the fair value of consideration transferred, assets acquired and liabilities assumed at the date of the acquisition are as follows:

	Total $'000
Cash and bank balances	9
Inventories	86
Property, plant and equipment	102
Intangible assets – operating concession	13,403
Other payables	(11,600)
Net assets acquired	2,000
Less: Non-controlling interest	(400)
Total consideration paid	1,600

Net cash outflow on acquisition of subsidiary

Consideration paid in cash	1,600
Less: Cash and cash equivalents acquired	(9)
Net cash outflow	1,591

Acquisition-related costs with insignificant amount had been excluded from the consideration transferred and have been recognised as expense during the year within the "other operating expenses" line item in the statement of profit or loss and other comprehensive income.

The interest of non-controlling shareholder recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of $393,000 and loss of $696,000 in the Group's financial statements for the year ended March 31, 2013.

Had the business combination during the year been effected at April 1, 2012, the revenue of the Group would have been $185,044,000 and the profit for 2013 would have been $28,875,000.

40 COMMITMENTS

	Group	
	2014	2013
	$'000	$'000
Commitments	443,415	11,600

The above shows the commitments to be undertaken by the Group:

	Group	
	2014 $'000	2013 $'000
Wastewater treatment projects		
Build-Operate-Transfer		
Guangan City, Sichuan Province	32,000	-
Transfer-Operate-Transfer		
Shangzhi City, Heilongjiang Province	-	5,600
Qitaihe City, Heilongjiang Province	-	6,000
Qidong City, Jiangsu Province	20,000	-
Qixia City, Shandong Province	21,000	-
Yantai City, Shandong Province	20,000	-
Build-Operate-Transfer cum Transfer-Operate-Transfer		
Liaoyang City, Liaoning Province	57,000	-
Total – Wastewater treatment projects	150,000	11,600

	Group	
	2014	2013
	$'000	$'000
Investment		
100% equity stake in Memstar Pte. Ltd and its principal subsidiaries, businesses and assets	293,415	-
Total commitment	443,415	11,600

41 EVENTS AFTER REPORTING PERIOD

Acquisition of the business, assets and principal subsidiaries of Memstar Technology Ltd

(a) On April 11, 2014, the Company announced that it had completed the acquisition of 100% equity interest of Memstar Pte. Ltd. and its principal subsidiaries, businesses and assets from Memstar Technology Ltd ("Acquisition") for a total purchase consideration of $293,415,000 comprising of cash consideration of $73,354,000 and issuance of 200,055,550 ordinary shares (the "Consideration Shares") in the share capital of the Company at a issue price of $1.10 per Consideration Shares, fully paid, subject to adjustments to fair value of assets acquired and liabilities assumed on acquisition date.

The total purchase consideration comprises 2 payment tranches, i) first tranche payment comprises cash consideration of $63,728,702 and issuance of 173,805,550 Consideration Shares and ii) the second payment tranche comprises remaining cash consideration of $9,625,000 and issuance of remaining 26,250,000 Consideration Shares. The cash consideration of the Acquisition is partially funded by a $55 million loan obtained from financial institutions.

The Company's entitlement to the cash consideration and Consideration Shares from the ownership in Memstar Technology Ltd's share (Note 15) will be offset against the second tranche payment of the Acquisition.

Memstar Pte. Ltd is an investment holding company, incorporated in Singapore, and its principal subsidiaries are based in the PRC. The principal subsidiaries of Memstar Pte. Ltd is engaged in the manufacturing and distribution of polyvinylidene fluoride hollow fibre membrane products internationally and operation of water treatment plants in the PRC.

Disclosures required by the revised FRS 103 *Business Combinations* have not been made as the acquisition occurred after the end of the reporting period. The valuation on the fair value of the consideration, identifiable assets, liabilities and contingent liabilities at the acquisition date is currently being performed by an independent and qualified professional valuer.

(b) Following the completion of the Acquisition, Maxrise Envirogroup Ltd and Guangzhou Zhongxin Water Co Ltd, associates of the Group, became a wholly owned subsidiary and 70% owned subsidiary of the Group respectively.

(c) On April 11, 2014, KKR China Water Investment Holdings Limited converted US$51.1 million ($61,630,000) (the "Conversion") in principal amount of the convertible bonds (Note 24) into 136,955,188 ordinary shares of the Company at conversion price of S$0.45 per share. The Conversion was completed to fulfil the undertaking provided by KKR China Water Investment Holdings Limited to the Company for the acquisition of the business, assets and principal subsidiaries of Memstar Technology Ltd.

Other events after reporting period

(d) Subsequent to the year end, the Company incorporated two wholly-owned subsidiaries, United Envirotech (Fuzhou) Co. Ltd ("UE Fuzhou") and United Envirotech (Hong Kong) Company Limited ("UE Hong Kong"). UE Fuzhou has a total paid up capital of US$30,000,000 ($37,830,000) in the PRC. UE Hong Kong has a total paid up capital of HK$10,000 ($2,000) in Hong Kong. The main activities of UE Fuzhou are to provide engineering, procurement and construction, operation and maintenance service for water treatment plants in Fujian Province, PRC and the main activities of UE Hong Kong is that of an investment holding company.

(e) On May 5, 2014, the Group liquidated the investment in Guangzhou Zhongxin Water Co Ltd ("Zhongxin") amounted to 70% of the total share capital of Zhongxin. Zhongxin has a total paid up capital of RMB10,000,000 ($2,030,000). The effect of the liquidation does not have material impact to the Group.

(f) On April 24, 25 and June 25, 2014, the Group disposed of 98,000,000, 36,000,000 and 216,000,000 shares in Memstar Technology Ltd (Note 15) at $0.0214, $0.0185 and $0.01575 per share respectively.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CITIC ENVIROTECH LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

The information in this Appendix III has been reproduced from the auditor's report on the consolidated financial statements of CITIC Envirotech Ltd. and its subsidiaries for the financial year ended 31 March 2015 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED ENVIROTECH LTD. AND ITS SUBSIDIARIES

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at March 31, 2015 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

July 1, 2015

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2015

		Group		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
ASSETS					
Current assets					
Cash and bank balances	6	113,757	141,672	17,530	75,799
Trade receivables	7	212,686	103,715	-	-
Service concession receivables	8	4,776	3,257	-	-
Other receivables and prepayments	9	70,023	60,701	471,839	145,454
Inventories	10	13,244	427	-	-
Prepaid leases	11	108	110	-	-
		414,594	309,882	489,369	221,253
Assets classified as held for sale	12	28,696	-	-	-
Total current assets		443,290	309,882	489,369	221,253
Non-current assets					
Trade receivables	7	11,677	2,241	-	-
Service concession receivables	8	384,814	232,392	-	-
Other receivables and prepayments	9	16,116	-	-	-
Prepaid leases	11	7,541	5,041	-	-
Subsidiaries	13	-	-	235,396	156,334
Associates	14	-	10,790	-	6,432
Joint venture	15	-	12,119	-	7,308
Available-for-sale investment	16	-	53,461	-	53,461
Property, plant and equipment	17	76,790	13,459	298	214
Goodwill	18	255,365	1,389	-	-
Intangible assets	19	190,181	145,139	200	200
Deferred tax assets	20	950	615	-	-
Total non-current assets		943,434	476,646	235,894	223,949
Total assets		1,386,724	786,528	725,263	445,202

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2015

		Group		Company	
	Note	2015 $'000	2014 $'000	2015 $'000	2014 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	21	60,379	15,381	1,350	3,150
Trade payables	22	112,605	104,150	-	-
Other payables	23	79,398	33,015	35,132	15,179
Finance leases	24	47	55	16	38
Income tax payable		22,656	14,158	-	-
		275,085	166,759	36,498	18,367
Liabilities directly associated with assets classified as held for sale	12	26,204	-	-	-
Total current liabilities		301,289	166,759	36,498	18,367
Non-current liabilities					
Bank loans	21	160,395	69,205	-	-
Finance leases	24	180	25	96	-
Convertible bonds	25	58,782	126,560	58,782	126,560
Medium term notes	26	98,228	97,016	98,228	97,016
Deferred tax liabilities	20	26,505	7,756	-	-
Total non-current liabilities		344,090	300,562	157,106	223,576
Capital, reserves and non-controlling interests					
Share capital	27	484,125	151,325	484,125	151,325
General reserve	28	4,469	4,410	-	-
Capital reserve	29	2,096	-	-	-
Share option reserve	30	13,515	7,766	13,515	7,766
Convertible bonds reserve	25	8,707	22,520	8,707	22,520
Fair value reserve		-	17,252	-	17,252
Currency translation reserve	29	34,932	765	18,939	802
Retained earnings		160,816	104,287	6,373	3,594
Equity attributable to owners of the Company		708,660	308,325	531,659	203,259
Non-controlling interests		32,685	10,882	-	-
Total equity		741,345	319,207	531,659	203,259
Total liabilities and equity		1,386,724	786,528	725,263	445,202

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2015

	Note	2015 $'000	2014 $'000
Revenue	31	348,982	202,342
Other income	32	23,427	3,816
Changes in inventories		12,817	67
Material purchased, consumables used and subcontractors' fees		(197,955)	(106,760)
Employee benefits expense	34	(24,992)	(14,488)
Depreciation and amortisation expenses	34	(13,127)	(6,234)
Other operating expenses		(41,571)	(33,822)
Finance costs	33	(28,953)	(17,632)
Share of profit of associates	14	-	1,776
Share of profit of joint venture	15	1,283	2,125
Profit before income tax	34	79,911	31,190
Income tax expense	35	(17,480)	(10,180)
Profit for the year		62,431	21,010
Profit for the year attributable to:			
Owners of the Company		59,268	20,089
Non-controlling interests		3,163	921
		62,431	21,010
Earnings per share (cents):			
Basic	36	6.43	3.38
Diluted	36	5.95	3.06

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED MARCH 31, 2015

	2015 $'000	2014 $'000
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation gain	31,955	4,731
Fair value change in available-for-sale investment	(17,252)	20,392
Other comprehensive income for the year, net of tax	14,703	25,123
Total comprehensive income for the year	77,134	46,133
Total comprehensive income attributable to:		
Owners of the Company	73,971	45,212
Non-controlling interests	3,163	921
	77,134	46,133

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED MARCH 31, 2015

	Share capital $'000	General reserve $'000	Capital reserve $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve * $'000	Currency translation reserve $'000	Retained earnings $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group											
Balance at April 1, 2013	151,325	3,683	-	3,096	22,520	(3,140)	(3,966)	87,895	261,413	9,921	271,334
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	20,089	20,089	921	21,010
Other comprehensive income for the year	-	-	-	-	-	20,392	4,731	-	25,123	-	25,123
Total	-	-	-	-	-	20,392	4,731	20,089	45,212	921	46,133
Transactions with owners, recognised directly in equity											
Acquisition of subsidiary (Note 41)	-	-	-	-	-	-	-	-	-	40	40
Recognition of share-based payment (Note 30)	-	-	-	4,670	-	-	-	-	4,670	-	4,670
Dividends (Note 37)	-	-	-	-	-	-	-	(2,970)	(2,970)	-	(2,970)
Transfer to general reserve	-	727	-	-	-	-	-	(727)	-	-	-
Total	-	727	-	4,670	-	-	-	(3,697)	1,700	40	1,740
Balance at March 31, 2014	151,325	4,410	-	7,766	22,520	17,252	765	104,287	308,325	10,882	319,207

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2015

	Share capital $'000	General reserve $'000	Capital reserve $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve * $'000	Currency translation reserve $'000	Retained earnings $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group											
Balance at April 1, 2014	151,325	4,410	-	7,766	22,520	17,252	765	104,287	308,325	10,882	319,207
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	59,268	59,268	3,163	62,431
Other comprehensive income for the year	-	-	-	-	-	(17,252)	31,955	-	14,703	-	14,703
Total	-	-	-	-	-	(17,252)	31,955	59,268	73,971	3,163	77,134
Transactions with owners, recognised directly in equity											
Acquisition of subsidiaries (Note 41)	236,375	59	2,096	-	-	-	2,212	-	240,742	18,640	259,382
Recognition of share-based payment (Note 30)	-	-	-	7,109	-	-	-	-	7,109	-	7,109
Issuance of shares on conversion of convertible bonds	92,975	-	-	-	(13,813)	-	-	-	79,162	-	79,162
Issuance of shares on exercise of ESOS	3,450	-	-	(1,360)	-	-	-	-	2,090	-	2,090
Dividends (Note 37)	-	-	-	-	-	-	-	(2,739)	(2,739)	-	(2,739)
Total	332,800	59	2,096	5,749	(13,813)	-	2,212	(2,739)	326,364	18,640	345,004
Balance at March 31, 2015	484,125	4,469	2,096	13,515	8,707	-	34,932	160,816	708,660	32,685	741,345

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2015

	Share capital $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve* $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000
Company							
Balance at April 1, 2013	151,325	3,096	22,520	(3,140)	(786)	3,000	176,015
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	3,564	3,564
Other comprehensive income for the year	-	-	-	20,392	1,588	-	21,980
Total	-	-	-	20,392	1,588	3,564	25,544
Transactions with owners, recognised directly in equity							
Recognition of share-based payment (Note 30)	-	4,670	-	-	-	-	4,670
Dividends (Note 37)	-	-	-	-	-	(2,970)	(2,970)
Total	-	4,670	-	-	-	(2,970)	1,700
Balance at March 31, 2014	151,325	7,766	22,520	17,252	802	3,594	203,259

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2015

	Share capital $'000	Share option reserve $'000	Convertible bonds reserve $'000	Fair value reserve* $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000
Company							
Balance at April 1, 2014	151,325	7,766	22,520	17,252	802	3,594	203,259
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	5,518	5,518
Other comprehensive income for the year	-	-	-	(17,252)	18,137	-	885
Total	-	-	-	(17,252)	18,137	5,518	6,403
Transactions with owners, recognised directly in equity							
Recognition of share-based payment (Note 30)	-	7,109	-	-	-	-	7,109
Acquisition of subsidiaries	236,375	-	-	-	-	-	236,375
Issuance of shares on conversion of convertible bonds	92,975	-	(13,813)	-	-	-	79,162
Issuance of shares on exercise of ESOS	3,450	(1,360)	-	-	-	-	2,090
Dividends (Note 37)	-	-	-	-	-	(2,739)	(2,739)
Total	332,800	5,749	(13,813)	-	-	(2,739)	321,997
Balance at March 31, 2015	484,125	13,515	8,707	-	18,939	6,373	531,659

*: Fair value reserve arises on the revaluation of available-for-sale investment (Note 16). The available-for-sale investment has been disposed of during the financial year ended March 31, 2015.

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	Group	
	2015 $'000	2014 $'000
Operating activities		
Profit before income tax	79,911	31,190
Adjustments for:		
Gain on disposal of available-for-sale investment	(14,181)	-
Gain on disposal of property, plant and equipment	(38)	(40)
Gain on disposal of prepaid lease	-	(1,064)
Interest income	(1,251)	(755)
Interest expense	28,953	17,632
Share of profit of associates	-	(1,776)
Share of profit of joint venture	(1,283)	(2,125)
Depreciation and amortisation expenses	13,127	6,234
Share option expenses	7,109	4,670
Exchange differences arising on foreign currency translation	30,164	5,444
Operating cash flows before movements in working capital	142,511	59,410
Trade receivables	(92,795)	(5,746)
Other receivables and prepayments	23,230	(10,772)
Inventories	(659)	(67)
Trade payables	8,101	49,209
Other payables	(22,332)	(3,709)
Cash generated from operations	58,056	88,325
Interest received	1,251	755
Interest paid	(23,764)	(14,816)
Income tax paid	(4,284)	(3,919)
Net cash from operating activities	31,259	70,345

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2015

	Group	
	2015 $'000	2014 $'000
Investing activities		
Other receivables and prepayment – tender deposits	-	17,218
Proceeds from disposal of prepaid lease	-	6,695
Proceeds from disposal of property, plant and equipment	38	245
Addition to service concession receivables	(89,946)	(51,107)
Addition to intangible assets	(57,117)	(62,318)
Addition to prepaid leases	-	(373)
Repayment to associate (Note 9)	-	(3,540)
Disposal of available-for-sale investment	6,159	-
Purchase of property, plant and equipment	(10,138)	(1,546)
Capitalised expense for purchase of available for sale investment	-	(169)
Net cash outflow on acquisition of subsidiary (Note 41)	(22,283)	(332)
Net cash used in investing activities	(173,287)	(95,227)
Financing activities		
New bank loans raised	157,635	45,610
Proceeds from issuance of shares, net of expenses	2,090	-
Proceeds from issuance of medium term notes, net of expenses	-	96,757
Dividends paid	(2,739)	(2,970)
Repayment of obligations under finance lease	(119)	(35)
Repayments of bank loans	(43,100)	(31,326)
Net cash from financing activities	113,767	108,036
Net (decrease) increase in cash and cash equivalents	(28,261)	83,154
Cash and cash equivalents at beginning of financial year	141,672	59,068
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	346	(550)
Cash and cash equivalents at end of financial year (Note 6)	113,757	141,672

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

1 GENERAL

The Company (Registration No. 200306466G) is incorporated in Republic of Singapore with its principal place of business at 10 Science Park Road, #01-01 The Alpha, Singapore 117684 and registered office at 80 Robinson Road, #02-00, Singapore 068898. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are that of investment holding company and provision of environmental engineering services.

The principal activities of the subsidiaries, associates and joint venture are disclosed in Notes 13, 14 and 15 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2015 were authorised for issue by the Board of Directors on July 1, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Adoption of new and revised standards

On April 1, 2014, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidation Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interest in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investment in associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of these Standards is set out below.

Impact of the application of FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

At the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 32 *Financial Instruments: Presentation*
- FRS 115 *Revenue from Contracts with Customers*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Improvements to Financial Reporting Standards (November 2014)

Consequential amendments were also made to various standards as a result of the new standard/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial application except as follows:

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2015, with retrospective application required.

Management does not anticipate that the application of these amendments to FRS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2017. The Group is currently evaluating the impact of the changes in the period of initial adoption

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company :

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the returns.

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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2.3.1 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified/ permitted by applicable FRSs) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, interest in associates and interest in joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquire or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Business combinations (cont'd)

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities. In instances where the latter amount exceeds the former, the excess is recognised as "Gain from bargain purchase" in profit or loss on the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entitys net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain investments held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits and other short term highly liquid assets that are subject to an insignificant risk of changes in value and are readily convertible to a known amount of cash.

Loans and receivables

Trade receivables, service concession receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Financial instruments (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

With the exception of available-for-sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay if the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans, finance lease, medium term notes and convertible bonds are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Company and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognition with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally 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.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.9 Prepaid leases

Prepaid leases are stated at costs and are amortised, over the period of the leases, on a straight-line basis to the statement of profit or loss and other comprehensive income. The land lease period ranges from 49 to 50 years.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis to write off the cost of property, plant and equipment less estimated residual value over their estimated useful lives. Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

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Depreciation is charged so as to write off the cost of assets less residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold building	-	5%
Leasehold building	-	$3\frac{1}{3}$%
Leasehold improvements	-	10% to 20%
Motor vehicles	-	10% to 20%
Plant and machinery	-	10% to 20%
Treatment plants	-	3% to 5%
Office equipment, furniture and fittings	-	10% to 20%

Depreciation is not provided on freehold land and construction-in-progress.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2.11 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Service Concession Receivables

Consideration given by the grantor

A financial asset (receivable under service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services rendered and/or the consideration paid and payable by the Group for the right to manage and operate the infrastructure for public service. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. The financial asset (receivable under service concession arrangement) is accounted for in accordance with the policy set out for "Financial instruments" above.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible assets" below.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration.

2.13 Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment loss (see the accounting policy in respect of "Impairment of non-financial assets" below).

Operating concessions represent (i) the rights to charge users of the public service for the water supply contracts, which fall within the scope of INT FRS 112 *Service Concession Arrangements*; (ii) the rights under the service concession arrangements for the wastewater treatment allows the Group to receive and treat wastewater above the minimum amount of guaranteed volume, at a predetermined tariff rate during the concessionary period acquired in a business combination; and (iii) rights to operate and manage wastewater treatment plants acquired in a business combination.

The operating concessions are stated at cost less accumulated amortisation and any accumulated impairment loss. The operating concessions acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Amortisation is provided on straight-line basis over the respective periods of the operating concessions granted to the Group of 30 years.

Customer contracts represent the manufacture and supply agreement with a customer for membrane products acquired from a business combination. Customer contracts are amortised on a straight-line basis over the period of 9 years.

Patents represent the in-house Research and Development ("R&D") capabilities and technical expertise in membrane which relate to the Polyvinylidene Fluoride ("PDVF") hollow fibre membrane. Patents are amortised on a straight-line basis over the period of 5 years.

Club memberships are stated at cost, less any impairment in value. Where an indication of impairment exists, the carrying amount of the intangible asset is assessed and written down immediately to its recoverable amount.

NOTES TO FINANCIAL STATEMENTS

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2.14 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associate.

2.15 Interests in joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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). 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (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.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18 Convertible bonds

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve). In subsequent periods, the liability component of the convertible bonds is carried at amortised cost

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using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when the goods are delivered and legal title is passed.

Rendering of technical services

Revenue from a contract to provide technical services is recognised when the outcome of the contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period.

Environmental engineering contracts

Revenue from environmental engineering contracts are recognised when the outcome of the contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, as measured by the proportion that contract costs incurred for work performed to date against the estimated total contract costs and accepted by the customer, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Revenue recognition (cont'd)

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Income from treatment of waste water

Income from treatment of waste water is recognised based on the volume of waste water treated and are recognised when the services are rendered.

Interest income and finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount.

Finance income represents the interest income on the long term receivables recognised in respect of the service concession arrangements in accordance with INT FRS 112 *Service Concession Arrangements*. Finance income is recognised in profit or loss using the effective interest method.

Commission income

Commission income is recognised when the services are rendered.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Retirement benefit costs

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal government whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Scheme is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred.

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Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and the Malaysia Employee Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.22 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.23 Share-based payments

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 30 to the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each reporting period, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the share option reserve.

2.24 Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the 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, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Income tax (cont'd)

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 credited or debited directly to equity, in which case the tax is also recognised directly in equity, 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 calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.25 Foreign currency transactions and translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Chinese Renminbi ("RMB"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Consolidated financial statements

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of "currency translation reserve".

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

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In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of "currency translation reserve".

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.26 General reserve

Pursuant to relevant laws and regulations in the PRC applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiaries, the dividend declaring subsidiaries are required to maintain two statutory reserves, being a statutory surplus reserve fund and an enterprise fund. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the subsidiaries. The subsidiaries are required to transfer 10% of its profit after taxation as reported in its PRC statutory financial statements to the statutory surplus reserve fund until the balance reached 50% of its registered capital. The statutory surplus reserve fund can be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital.

The subsidiaries are also required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to the enterprise expansion fund at rates determined by the Board of Directors. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation (see below).

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MARCH 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) Key sources of estimation uncertainty

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

Revenue recognition

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2 to the financial statements. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the costs. In making the assumptions, the Group evaluates by relying on past experience and the work of specialists. Management is satisfied that the recognition of the revenue in the current year is appropriate and in accordance with the Group's policy for revenue recognition.

Service concession arrangements

Where the Group performs more than one service under the concession arrangements, the consideration for the services provided under the concession arrangements is allocated to the components by reference to their relative fair values.

Estimation is exercised in determining the fair values of the receivables under service concession arrangements as well as impairment of the receivables under service concession arrangements and intangible assets subsequent to initial recognition. Discount rates, estimates of future cash flows and other factors are used in the determination of the amortised cost of financial asset and corresponding finance income.

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's intangible assets and receivables arising from service concession arrangements at the end of the reporting period is disclosed in Notes 19 and 8 to the financial statements respectively.

Determination of functional currency of the entities in the Group

FRS 21 *The Effects of Changes in Foreign Exchange Rates* requires the Company and the entities in the Group to determine its functional currency to prepare the financial statements. When determining its functional currency, the Company and the entities in the Group consider the primary economic environment in which it operates, i.e. the one in which it primarily generates and expends cash. The Company and the entities in the Group may also consider the funding sources. Management applied its judgement and determined that the functional currency of the Company is Chinese Renminbi ("RMB").

Impairment allowances for loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

In making the estimation, management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the responsible engineering personnel discusses with the relevant customers and report on the recoverability of such debts. Specific allowance is only made for receivables that are unlikely to be collected. In this regard, management is satisfied that adequate allowance for doubtful debts has been made in the financial statements in light of the historical records of the Group. The carrying amounts of loans and receivables at the end of the reporting period are disclosed in Notes 7, 8 and 9 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS

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Classification between financial assets and/or intangible asset under INT FRS 112 *Service Concession Arrangements*

The Group recognises the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset under public-to-private concession arrangement. However, if the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, it is necessary to account separately for each component of the operator's consideration. The consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

The segregation of the consideration for a service concession arrangement between the financial asset component and the intangible asset component, if any, requires the Group to make an estimate of a number of factors, which include, inter alia, fair value of the construction services, expected future sewage treatment volume of the relevant sewage treatment plant over its service concession period, future guaranteed receipts and unguaranteed receipts, and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates are determined by the Group's management based on their experience and assessment on current and future market conditions.

The carrying amount of the service concession receivables and intangible assets at the end of the reporting period is disclosed in Notes 8 and 19 respectively to the financial statements.

Useful lives of property, plant and equipment

As described in Note 2 to the financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, management is satisfied that there is no change in the useful lives of the property, plant and equipment from prior year. The carrying amounts of property, plant and equipment at end of the reporting period are disclosed in Note 17 to the financial statements.

Useful lives of patent and customer contracts

As described in Note 2 to the financial statements, the Group reviews the estimated useful lives of patent and customer contracts at the end of each annual reporting period. The carrying amounts of patent and customer contracts at end of the reporting period are disclosed in Note 19 to the financial statements.

Impairment of property, plant and equipment and intangible assets

The Group assesses annually whether property, plant and equipment and intangible assets exhibit any indication of impairment. In instances where there are indications of impairment, the recoverable amounts of property, plant and equipment and intangible assets have been determined based on value-in-use calculations. The value-in-use calculations require the exercise of judgement and use of estimates. The carrying amounts of property, plant and equipment and intangible assets at the end of the reporting period are disclosed in Note 17 and Note 19 respectively to the financial statements.

NOTES TO FINANCIAL STATEMENTS
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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) Key sources of estimation uncertainty (cont'd)

Purchase price allocation

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities (including contingent liabilities) is recorded as goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The determination of the identifiable assets and liabilities (including contingent liabilities) fair value is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows.

The fair value of the identifiable assets and liabilities at the acquisition date is disclosed in Note 41 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. Management provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by management and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Finance Department under the policies approved by management.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising paid up capital, reserves and retained earnings.

The Group is required by loan and medium term note covenants imposed by banks to maintain a minimum shareholders' equity, maximum gearing ratio, minimum net debt to shareholders' equity ratio, minimum earnings before income tax, depreciation and amortisation to net finance charge ratio and maximum dividend ratio.

The Group's management reviews the capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Additionally, management maintains the Group's shareholders' equity and gearing ratio within a set of range to comply with the loan covenants imposed by the banks. Based on recommendations of management, the Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issuance of new debt or the redemption of existing debt.

NOTES TO FINANCIAL STATEMENTS

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The Group's overall strategy remains unchanged from the prior year. As at the end of the reporting period, the Group is in compliance with all capital requirements on its external borrowings.

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group and the Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets				
Service concession receivables	389,590	235,649	-	-
Loans and receivables	266,481	148,396	471,839	145,454
Cash and bank balances	113,757	141,672	17,530	75,799
Financial guarantee contracts	-	-	2,294	2,206
Available-for-sale financial asset	-	53,461	-	53,461
Total	769,828	579,178	491,663	276,920
Financial liabilities				
Trade payables	121,653	104,150	-	-
Other payables	95,386	33,015	35,132	15,179
Bank loans	220,774	84,586	1,350	3,150
Finance leases	227	80	112	38
Convertible bonds	58,782	126,560	58,782	126,560
Medium term notes	98,228	97,016	98,228	97,016
Total	595,050	445,407	193,604	241,943

(d) *Financial risk management policies and objectives*

Management of the Group monitors and manages the financial risks relating to the operations of the Group to minimise adverse potential effects of financial performance. These risks include market risk (including currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and cash flow interest rate risk.

(i) Foreign exchange risk management

The principal entities in the Group transact businesses significantly in Renminbi ("RMB"), which are also the functional currencies of its principal entities and therefore the exposure to foreign currency risk is mainly due to United States Dollar ("US$"), Malaysia Ringgit ("RM$"), Hong Kong Dollar ("HK$") and Singapore Dollar (S$).

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(d) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Management monitors the foreign exchange exposure and will consider any hedging should the need arises.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	2015				2014			
	US$ $'000	RM$ $'000	HK$ $'000	S$ $'000	US$ $'000	RM$ $'000	HK$ $'000	S$ $'000
Group								
Cash and bank balances	17,784	-	99	27,033	2,790	-	-	81,375
Other receivables and prepayment	1,082	-	-	49	82	-	-	148
Available-for-sale financial asset					-	-	-	53,461
Due from subsidiaries	-	2,435	-		-	2,234	-	-
Bank borrowings	-	-		(34,265)	-	-	-	(46,818)
Other payables	(368)	-	-	(993)	(1,790)	-	-	(2,097)
Finance leases	-	-	-	(112)	-	-	-	(38)
Convertible bonds	(58,782)	-	-	-	(126,560)	-	-	-
Medium term note	-	-	-	(98,228)	-	-	-	(97,016)
	(40,284)	2,435	99	(106,516)	(125,478)	2,234	-	(10,985)
Company								
Cash and bank balances	5,939	-	-	11,492	211	-	-	70,929
Other receivables and prepayment	1,082	-	-	49	82	-	-	148
Available-for-sale financial asset	-	-	-	-	-	-	-	53,461
Due from subsidiaries	-	2,435	-		-	2,234	-	-
Bank borrowings	-	-	-	(1,350)	-	-	-	(3,150)
Other payables	(368)	-	-	(993)	(1,790)	-	-	(2,097)
Finance leases	-	-	-	(112)	-	-	-	(38)
Convertible bonds	(58,782)	-	-	-	(126,560)	-	-	-
Medium term note	-	-	-	(98,228)	-	-	-	(97,016)
	(52,129)	2,435	-	(89,142)	(128,057)	2,234	-	22,237

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase in the functional currency of each group entities against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and/or equity where the functional currency of each Group entities strengthens 10% against the relevant currency.

	US$ impact		RM$ impact		HK$ impact		S$ impact	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Profit or loss								
Group	4,028	12,548	(244)	(223)	(10)	-	10,652	1,099
Company	5,213	12,806	(244)	(223)	-	-	8,914	(2,224)

	US$ impact		RM$ impact		HK$ impact		S$ impact	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Other Equity								
Group	-	-	-	-	-	-	980 (i)	-
Company	-	-	-	-	-	-	980 (i)	-

For a 10% weakening of the functional currency of each Group entities against the relevant currency, there would be an equal and opposite impact on the profit or loss and/or equity.

(i) This is mainly attributable to the exposure from the Singapore Dollar denominated Medium term note at the end of the reporting period.

(ii) Interest rate risk management

The Group is exposed to interest rate risks as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider restructuring the Group's credit facilities should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management set out below.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)**

(d) Financial risk management policies and objectives (cont' d)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended March 31, 2015 would decrease/increase by $1,097,000 (2014 : decrease/increase by $407,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate bank loans and the loan principal amounts.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management. The largest customer of the Group accounts for approximately 30% (2014 : 8%) of revenue. Other than this customer, there is no significant concentration of credit risk given to any single customer or group of customers. Management has assessed the credit worthiness of the third party and believed that the credit risk associated with this loan is minimum.

The Group's credit risk primarily relates to the Group's trade and other receivables, trade prepayments and pledged bank deposits. Management of the Group generally grants credit only to customers with good credit ratings and also closely monitors overdue trade debts. The recoverable amount of each individual trade debt is reviewed at the end of each reporting period and adequate allowance for doubtful debts has been made for irrecoverable amounts. In this regard, management of the Group considers that the credit risk associated with the Group's trade receivable and trade prepayments is significantly reduced.

The credit risk in relation to the Group's pledged bank deposits is not significant as the corresponding banks are reputable banking institutions in the PRC. The credit risk associated with cash and cash equivalents is limited because the counterparties are reputable banks.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 9 to the financial statements respectively.

The maximum amount the company could be forced to settle under the financial guarantee contract in Note 39, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$15,000,000 (2014 : US$15,000,000). Based on the expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

(iv) Equity price risk management

The Group was exposed to equity price risks arising from available-for-sale equity investments. Available-for-sale equity investments were held for strategic rather than trading purposes. The Group does not trade in available-for-sale investments.

Price sensitivity analysis

The sensitivity analyses have been determined based on the exposure to price risks at the reporting date. In 2014, if the prices had been 10% higher/lower, the Group's and Company's revaluation reserve would increase/decrease by $4,493,000.

(v) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or less than 1 year $'000	More than 1 year to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2015						
Non-interest bearing	-	217,039	-	-	-	217,039
Fixed interest rate	8.6	1,726	193,298	-	(36,331)	158,693
Variable interest rate	4.9	62,339	180,074	5,956	(29,051)	219,318
Total		281,104	373,372	5,956	(65,382)	595,050
2014						
Non-interest bearing	-	137,165	-	-	-	137,165
Fixed interest rate	7.9	3,461	270,302	-	(46,850)	226,913
Variable interest rate	5.1	12,853	72,482	9,840	(13,846)	81,329
Total		153,479	342,784	9,840	(60,696)	445,407

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(d) Financial risk management policies and objectives (cont' d)

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate %	On demand or less than 1 year $'000	More than 1 year to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Company						
2015						
Non-interest bearing	-	35,132	-	-	-	35,132
Fixed interest rate	8.7	1,573	188,564	-	(31,665)	158,472
Total		36,705	188,564	-	(31,665)	193,604
2014						
Non-interest bearing	-	15,179	-	-	-	15,179
Fixed interest rate	7.9	3,430	268,507	-	(45,173)	226,764
Total		18,609	268,507	-	(45,173)	241,943

Non-derivative financial assets

All non-derivative financial assets of the Group and the Company are on demand or due within 1 year except for the Group's trade receivables amounting to $11,677,000 (2014 : $2,241,000) and the Group's service concession receivables amounting to $384,814,000 (2014 : $232,392,000) as further disclosed in Notes 7 and 8 respectively.

The maximum amount that the company could be forced to settle under the corporate guarantee contract in Note 39, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US$15,000,000 (2014 : US$15,000,000).

The earliest period that the guarantee could be called is within 1 year (2014 : 1 year) from the end of the reporting period. As mentioned in Note 4(iii), the Company consider that it is more likely than not that no amount will be payable under the arrangement.

(vi) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Group and company

Financial assets	Fair value as at 2015 S$'000	Fair value as at 2014 S$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Available-for-sale investment	Nil	53,461	2014: Level 2 (See Note below)	2014: Quoted market prices in an active market, adjusted for the probability-weighted value of the Group's rights to distribution proceeds comprising units of shares of the Company (also listed on an active market) and cash consideration upon completion of the Group's acquisition of Memstar Pte. Ltd., as disclosed in Note 41.	N/A	N/A

On July 29, 2013, the investee announced the proposed disposal of its principal and wholly-owned subsidiary, transfer and/or novation of certain sale assets to the Company ("Proposed Disposal") for an aggregate consideration of $293,414,807 which comprises of $73,353,702 in cash and $220,061,105 through allotment and issuance of 200,055,550 new ordinary shares in the share capital of the Company at an issue price of $1.10 per share.

Pursuant to the approval of the Proposed Disposal by the shareholders on February 12, 2014, special dividend and capital reduction arising from the proceed of the Proposed Disposal will be distributed to the shareholders ("Distribution"). The investee further announced on March 24, 2014 that the shareholders recorded on the Register of Members of the investee as at March 28, 2014 would be entitled to the Distribution, subject to the completion of the Proposed Disposal.

Management considers the fair value of the Group's available-for-sale investment as at March 31, 2014 based on market participants' assumption on the characteristic of similar assets held as the Company. The fair value of the Group's available-for-sale investment as at March 31, 2014 were measured based on the quoted closing market prices on the last market day of the financial year, adjusted for the probability-weighted value of the Group's rights to Distribution proceeds comprising units of shares of the Company and cash consideration upon completion of the Group's acquisition of Memstar Pte. Ltd. (Note 41).

Consequently, the adjustment to the listed market price, described in the valuation technique for the fair value as at March 31, 2014, resulted in a transfer from fair value hierarchy level 1 to level 2.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Other than medium term notes, which is disclosed in Note 26 in the financial statements, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the bases determined between the parties is reflected in the financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following significant transactions with related parties:

	Group	
	2015	2014
	$'000	$'000
Income from waste water treatment	2,386	4,506

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2015	2014
	$'000	$'000
Short-term benefits	3,653	2,975
Share-based payment	6,695	3,072
Post-employment benefits	153	101
Total	10,501	6,148

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed deposits	537	446	-	-
Cash at banks	113,155	141,200	17,530	75,799
Cash on hand	65	26	-	-
Cash and bank balances	113,757	141,672	17,530	75,799

The interest rates relating to fixed deposits for the Group ranged from 3% to 3.15% (2014 : 3% to 3.15%) per annum and are for a tenure of approximately 90 days (2014 : 90 days).

As at March 31, 2015, the Group had cash and cash equivalents placed with banks in PRC amounting to $70,824,000 (2014 : $56,608,000). The repatriation of these cash out of PRC is subjected to the Foreign Exchange Control Regulations in PRC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

7 TRADE RECEIVABLES

	Group	
	2015	2014
	$'000	$'000
Outside parties	224,387	105,980
Less: Allowance for doubtful debts	(24)	(24)
Net	224,363	105,956

	Group	
	2015	2014
	$'000	$'000
Movement in allowance for doubtful debts:		
At beginning and end of year	24	24

Presentation on the Statements of Financial Position:

Current	212,686	103,715
Non-current	11,677	2,241
Total	224,363	105,956

The average credit period on sales of goods and rendering of services are 180 days (2014 : 180 days). No interest is charged on the overdue trade receivables.

The Group's non-current trade receivables amounting to $11,677,000 (2014 : $2,241,000) are due within 4 years (2014 : 4 years).

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at March 31:

	Group	
	2015 $'000	2014 $'000
Not past due and not impaired	168,526	54,867
Past due but not impaired (i)	55,837	51,089
Total	224,363	105,956
Impaired receivables - collectively assessed (ii)	24	24
Less: Allowance for impairment	(24)	(24)
Net	-	-
Total trade receivables, net	224,363	105,956

	Group	
	2015 $'000	2014 $'000
(i) Aging of receivables that are past due but not impaired:		
< 6 months	39,344	30,232
> 6 months to 18 months	2,830	12,215
> 18 months to 30 months	12,691	8,332
> 30 months	972	310
Total	55,837	51,089

(ii) These amounts are stated before any deduction for impairment losses. These receivables are not secured by any collateral or credit enhancements.

This allowance for doubtful debts has been determined by reference to past default experience for estimated irrecoverable amounts from the provision of environmental consultancy and engineering services to third parties.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Management believes that there is no further allowance required for credit risk in excess of the allowance for doubtful debts as there has been no significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Management is of the opinion that the fair value of the non-current trade receivables approximates the carrying amount.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

8 SERVICE CONCESSION RECEIVABLES

The Group through its subsidiaries engages in the businesses of waste water treatment and water supply in the PRC (the "operator") and has entered into a number of service concession arrangements with certain governmental authorities or their agencies in the PRC on a BOT and TOT basis in respect of its businesses. These service concession arrangements generally involve the Group as an operator to (i) construct waste water treatment and water supply and plants for those arrangements on a BOT basis; (ii) pay a specific amount for those arrangements on a TOT basis; or (iii) operate and maintain the waste water treatment, water supply plants at a specified level of serviceability on behalf of the relevant governmental authorities for periods ranging from 20 to 30 years (the "service concession periods"), and the Group will be paid for its services over the relevant periods of the service concession arrangements at prices stipulated through pricing mechanism. The plants will be transferred to the respective grantors at the end of the service concession periods for BOT and TOT.

The Group is generally entitled to operate all the property, plant and equipment of the waste water treatment and water supply plants, however, the relevant governmental authorities as grantors control and regulate the scope of services the Group provides to the waste water treatment and water supply plants. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authorities or their agencies in the PRC that set out, *inter alia*, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the waste water treatment and water supply to a specified level of serviceability at the end of the service concession periods, and arrangements for arbitrating disputes.

	Group	
	2015 $'000	2014 $'000
Service concession receivables	389,590	235,649
Less: Non-current portion	(384,814)	(232,392)
Current portion	4,776	3,257

The maturity analysis of service concession receivables that are:

	Group	
	2015 $'000	2014 $'000
In operation:		
On demand or within one year	4,776	3,257
In the second to fifth year inclusive	6,320	30,544
After five years	325,947	173,501
Total	337,043	207,302
Under construction	52,547	28,347
Total service concession receivables	389,590	235,649

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

8 SERVICE CONCESSION RECEIVABLES (cont'd)

The significant aspects of the service concession arrangements are as follows:

(a) The arrangements are 20 to 30 years concession arrangements for waste water treatment and water supply with the respective municipal governments under INT FRS 112 *Service Concession Arrangements*. The Group has a total of 19 (2014 : 14) service concession arrangements as the end of the reporting period.

Service concession receivables arose from the following:

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
Aton Environmental (Shenyang) Co. Ltd	新民污水厂	Xinmin city, Liaoning Province	新民市人民政府	TOT	50,000	30 years from 2011
Bazhou Max Rise Water Services Sci-Tech Co. Ltd	霸州市污水处理厂/霸州市胜芳镇污水处理厂	Bazhou city, Hebei Province	河北省霸州市人民政府	BOT	40,000 / 50,000	30 years from 2009
Bofa Weifang Water Treatment Co. Ltd	渤发污水厂	Weifang city, Shandong Province	潍坊滨海经济技术开发区管委会	BOT	10,000	30 years from 2014
Mengzhou Shengfang Water Service Co. Ltd	孟州市污水处理厂	Mengzhou city, Henan Province	河南省孟州市人民政府	BOT	50,000	25 years from 2011
United Envirotech Water (Changyi) Co. Ltd	柳疃污水厂 / 柳疃工业园供水厂 / 下营污水厂	Changyi city, Shandong Province	昌邑市柳疃镇人民政府/昌邑滨海下营开发区柳疃工业园区管理办公室/昌邑滨海下营开发区管理委员会	BOT	40,000 / 30,000 / 20,000	20 to 30 years from 2008 and 2012/2013
United Envirotech Water (Dafeng) Co. Ltd	石化园污水厂	Dafeng city, Jiangshu Province	大丰港经济区管委会	BOT	10,000	30 years from 2015

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
United Envirotech Water (Diaobingshan) Co. Ltd	调兵山污水处理厂	Diaobingshan city, Heilongjiang Province	辽宁省调兵山市人民政府	TOT	30,000	30 years from 2012
United Envirotech Water (Hegang) Co., Ltd	西区污水厂 / 东区污水厂	Hegang city, Heilongjiang Province	黑龙江省鹤岗市人民政府	BOT	50,000 / 30,000	30 years from 2010 and 2011
United Envirotech Water (Xintai) Co. Ltd	楼德厂	Xintai city, Shandong Province	新泰市人民政府、新泰市楼德镇人民政府	BOT	20,000	30 years from year of commencement of operation#
United Envirotech Water Treatment (Guang An) Co. Ltd	四川广安前锋区西部牛仔城污水处理厂一期工程	Guang An city, Sichuan Province	广安市前锋区人民政府	BOT	50,000	30 years from year of commencement of operation#
United Envirotech Water Treatment (Hongwei) Co. Ltd	辽阳市宏伟区污水处理厂	Liaoyang city, Liaoning Province	辽阳市宏伟区人民政府	TOT and BOT	15,000	30 years from year of commencement of operation#
United Envirotech Water Treatment (Liaoyang) Co. Ltd	辽阳中心厂	Liaoyang city, Liaoning Province	辽阳市人民政府	TOT	200,000	30 years from 2005
United Envirotech Water Treatment (Xintai) Co. Ltd	新泰厂 / 新汶厂	Xintai city, Shandong Province	新泰市人民政府	TOT	30,000 / 50,000	30 years from 2005
United Envirotech Water (Yantai) Co. Ltd	烟台牟平区污水处理厂	Yantai city, Shandong Province	烟台市牟平区城市管理行政执法局	BOT	30,000	30 years from year of commencement of operation#

The plants, which are currently under construction, are expected to be completed and to commence operation in fiscal year 2015.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

8 SERVICE CONCESSION RECEIVABLES (cont'd)

(b) For the above arrangements, the Group has a contractual right under the concession arrangements to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the plants. Under the terms of the arrangements, the Group will receive a yearly minimum amount of RMB253,777,000 (equivalent to $56,157,000) [2014 : RMB244,433,000 (equivalent to $50,329,000)] from the contracted parties (grantors) in exchange for services performed by the Group.

(c) All the waste water treatment arrangements state the rights and obligations for the grantors and operator as follows:

(i) The operator has an unconditional right to use the land and infrastructure within the waste water plant. The operator also has an unconditional right to receive payment from the local government for treatment of waste water.

(ii) The operator has the obligation to treat the required amount of waste water and also to ensure that the treated water fulfil the standard quality requirement of the grantor. In addition, the operator cannot provide waste water treatment services to third parties without seeking permission from the grantor.

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

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

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

(d) Service concession receivables amounting to $151,040,000 (2014 : $81,419,000) are pledged to secure the loans for the Group (Note 21).

(e) The fair value of the non-current portion of financial receivables approximates its carrying value, as management is of the opinion that the effective interest rates used ranging from 8.40% to 14.50% (2014 : 7.60% to 11.70%) is appropriate.

(f) Revenue and gross profits for the year arising from service concession arrangement under service concession receivables and intangible assets (Note 19) for the provision of construction services amount to $90,606,000 (2014 : $79,425,000) and $38,424,000 (2014 : $23,354,000) respectively which form part of revenue from environmental engineering projects (Note 31).

(g) The counterparties of the above service concession arrangements are municipal governments in People's Republic of China. Management is of the view that the associated credit risk is not significant.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Tender deposits	17,428	4,508	-	1,812
Prepayments and advance payment to suppliers	24,943	14,819	-	-
Deposits	57	558	303	287
Associates (Note 14)	-	17,211	-	17,211
VAT receivable	6,555	5,727	-	-
Dividend receivable from subsidiaries (Note 13)	-	-	43,582	37,516
Subsidiaries (Note 13)	-	-	414,593	75,196
Deposit for acquisition of subsidiaries	9,312	9,312	9,312	9,312
Commission income receivable	4,000	4,000	4,000	4,000
Other receivables	7,728	4,566	49	120
Total	70,023	60,701	471,839	145,454

Presentation on the Statements of Financial Position:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current	70,023	60,701	471,839	145,454
Non-current (Note A)	16,116	-	-	-
Total	86,139	60,701	471,839	145,454

The amounts due from associates and subsidiaries are unsecured, interest-free and repayable on demand.

Commission income receivable amounting to $3,000,000 and $1,000,000 are aged more than 2 years and 3 years respectively (2014: $3,000,000 and $1,000,000 are aged more than 1 year and 2 years respectively). Management is of the view that the receivable is recoverable from its 18% non-controlling interest of United Envirotech Water (Changyi) Co. Ltd.

In 2013, a deposit of $9,312,000 was paid for acquisition of 80% equity interests in two entities which operate wastewater treatment plants in the PRC. In 2013, the acquisition was discontinued and the Group initiated the arbitration through the China International Economic and Trade Arbitration Commission in April 2013 for the recovery of the deposit paid. As at end of the reporting period, the arbitration is pending verdict. Management is of the view that the deposit is recoverable.

Note A

The represents a prepayment for a TOT waste water treatment plant in Tangshan City, Hebei Province in the PRC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

10 INVENTORIES

	Group	
	2015 $'000	2014 $'000
Raw materials, at cost	7,913	349
Trading merchandise, at cost	5,331	78
Total	13,244	427

11 PREPAID LEASES

	Group	
	2015 $'000	2014 $'000
Cost:		
At beginning of year	5,743	10,652
Exchange realignment	517	76
Acquisition of subsidiaries (Note 41)	2,506	544
Additions	-	373
Disposals	-	(5,902)
At end of year	8,766	5,743
Accumulated amortisation:		
At beginning of year	592	713
Exchange realignment	53	(33)
Charge to profit or loss	472	183
Disposals	-	(271)
At end of year	1,117	592
Carrying amount:		
At end of year	7,649	5,151

Presentation on Statements of Financial Position:

	Group	
	2015 $'000	2014 $'000
Current assets	108	110
Non-current assets	7,541	5,041
Total	7,649	5,151

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

This represents prepaid lease payments for land use rights for two pieces of land located in the PRC on which the treatment plants of the subsidiaries are erected. Both the land leases run for an initial period of 50 years commencing on March 31, 2007 and July 31, 2011 respectively.

None of these leases include contingent rentals.

As at the end of the reporting period, the Group has pledged land use right with carrying amount of $7,649,000 (2014 : $5,151,000) to secure project financing facilities granted to the Group (Note 21).

12 ASSESTS CLASSIFIED AS HELD FOR SALE

On February 5, 2015, the Group signed an agreement to dispose of one of the Group's subsidiaries, Heilongjiang Qitaihe Wanxinglong Water Co. Ltd to Harbin Wanxinglong Development Co Ltd., the non-controlling shareholder.

The total proceeds from disposal of RMB24,870,000 ($5,503,000) will be settled in four tranches with completion expected in August 2015. No shares have been transferred as at year-end as there was a delay in settlement of the first tranche which was due on February 11, 2015.

In accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the subsidiary are expected to be disposed within twelve months, and have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" in the statements of financial position.

As the proceeds for the disposal are expected to exceed the net carrying amount of the relevant assets and liabilities, no impairment loss has been recognised on these assets as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	Group 2015 $'000
Assets classified as held for sale	
Intangible assets	21,707
Other receivables and prepayments	6,989
	28,696
Liabilities directly associated with assets classified as held for sale	
Other payables	15,988
Trade payables	9,048
Income tax payable	1,168
	26,204
Net assets of disposal group	2,492

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

13 SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	202,279	150,446
Exchange realignment	28,388	1,448
Financial guarantee contracts	2,294	2,206
Net	232,961	154,100
Due from subsidiaries (non-trade)	2,435	2,234
Total	235,396	156,334

The balances with subsidiaries are unsecured, interest-free and not expected to be repayable within one year. As the amounts due from subsidiaries have no definite repayment period, it is not possible for management to calculate the fair value of these balances as at the end of the reporting period.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held	
		2015 %	2014 %
Memstar Pte. Ltd [b]	Manufacturing of polymers and investment holding /Singapore	100@	-
Novo Envirotech (Guangzhou) Co. Ltd [a]	Environmental engineering/PRC	100	100
Novo Envirotech (Tianjin) Co. Ltd [a]	Environmental engineering/PRC	100	100
Novo Envirotech(Yantai) Co. Ltd [a]	Environmental engineering/PRC	75	75
UE Novo (Malaysia) Sdn. Bhd. [a]	Investment holding company/Malaysia	100	100
United Envirotech (Dafeng) Co. Ltd [a]	Operation of water treatment plant/PRC	100	100
United Envirotech (Fuzhou) Co Ltd [a]	Environmental engineering/PRC	100#	-
United Envirotech (Hong Kong) Co Ltd [a]	Investment holding company/Hong Kong	100#	-
United Envirotech Water (Hegang) Co., Ltd [a]	Operation of water treatment plant/PRC	100	100
United Envirotech Water (Liaoyang) Co. Ltd [a]	Operation of water treatment plant/PRC	100	100
United Envirotech Water Resource Pte Ltd [b]	Investment holding company/Singapore	100	100

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held	
		2015 %	2014 %
United Envirotech Water Treatment (Liaoyang) Co. Ltd [(a)]	Operation of water treatment plant/PRC	100	100
United Envirotech Water Treatment (Xintai) Co. Ltd [(a)]	Operation of water treatment plant/PRC	100	100
Subsidiaries of Novo Envirotech (Guangzhou) Co. Ltd.:			
Anhui Water Star Treatment and Operation Co. Ltd [(a)]	Manage and operate industrial waste water treatment plant/PRC	100	100
Heilongjiang Qitaihe Wanxinglong Water Co. Ltd [(a)]	Operation of water treatment plant/PRC	80	80
United Envirotech Water Treatment (Nansha) Co., Ltd [(a)*]	Management of waste water treatment system/PRC	100	100
Subsidiary of UE Novo (Malaysia) Sdn. Bhd.:			
Dataran Tenaga (M) Sdn. Bhd. [(a)]	Trading of pumps and engineering services/Malaysia	100	100

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

13 SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held	
		2015 %	2014 %
Subsidiaries of United Envirotech Water Resource Pte Ltd:			
Aton Environmental (Shenyang) Co. Ltd [(a)]	Operation of water treatment plant/PRC	100	100
United Envirotech Water (Changyi) Co Ltd [(a)]	Operation of water treatment plant/PRC	82	70
United Envirotech Water (Diaobingshan) Co Ltd [(a)]	Operation of water treatment plant/PRC	100	100
United Envirotech Water (Guang An) Co Ltd [(a)]	Operation of water treatment plant/PRC	90[#]	-
United Envirotech Water (Liaoyang Hongwei) Co. Ltd [(a)]	Operation of water treatment plant/PRC	100	100[#]
United Envirotech Water (Shangzhi) Co Ltd [(a)##]	Operation of water treatment plant/PRC	-	100
United Envirotech Water (Qidong) Co. Ltd [(a)]	Operation of water treatment plant/PRC	70	70[#]
United Envirotech Water (Siyang) Co. Ltd [(a)]	Operation of water treatment plant/PRC	100	100[#]
United Envirotech Water (Xintai) Co Ltd [(a)]	Operation of water treatment plant/PRC	100	100
United Envirotech Water (Yantai) Co. Ltd [(a)]	Operation of water treatment plant/PRC	100	100[#]
United Envirotech Water Treatment (Dafeng) Co., Ltd [(a)]	Management of waste water treatment system/PRC	50/67 [@@]	-
Subsidiaries of Memstar Pte Ltd:			
Memstar (Guangzhou) Co. Ltd [(a)]	Manufacture and distribution of polyvinylidin (PVDF) hollow fibre membrane, membrane products and membrane system for both the industrial and domestic/commercial sectors/ PRC	100 [@]	-

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Name of subsidiaries	Principal activities/Country of incorporation and operation	Group's effective interest and voting power held	
		2015	2014
		%	%
Memstar (Mianyang) Co. Ltd [(a)]	Operation of water treatment plant/ polyvinylidin (PVDF) hollow fibre membrane, membrane products and membrane system for both the industrial and domestic/commercial sectors/PRC	100 [@]	-
Memstar Water Pte Ltd [(b)]	Investment holding company/Singapore	100 [@]	-
Maxrise Envirogroup Ltd [(a)]	Investment holding company/Hong Kong	100 [@]	-
Max Rise Water Service Holdings [(a)]	Investment holding company/Hong Kong	100 [@]	-
Mengzhou Shengfang Water Service Co. Ltd [(a)]	Operation of water treatment plant/PRC	100 [@]	-
Tangshan Max Rise Water Services Sci-Tech Co. Ltd [(a)]	Operation of water treatment plant/PRC	100 [@]	-
Bazhou Max Rise Water Services Sci-Tech Co. Ltd [(a)]	Operation of water treatment plant/PRC	100 [@]	-
Bazhou Shenfang Water Services Co. Ltd [(a)]	Operation of water treatment plant/PRC	50 [@ **]	-
Subsidiaries of United Envirotech Water (Changyi) Co. Ltd.:			
Bofa Weifang Water Treatment Co. Ltd [(a)]	Operation of water treatment plant/PRC	82	63

* Subsidiary is 60% held by Novo Envirotech (Guangzhou) Co. Ltd. and 40% held by the Company.

** The Group has 2 out of 3 Board representation in the subsidiary which gives it the ability to direct relevant activities based on simple majority votes.

\# Incorporated during the financial year.

\#\# Disposed during the financial year (Note 42).

@ Acquired during the year.

@@ The effective interest and voting power are 50% and 67% respectively. During the year, the joint venture became a subsidiary due to increase in voting power from 50% to 67% which gives it the ability to direct relevant activities based on simple majority votes. There was no change in effective interest; which remain at 50%.

Notes on auditors:

(a) Audited by overseas practices of Deloitte Touche Tohmatsu Limited for Group's consolidation purposes.

(b) Audited by Deloitte & Touche LLP, Singapore.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

13 SUBSIDIARIES (cont'd)

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2015 %	2014 %
Environmental engineering	PRC	3	2
Investment holding company	Malaysia	1	1
Investment holding company	Singapore	2	1
Investment holding company	Hong Kong	3	-
Manage and operate industrial waste water treatment plant	PRC	1	1
Management of waste water treatment system	PRC	-	1
Operation of water treatment plant	PRC	15	12
Operation of water treatment plant/polyvinylidin hollow fibre (PVDF) membrane, membrane products and membrane system for both industrial and domestic/commercial sectors	PRC	2	-
Manufacturing of polymers and investment holding	Singapore	1	-
Trading of pumps and engineering	Malaysia	1	1
Services		29	19

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries	
		2015 %	2014 %
Environmental engineering	PRC	1	1
Management of waste water treatment system	PRC	1	-
Operation of water treatment plant	PRC	6	4
		8	5

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interest for the financial year ended March 31, 2015:

Name of subsidiaries	Place of incorporation and operation	Proportion of effective equity interest held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015 %	2014 %	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United Envirotech Water (Changyi) Co. Ltd.	PRC	18	30	1,238	440	9,931	9,006
United Envirotech Water Treatment (Dafeng) Co., Ltd	PRC	50	-	519	-	14,590	-
Individually immaterial subsidiaries with non-controlling interests				1,406	481	8,164	1,876
				3,163	921	32,685	10,882

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

	Changyi		Dafeng	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current assets	21,161	17,290	2,187	-
Non-current assets	157,319	137,854	33,094	-
Current liabilities	(102,856)	(86,249)	(6,101)	-
Non-current liabilities	(20,453)	(38,875)	-	-
Equity attributable to owners to subsidiaries	45,240	21,014	14,590	-
Non-controlling interests	9,931	9,006	14,590	-
Revenue	24,400	13,281	2,794	-
Expense	(20,000)	(11,814)	(1,756)	-
Profit for the year, representing total comprehensive income for the year	4,400	1,467	1,038	-
Profit for the year, representing total comprehensive income attributable to owner	3,162	1,027	519	-
Profit for the year, representing total comprehensive income attributable to non-controlling interest	1,238	440	519	-
Net cash inflow from operating activities	29,303	26,050	6,422	-
Net cash outflow from investing activities	(20,095)	(62,942)	(3,453)	-
Net cash (outflow) inflow from financing activities	(10,753)	43,669	(3,045)	-
Net cash (outflow) inflow	(1,545)	6,777	(76)	-

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

14 ASSOCIATES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unquoted equity shares, at cost	-	6,020	-	6,020
Exchange realignment	-	*	-	(603)
Share of post-acquisition profit and reserves	-	3,755	-	-
	-	9,775	-	5,417
Excess of interests in the fair value of associates' identifiable net assets over cost of investment	-	1,015	-	1,015
Total	-	10,790	-	6,432

** Amount less than $1,000*

Details of the associates are as follows:

Name of associates	Principal activities/Country of incorporation and operation	Effective interest and voting power held	
		2015 %	2014 %
Guangzhou Zhongxin Water Co., Ltd [(a)]	Environmental engineering/PRC	-	37
Maxrise Envirogroup Ltd [(b)]	Investment holding company/Hong Kong	-	40

(a) Liquidated during the financial year

(b) Acquired the remaining interest of 60% during the financial year to become a wholly-owned subsidiary as disclosed in Note 13.

NOTES TO FINANCIAL STATEMENTS

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Summarised financial information in respect of the associates are set out below:

	Group	
	2015 $'000	2014 $'000
Total assets	-	101,955
Total liabilities	-	(77,010)
Net assets	-	24,945
Group's share of associates' net assets	-	9,775
Revenue	-	14,722
Profit for the year	-	4,479
Group's share of associates' profit for the year	-	1,776

15 JOINT VENTURE

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unquoted equity shares, at cost	-	7,688	-	7,688
Exchange realignment	-	(639)	-	(380)
Share of post-acquisition gain and reserves	-	5,070	-	-
Net	-	12,119	-	7,308

Details of the joint venture are as follows:

Name of joint venture	Principal activities/ Country of incorporation and operation	Effective interest and voting power held	
		2015 %	2014 %
United Envirotech Water Treatment (Dafeng) Co., Ltd	Management of waste water treatment system/PRC	-	50

During the year, the joint venture became a subsidiary (Note 13). The shareholders' agreement was revised to increase the number of directors in the board from two to three, and the Group appoints two out of the three directors. This gives the Group the ability to direct relevant activities based on simple majority votes. There was no change in effective interest; which remain at 50%.

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MARCH 31, 2015

15 JOINT VENTURE (cont'd)

Summarised financial information in respect of the joint venture is set out below:

	Group	
	2015 $'000	2014 $'000
Total assets	-	32,859
Total liabilities	-	(8,621)
Net assets	-	24,238
Group's share of joint venture's net assets	-	12,119
Revenue	7,407	8,621
Profit for the year	2,566	4,250
Group's share of joint venture's profit for the year	1,283	2,125

16 AVAILABLE-FOR-SALE INVESTMENT

	Group and Company	
	2015 $'000	2014 $'000
Available-for-sale investment, at fair value	-	53,461

The available-for-sale investment represents the Group's investment in the quoted equity shares of Memstar Technology Ltd.

As described in Note 4(d)(vi), the fair value of the of the available-for-sale investment as at March 31, 2014 was based on the quoted closing market price on the last market day of the financial year, adjusted for the probability-weighted value of the Group's rights to distribution proceeds comprising units of shares of the Company and cash consideration upon completion of the Group's acquisition of Memstar Pte. Ltd. (Note 41).

During the year, the Group fully disposed of its interest in Memstar Technology Ltd.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold building $'000	Leasehold building $'000	Leasehold improvements $'000	Motor vehicles $'000	Plant and machinery $'000	Treatment plants $'000	Office equipment, furniture and fittings $'000	Construction in progress $'000	Total $'000
Group										
Cost										
At April 1, 2014	99	415	15	332	2,523	5,390	11,429	1,003	-	21,206
Exchange realignment	7	16	-	4	19	(21)	171	5	-	201
Subsidiaries acquired (Note 41)	-	-	-	-	52	-	-	32	-	84
Additions	-	180	-	46	470	419	204	227	-	1,546
Transfer	-	(8)	-	-	-	-	-	8	-	-
Transfer to service concession receivables (Note 8)	-	-	-	(18)	-	-	-	-	-	(18)
Disposals	-	-	-	-	(153)	(186)	-	(10)	-	(349)
At March 31, 2014	106	603	15	364	2,911	5,602	11,804	1,265	-	22,670
Exchange realignment	(4)	57	1,357	47	250	4,117	1,959	114	-	7,897
Subsidiaries acquired (Note 41)	-	-	16,161	896	1,120	34,428	14,960	1,119	-	68,684
Additions	-	-	1,290	52	636	2,828	704	673	3,955	10,138
Transfer to service concession receivables (Note 8)	-	-	-	-	-	-	-	-	(3,955)	(3,955)
Disposals	-	-	-	-	(13)	-	-	-	-	(13)
At March 31, 2015	102	660	18,823	1,359	4,904	46,975	29,427	3,171	-	105,421

NOTES TO FINANCIAL STATEMENTS

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17 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land $'000	Freehold building $'000	Leasehold building $'000	Leasehold improvements $'000	Motor vehicles $'000	Plant and machinery $'000	Treatment plants $'000	Office equipment, furniture and fittings $'000	Construction in progress $'000	Total $'000
Accumulated depreciation										
At April 1, 2013	-	52	4	159	1,399	3,866	1,864	557		7,901
Exchange realignment	-	-	-	1	6	29	19	2		57
Subsidiaries acquired (Note 41)	-	-	-	-	40	-	-	29		69
Depreciation	-	-	1	27	284	441	410	136		1,299
Disposals	-	-	-	-	(132)	(8)	-	(4)		(144)
At March 31, 2014	-	52	5	187	1,597	4,328	2,293	720		9,182
Exchange realignment	-	11	290	18	170	2,068	216	94		2,867
Subsidiaries acquired (Note 41)	-	-	1,734	551	786	8,010	1,442	934		13,457
Depreciation	-	-	353	41	433	721	1,291	270		3,109
Disposals	-	-	-	-	(13)	-	-	-		(13)
At March 31, 2015	-	63	2,382	797	2,973	15,127	5,242	2,018		28,602
Accumulated impairment										
As at April 1, 2013 and March 31, 2014 and March 31, 2015	-	-	-	17	-	-	-	12		29
Carrying amount										
At March 31, 2015	102	597	16,441	545	1,931	31,848	24,185	1,141		76,790
At March 31, 2014	106	551	10	160	1,314	1,274	9,511	533		13,459

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	Leasehold improvement $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Company				
Cost				
At April 1, 2013	94	358	107	559
Additions	1	-	7	8
Write-off	-	(36)	-	(36)
At March 31, 2014	95	322	114	531
Additions	-	140	15	155
At March 31, 2015	95	462	129	686
Accumulated depreciation				
At April 1, 2014	78	145	87	310
Depreciation	4	32	7	43
Write-off	-	(36)	-	(36)
At March 31, 2014	82	141	94	317
Depreciation	5	58	8	71
At March 31, 2015	87	199	102	388
Carrying amount				
At March 31, 2015	8	263	27	298
At March 31, 2014	13	181	20	214

The carrying amounts of the Group's and the Company's motor vehicles include amounts of $593,000 (2014 : $181,000) and $263,000 (2014 : $181,000) respectively which are held under finance leases (Note 24).

The Group has pledged its freehold land, freehold building and a treatment plant with total carrying amount of approximately $9,654,000 (2014 : $9,509,000) to a bank for banking facilities granted to a subsidiary of the Group (Note 21).

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18 GOODWILL

	Group	
	2015	2014
	$'000	$'000
At beginning of year	1,389	1,438
Exchange realignment	723	(49)
Arising on acquisition of subsidiaries (Note 41)	253,253	-
At end of year	255,365	1,389

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the cash generating units, are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates and expected order book secured and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. Order book secured and direct costs are based on past practices and expectations of future changes in the market.

Goodwill is allocated to each cash generating units ("CGU") identified that are expected to benefit from the business combination. The carrying amounts of goodwill of each CGU are as follows:

	Group	
	2015	2014
	$'000	$'000
Dataran Tenaga (M) Sdn Bhd (Note a)	1,346	1,389
Memstar Pte. Ltd. (Note b)	254,019	-
	255,365	1,389

Note a
The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next four years using an average discount rate of 15.0% (2014 : 15.0%) and a growth rate of 5.0% (2014 : 5.0%) per annum.

Note b
The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next four years using an average discount rate of 12.2 % (2014 : Nil) and a growth rate of 5.0% (2014 : Nil) per annum.

Management estimates that any reasonable changes in the estimates and assumptions used in the discontinued cash flow model would not change the conclusion on the goodwill impairment assessment.

NOTES TO FINANCIAL STATEMENTS

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19 INTANGIBLE ASSETS

	Customer contracts $'000	Patent $'000	Operating concessions $'000	Club memberships $'000	Total $'000
Group					
Cost					
At April 1, 2013	-	-	86,567	200	86,767
Exchange realignment	-	-	1,401	-	1,401
Additions	-	-	62,318	-	62,318
At March 31, 2014	-	-	150,286	200	150,486
Exchange realignment	-	-	6,502	-	6,502
Acquisition of subsidiaries (Note 41)	6,430	4,180	2,400	-	13,010
Additions	-	-	57,117	-	57,117
Reclassified as held-for-sale	-	-	(24,616)	-	(24,616)
At March 31, 2015	6,430	4,180	191,689	200	202,499
Accumulated amortisation					
At April 1, 2013	-	-	643	-	643
Exchange realignment	-	-	(48)	-	(48)
Amortisation for the year	-	-	4,752	-	4,752
At March 31, 2014	-	-	5,347	-	5,347
Exchange realignment			334	-	334
Amortisation for the year	1,388	902	7,256	-	9,546
Reclassified as held-for-sale	-	-	(2,909)	-	(2,909)
At March 31, 2015	1,388	902	10,028	-	12,318
Carrying amount					
At March 31, 2015	5,042	3,278	181,661	200	190,181
At March 31, 2014	-	-	144,939	200	145,139

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

19 INTANGIBLE ASSETS (cont'd)

Customer contracts

Customer contracts represent the manufacture and supply agreement with customer for membrane products acquired from a business combination. Customer contracts are amortised on a straight-line basis over the period of 9 years.

Patents

Patents represent the in-house R&D capabilities and technical expertise in membrane which relate to the PDVF hollow fibre membrane. Patents are amortised on a straight-line basis over the period of 5 years.

Operating concessions

Operating concessions represent the rights to charge users of the public service for the water purification contracts. Such operating concession rights fall within the scope of INT FRS 112 Service Concession Arrangements. The operating concessions are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on straight-line basis over the respective periods of the operating concessions granted to the Group for 30 years.

	Group	
	2015 $'000	2014 $'000
Amount to be amortised:		
Not later than one year	5,215	5,592
Later than one year but not later than five years	22,428	22,368
Later than five years	154,018	116,979
Total	181,661	144,939

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Operating concessions arose from the following:

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangement	Contracted daily design capacity (tons/day)	Service concession period
United Envirotech Water (Liaoyang) Co. Ltd	辽阳市河东新城第四净水厂	Liaoyang city, Liaoning Province	辽阳市人民政府	BOT	50,000	30 years from 2011
United Envirotech Water (Changyi) Co. Ltd	柳疃工业园污水厂	Changyi city, Shandong Province	柳疃工业园区管理办公室会	BOT	15,000	30 years from 2012
United Envirotech Water (Siyang) Co. Ltd	来安污水厂 / 城东厂一期 / 城东厂二期	Siyang county, Jiangsu Province	江苏省泗阳经济开发区管理委员	TOT and BOT	5,000 / 30,000 / 20,000	30 years from 2013
United Envirotech Water (Qidong) Co. Ltd	启东滨江精细化工园	Qidong County, Jiangsu province	江苏省启东经济开发区滨江精细化工园管委会	TOT and BOT	30,000	30 years from 2015

NOTES TO FINANCIAL STATEMENTS

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20 DEFERRED TAX ASSETS (LIABILITIES)

	Group	
	2015 $'000	2014 $'000
Deferred tax assets	950	615
Deferred tax liabilities	(26,505)	(7,756)
Net	(25,555)	(7,141)

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Timing differences due to accounting under INT FRS112 $'000	Other allowances $'000	Prepaid leases $'000	Net $'000
Group				
At April 1, 2013	(5,385)	606	(1,037)	(5,816)
(Charge) Credit to profit or loss	(2,371)	9	1,037	(1,325)
At March 31, 2014	(7,756)	615	-	(7,141)
Acquisition of subsidiaries (Note 41)	(8,168)	322	-	(7,846)
(Charge) Credit to profit or loss	(10,581)	13	-	(10,568)
At March 31, 2015	(26,505)	950	-	(25,555)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $10,741,000 (2014 : $4,158,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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21 BANK LOANS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Bank loans (unsecured)	20,779	67,648	-	3,150
Bank loans (secured)	199,995	16,938	1,350	-
Total	220,774	84,586	1,350	3,150
The loans are repayable as follows:				
On demand or within one year	60,379	15,381	1,350	3,150
More than one year	160,395	69,205	-	-
Total	220,774	84,586	1,350	3,150
Average effective interest rates (per annum)	4.9%	5.1%	3.8%	3.8%

The bank loans of the Group amounting to $4,868,000 (2014 : $6,699,000) are secured by a treatment plant (Note 17) of one of the subsidiaries.

The bank loans of the Group amounting to $86,560,000 (2014 : $10,132,000) are secured by the service concession receivables of its subsidiaries (Note 8d), prepaid leases (Note 11) and treatment plant (Note 17) of one of the subsidiaries.

The bank loans of the Group amounting to $108,469,000 (2014 : $Nil) are secured by the shares of certain subsidiaries.

The bank loans of the Group amounting to $98,000 (2014 : $107,000) are secured by a charge over the Group's freehold land and freehold building (Note 17).

22 TRADE PAYABLES

	Group	
	2015 $'000	2014 $'000
Outside parties	112,605	104,150

The average credit period on purchases of goods is 30 days (2014 : 30 days). No interest is charged on overdue trade payables.

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23 OTHER PAYABLS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Value added tax	11,462	8,156	-	-
Advance receipts	3,222	-	-	-
Accruals	19,394	11,180	1,362	3,620
Subsidiary (Note 13)	-	-	33,770	11,292
Withholding tax	-	267	-	267
Other payables to outside parties	45,320	13,412	-	-
Total	79,398	33,015	35,132	15,179

24 FINANCE LEASES

	<-----Group----->				<----- Company ----->			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	55	61	47	55	22	38	16	38
In the second to fifth year inclusive	173	26	148	25	86	-	73	-
After the fifth year	32	-	32	-	23	-	23	-
Total	260	87	227	80	131	38	112	38
Less: Future finance charges	(33)	(7)	NA	NA	(19)	*	NA	NA
Present value of lease obligations	227	80	227	80	112	38	112	38
Less: Due within one year			(47)	(55)			(16)	(38)
Due after one year			180	25			96	-

* Amount less than $1,000.

The average remaining lease terms for the Group and the Company are 3 to 5 years and 5 years (2014 : 1 to 7 years and 1 year) respectively. For the year ended March 31, 2015, the average effective borrowing rates for both the Group and the Company were 4.2% to 6.4% (2014 : 4.2% to 6.4%) per annum. Interest rates are fixed at the contract date, and thus expose the Group and Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's and Company's lease obligations approximate their carrying amounts.

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25 CONVERTIBLE BONDS

On October 4, 2011, the Company issued $137,264,000 (equivalent to US$113,800,000), 2.5% convertible bonds. The convertible bonds entitle the holders to convert them into ordinary shares of the Company (unless previously redeemed, converted or purchased and cancelled) at any time on or after October 4, 2011 up to the close of business on September 28, 2016 at a conversion price (subject to adjustments) of S$0.450 per share at a fixed exchange rate of $1.20619 per US$. Unless previously redeemed, purchased or cancelled, the convertible bonds will be redeemed on October 3, 2016. Interest of 2.5% will be paid annually in arrears with the first interest payment date falling on October 3, 2012.

Unless previously redeemed or converted and cancelled, the convertible bonds will be redeemed at a redemption price equivalent to United States dollars ("USD") principal amount plus accrued interest at 100 per cent on the maturity. Meanwhile, the holders will have a right to require the Company to redeem the bonds at a redemption price equivalent to USD principal amount together with the interest accrued on that date following occurrence of relevant events (as defined in the Offering Circular).

The net proceeds received from the issue of the bonds have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

	Group and Company	
	2015	2014
	$'000	$'000
Nominal value of bonds issued	54,868	141,908
Less: Transaction costs	(3,152)	(8,151)
Net value of bonds issued	51,716	133,757
Equity component at date of issue	(8,707)	(22,520)
Liability component at date of issue	43,009	111,237
Exchange realignment	3,658	1,111
Cumulative interest accrued	16,754	23,107
Total	63,421	135,455
Less: Interest payables included in accruals (Note 23)	(368)	(1,790)
Less: Coupon paid to bondholders	(4,271)	(7,105)
Liability component at end of year	58,782	126,560

The interest accrued is calculated by applying an effective interest rate of 9.9% (2014 : 7.9%) to the liability component.

During the year, a total of US$69,800,000 (2014: $Nil) of convertible bonds have been converted to ordinary shares of the Company. Subsequent to year-end, the remaining US$44,000,000 of convertible bonds were converted to ordinary shares of the Company (Note 44).

NOTES TO FINANCIAL STATEMENTS

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26 MEDIUM TERM NOTES

	Group and Company	
	2015 $'000	2014 $'000
At the beginning of the year	97,016	-
Issued during the year	-	96,757
Amortisation of issuance cost charge to profit or loss (Note 33)	1,212	259
At end of the year	98,228	97,016

During the year ended March 31, 2014, the Company established the Medium Term Note programme (the "MTN programme") with aggregate nominal value of US$300,000,000, of which $50,000,000, $15,000,000 and $35,000,000 were issued on September 2, 2013, October 7, 2013 and February 4, 2014 from the MTN programme under Series 001 (the "Notes") and the Notes carried fixed interest of 7.25% per annum with interest payable on March 2 and September 2 of each year. The Notes will mature on September 2, 2016. The Notes are unsecured.

The Notes are listed on the Singapore Exchange Securities Trading Limited. Prior to the maturity of the Notes, the Company may redeem the Notes based on the stipulated redemption price on the occurrence of the early redemption condition stated in the pricing supplement. Early redemption conditions for the Notes are:

- additional tax obligation to the Company due to any change in, or amendment to, the laws or regulation of Singapore;
- on event of default; and
- change in control of the Company.

The Notes contained certain covenants that limited the Group's abilities to, among other things:

- incur additional indebtedness;
- maintain certain level of earnings ratio;
- maintain certain level of total shareholders' equity; and
- declare dividends exceeding a certain ratio to the consolidated profit after tax.

Management estimated the fair value of the Notes at March 31, 2015 to be approximately $99,950,000 (2014: $98,950,000). The fair value is based on the bid price extracted from Bloomberg as at March 31, 2015 and management determined the Notes to be under Level 2 fair value hierarchy.

The net carrying amount of the Notes was stated net of issue expenses totalling $3,419,000. Such expenses will be amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of March 31, 2015, accumulated amortisation amounted to $1,471,000 (2014: $259,000).

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27 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid-up:				
At beginning of the year	594,132	594,132	151,325	151,325
Issuance of shares, net of expenses	369,229	-	332,800	-
At end of the year	963,361	594,132	484,125	151,325

The ordinary shares, which have no par value, carry on vote per share and carry a right to dividends as and when declared by the Company.

In 2015, the Company issued:

(a) 173,805,000 ordinary shares at $236,375,000 for the purchase consideration of Memstar Pte.Ltd. and its principal subsidiaries.

(b) 187,073,818 ordinary shares at $92,975,000 pursuant to the conversion of convertible bonds.

(c) 8,350,000 ordinary shares at $3,450,000 pursuant to the conversion of the Employee Share Option Scheme.

Share options over ordinary shares granted under the employee share option scheme:

As at March 31, 2015, employees held options over 70,950,000 ordinary shares (of which 52,696,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
400,000	March 1, 2020
3,000,000	July 20, 2020
49,550,000	February 15, 2023
12,000,000	March 28 , 2023
6,000,000	July 25, 2024
70,950,000	

As at March 31, 2014, employees held options over 73,300,000 ordinary shares (of which 61,550,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
8,750,000	March 1, 2020
3,000,000	July 20, 2020
49,550,000	February 15, 2023
12,000,000	March 28, 2023
73,300,000	

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27 SHARE CAPITAL (cont'd)

Share options granted under the employee share option scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are contained in Note 30 to the financial statements.

Ordinary shares to be issued upon conversion of convertible bonds

As at March 31, 2015, the number of ordinary shares to be issued upon the full conversion of the convertible bonds up to maturity as at October 3, 2016 are 117,926,189 (2014 : 305,000,007).

As at April 22, 2015, the remaining convertible bonds have been fully converted to 117,926,189 ordinary shares of the Company (Note 44).

28 GENERAL RESERVE

In accordance with the relevant laws and regulations of PRC, companies in PRC are required to set aside a general reserve fund by way of appropriation from their statutory net profit reported in PRC statutory financial statements at a rate of 10% for each year. Subject to approval from PRC authorities, the fund may be used to offset accumulated losses or increase the registered capital of the subsidiary. The appropriation is required until the statutory reserve reaches 50% of the subsidiary's registered capital. This statutory reserve is not available for dividend distribution to the shareholders.

	Group	
	2015 $'000	2014 $'000
Statutory surplus reserve fund:		
At beginning of year	4,410	3,683
Transfer from retained earnings	-	727
Acquisition of subsidiaries (Note 41)	59	-
At end of year	4,469	4,410

29 OTHER RESERVES

Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group and Company's presentation currency.

Capital reserve

The capital reserve represents the Group's share of fair value adjustment to the net assets of subsidiaries on acquisition of additional equity interest from the majority shareholders.

30 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all directors and employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price that is equivalent to the Market Price; or a price that is set at a discount to the Market Price,

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provided always that the maximum discount shall not exceed 20% of the Market Price; and the prior approval of Shareholders shall have been obtained in a separate resolution. The vesting period is 1 year for non-discount options and 2 years for discounted options. If the options remain unexercised after a period of 10 years (Executive Directors and Employees) and 5 years (Non-Executive Directors) from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.
Details of the share options outstanding during the year are as follows:

	Group and Company			
	2015		2014	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at beginning of year	73,300,000	0.5124	73,700,000	0.5126
Granted	6,000,000	1.135	-	-
Exercised	(8,350,000)	0.2507	-	-
Forfeited	-	-	(400,000)	0.5520
Outstanding at end of year	70,950,000	0.5962	73,300,000	0.5124
Exercisable at end of year	18,254,000	0.5162	11,750,000	0.2741

In 2015, the weighted average share price at the date of grant for share options granted was $0.5962. The options outstanding at the end of the year have a weighted average remaining contractual life of 7 years (2014 : 8 years).

These fair values for share options granted were calculated using The Black-Scholes pricing model.

The inputs into the valuation model were as at the respective grants dates were as follows:

Grant date: March 1, 2010	
Weighted average share price ($)	0.3000
Weighted average exercise price ($)	0.2502
Expected volatility (%)	52.87
Expected life (years)	3
Risk free rate (%)	2.72
Expected divided yield (%)	Nil
Grant date: July 20, 2010	
Weighted average share price ($)	0.3209
Weighted average exercise price ($)	0.3447
Expected volatility (%)	52.87
Expected life (years)	3
Risk free rate (%)	2.72
Expected divided yield (%)	Nil

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30 SHARE-BASED PAYMENTS (cont'd)

Grant date: February 15, 2014	
Weighted average share price ($)	0.745
Weighted average exercise price ($)	0.552
Expected volatility (%)	31.38
Expected life (years)	4
Risk free rate (%)	2.72
Expected divided yield (%)	Nil
Grant date: March 28, 2014	
Weighted average share price ($)	0.715
Weighted average exercise price ($)	0.584
Expected volatility (%)	40.00
Expected life (years)	4
Risk free rate (%)	1.88
Expected divided yield (%)	0.90
Grant date: July 25, 2014	
Weighted average share price ($)	1.419
Weighted average exercise price ($)	1.135
Expected volatility (%)	31.38
Expected life (years)	4
Risk free rate (%)	2.72
Expected divided yield (%)	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

In 2015, the estimated fair values of the options granted were $42,300,390 (2014 : $37,558,920).

For the financial year ended March 31, 2015, the Group and the Company recognised an expense of $7,109,000 (2014 : $4,670,000) related to fair value of the options granted.

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31 REVENUE

	Group	
	2015 $'000	2014 $'000
Revenue from environmental engineering projects	189,623	129,079
Income from waste water treatment	71,922	49,140
Finance income from service concessions	30,280	13,438
Sales of goods	47,339	5,695
Technical services income	9,818	4,990
Total	348,982	202,342

32 OTHER INCOME

	Group	
	2015 $'000	2014 $'000
Interest income	1,251	755
Foreign exchange gain - net	2,953	-
Commission income	1,907	1,529
Gain from disposal of available-for-sale investment	14,181	-
Gain from disposal of property, plant and equipment	38	40
Gain from disposal of prepaid lease	-	1,064
Government grant	1,739	-
Others	1,358	428
Total	23,427	3,816

33 FINANCE COSTS

	Group	
	2015 $'000	2014 $'000
Interest expense from:		
Bank borrowings	13,673	4,667
Convertible bonds (Note 25)	6,808	9,662
Finance leases	9	6
Amortisation of medium term notes issue expense (Note 26)	1,212	259
Medium term notes	7,251	3,038
Total	28,953	17,632

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34 PROFIT BEFORE INCOME TAX

This has been arrived at after charging (crediting):

	Group 2015 $'000	Group 2014 $'000
Foreign exchange (gain) loss, net	(2,953)	1,437
Auditors' remuneration:		
Paid to auditors of the Company	275	150
Paid to member firms of the auditors of the Company	749	525
Paid to other auditors	90	65
Non-audit fees:		
Paid to auditors of the Company	230	237
Paid to member firms of the auditors of the Company	129	-
Gain from disposal of available-for-sale investment	(14,181)	-
Gain from disposal of property, plant and equipment	(38)	(40)
Gain from disposal of prepaid lease	-	(1,064)

	Group 2015 $'000	Group 2014 $'000
Employee benefits expense	18,900	10,858
Directors' remuneration	1,655	1,668
Directors' fee	198	198
Cost of defined contribution retirement plans	4,239	1,764
Total employee benefits expenses	24,992	14,488
Depreciation of property, plant and equipment	3,109	1,299
Amortisation of intangible assets	9,546	4,752
Amortisation of prepaid leases	472	183
Total depreciation and amortisation expenses	13,127	6,234

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

35 INCOME TAX EXPENSE

	Group	
	2015	2014
	$'000	$'000
Current tax	6,505	8,267
Underprovision in prior years	39	50
Deferred tax (Note 20)	10,568	1,325
Withholding tax	368	538
Income tax expense	17,480	10,180

(a) Except as disclosed below, the PRC entities are taxed at the statutory tax rate of 25% and Hong Kong entities are taxed at the statutory rate of 16.5%;

(i) Novo Envirotech (Guangzhou) Co. Ltd, Novo Envirotech (Tianjin) Co. Ltd and Memstar (Mianyang) Co. Ltd - The entities, being high-tech enterprises, enjoy a 15% tax incentive with renewal annually.

(ii) Aton Environmental (Shenyang) Co. Ltd and United Envirotech Water (Diaobinshan) Co. Ltd – The entities, being productive foreign investment enterprises, enjoy a 12.5% tax incentive with renewal annually.

(iii) United Envirotech Water (Siyang) Co. Ltd is granted to claim tax exemption from the PRC income tax for the first three years commencing its first profit-making year of operations, after offsetting all tax losses carried forward from the previous years, and thereafter, entitled to claim 50% relief from PRC income tax for the next three years.

(iv) United Envirotech Water (Changyi) Co. Ltd is granted to claim tax exemption from the PRC income tax for the first three years commencting its first profit-making year of operations, after offsetting all tax loses carried forward from the previous years, and thereafter, entitled to claim 50% relief from PRC income tax for the next three years.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

35 INCOME TAX EXPENSE (cont'd)

(b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore domestic income tax rate of 17% (2014 : 17%) to profit before income tax as a result of the following differences:

	Group	
	2015 $'000	2014 $'000
Profit before income tax	79,911	31,190
Tax expense at the Singapore domestic income tax rate of 17%	13,585	5,302
Tax effect of expense that are not deductiblein determining taxable profits	2,054	2,751
Deferred tax benefit not recognised	1,088	1,684
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,241	1,232
Tax exempt income	(1,508)	(1,159)
Underprovision in prior years	39	50
Withholding tax	368	538
Others	(387)	(218)
Total	17,480	10,180

The Group has tax losses carry forwards available for offsetting against future taxable income as follows:

	Group	
	2015 $'000	2014 $'000
Amount at beginning of year	26,515	17,166
Amount arising	4,352	9,349
Amount at end of year	30,867	26,515
Deferred tax benefit on above unrecorded	5,595	4,507

No deferred tax asset on the tax losses carryforwards has been recognised due to the unpredictability of future profits streams of the loss-making entities.

The above deferred tax benefits unrecorded are subject to agreement with the Comptroller of Income Tax and the tax authorities, as well as conditions imposed by law.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

36 BASIC AND DILUTED EARNINGS PER SHARE

	Group	
	2015	2014
Earnings ($'000)		
Profit attributable to owners of the Company	59,268	20,089
Effect of dilutive potential ordinary shares: Interest in convertible loans (net of tax)	6,808	9,662
Earnings for the purposes of diluted earnings per tax	66,076	29,751
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	921,170	594,132
Effect of dilutive potential ordinary shares from share options and convertible bonds	188,476	378,300
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,109,646	972,432
Earnings per share (cents)		
- Basic	6.43	3.38
- Diluted	5.95	3.06

37 DIVIDENDS

During the financial year, a tax exempt (1-tier) dividend of $0.003 per ordinary shares totalling $2,739,729 on 913,243,000 shares was paid to shareholders in respect of the financial year ended March 31, 2014.

In 2014, a tax exempt (1-tier) dividend of $0.005 per ordinary shares totalling $2,970,660 on 594,132,000 shares was paid to shareholders in respect of the financial year ended March 31, 2013.

Subsequent to the year end, the directors of the Company propose a tax exempt (1-tier) dividend of $0.005 per ordinary shares totalling $4,816,805 on 963,361,000 shares for the financial year ended March 31, 2015. This is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

38 OPERATING LEASE ARRANGEMENTS

	Group	
	2015 $'000	2014 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,379	364

At the end of the reporting period, the Group and Company have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Future minimum lease payments payable:				
Within one year	1,146	554	170	170
In the second to fifth year inclusive	394	700	135	305
Total	1,540	1,254	305	475

Operating lease payments represent rentals payable by the Group and Company for certain of its office and workshop properties. Leases are negotiated for an average of 2 years (2014 : 2 years).

39 CONTINGENT LIABILITIES

During the financial year, the Company provided corporate guarantee to a subsidiary, United Envirotech Water (Siyang) Co Ltd for banking facilities up to US$15,000,000 (2014 : US$15,000,000).

40 SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

The Group is principally engaged in three operating segments, namely (1) Engineering - design and implementation of integrated environmental engineering solution based on membrane technology; and (2) Treatment - rendering of waste water treatment services and (3) Membrane - manufacturing and sale of polymers. The new segment for Membrane arose from the acquisition of Memstar Pte Ltd and its principle subsidiaries, businesses and assets.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the financial statements.nSegment results represent the profits earned by each segment without allocation of central administration costs, directors' remuneration, share of results of associates and a joint venture, interest income, foreign exchange gains and losses and finance costs at corporate level.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

Segment information about the Group's operating segment is presented below:

	2015					2014		
	Engineering $'000	Treatment $'000	Membrane $'000	Elimination $'000	Total $'000	Engineering $'000	Treatment $'000	Total $'000
Revenue								
External sales	199,441	102,202	58,559	(11,220)	348,982	139,764	62,578	202,342
Results								
Segment result	27,946	43,680	31,397	(11,220)	91,803	23,720	24,847	48,567
Finance costs					(28,953)			(17,632)
Unallocated corporate expenses					(2,607)			(2,964)
Gain on disposal of available-for sale investment					14,181			-
Foreign exchange gain (loss)					2,953			(1,437)
Share of profit of associates					-			1,776
Share of profit of joint venture					1,283			2,125
Interest income					1,251			755
Profit before income tax					79,911			31,190
Income tax					(17,480)			(10,180)
Profit for the year					62,431			21,010

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

40 SEGMENT INFORMATION (cont'd)

Segment assets represent property, plant and equipment, service concession receivables, associates, joint venture, intangible assets, goodwill, inventories, trade and other receivables bank balances and cash, which are attributable to each operating segments. Segment liabilities represent trade and other payables and bank borrowings, which are attributable to each operating segments.

	2015				2014		
	Engineering $'000	Treatment $'000	Membrane $'000	Total $'000	Engineering $'000	Treatment $'000	Total $'000
Segment assets	335,103	826,121	150,698	1,311,922	130,714	460,076	590,790
Unallocated corporate assets				74,802			195,738
Consolidated total assets				1,386,724			786,528
Segment liabilities	139,433	241,493	26,264	407,190	110,633	129,894	240,527
Unallocated corporate liabilities				238,189			226,794
Consolidated total liabilities				645,379			467,321

Unallocated corporate assets mainly represent Group's cash and bank balances and other financial assets.

Unallocated corporate liabilities represent Group's finance leases, bank loans, deferred tax liabilities, medium term notes and convertible bonds at corporate level.

Other information

	2015				2014		
	Engineering $'000	Treatment $'000	Membrane $'000	Total $'000	Engineering $'000	Treatment $'000	Total $'000
Additions to non-current assets	356	149,691	239,466	389,513	262	117,691	117,953
Depreciation and amortisation	268	7,766	5,093	13,127	179	6,055	6,234

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Geographical segment

The geographical locations of the customers of the Group principally comprise the People's Republic of China ("PRC"), United States of America ("USA") and Malaysia.

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

	Revenue from external customers		Non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
PRC	329,523	186,617	923,637	400,213
Singapore	-	-	6,498	414
USA	3,218	-	-	-
Malaysia	16,241	15,725	1,622	1,890
Total	348,982	202,342	931,757	402,517

Non-current assets information presented above mainly consist of prepaid lease, property, plant and equipment, service concession receivables, intangible assets, club memberships, goodwill and deferred tax assets.

Information about major customers

Revenue from the major customers which accounts for 10% or more of the Group's revenue are as follows:

	Group	
	2015 $'000	2014 $'000
Engineering segment (one customer)	104,444	-

41 ACQUISITION OF SUBSIDIARIES

The Group acquired the following subsidiaries and accounted for the acquisition using the acquisition method of accounting:

For the financial year ended March 31, 2015

During the financial year, the Group acquired 100% equity interest of Memstar Pte. Ltd. and its principal subsidiaries, businesses and assets ("Memstar") from Memstar Technology Ltd ("Acquisition") for a total purchase consideration of $307,486,000 comprising of cash consideration of $32,777,000, liabilities of Memstar assumed by the Company of $38,334,000 and issuance of 173,805,000 ordinary shares (the "Consideration Shares") in the share capital of the Company for the expansion of the Group's business. The effective date of the completion of the acquisition, as determined by management, is April 11, 2014.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

41 ACQUISITION OF SUBSIDIARIES (cont'd)

During the financial year, the Group owns 50% equity shares of United Envirotech Water Treatment (Dafeng) Co. Ltd ("Dafeng"). However, based on the revised contractual arrangements between the Group and the other investor entered into during the year, the Group's voting power in Dafeng increased from 50% to 67%, giving it the ability to direct relevant activities based on simple majority votes. Dafeng became the Group's subsidiary on January 1, 2015.

Details of the fair value of consideration transferred, assets acquired and liabilities assumed at the date of acquisitions are as follows:

	Dafeng $'000	Memstar $'000	Total $'000
Cash and bank balances	1,052	9,442	10,494
Trade receivables	926	24,686	25,612
Other receivables and prepayments	344	55,313	55,657
Prepaid lease	2,506	-	2,506
Inventories	24	12,134	12,158
Property, plant and equipment	28,431	26,796	55,227
Service concession receivable	-	63,995	63,995
Intangible assets	2,400	10,610	13,010
Deferred tax assets	322	-	322
Associates	-	723	723
Bank loans	-	(16,496)	(16,496)
Trade payables	(3,784)	(5,618)	(9,402)
Other payables	(2,905)	(54,936)	(57,841)
Finance leases	-	(116)	(116)
Income tax payable	(166)	(2,025)	(2,191)
Deferred tax liabilities	-	(8,168)	(8,168)
Net assets acquired	29,150	116,340	145,490
Goodwill	-	253,253	253,253
Less: Fair value of previously held interest	(13,402)	(59,215)	(72,617)
Less: Non-controlling interest	(14,071)	(4,569)	(18,640)
Total consideration paid			307,486

Analysed as:

Consideration paid in the form of shares of the Company	236,375
Liabilities of Memstar assumed by the Company	38,334
Consideration paid in cash	32,777
Total consideration paid	307,486

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Net cash outflow on acquisition of subsidiary

	Total $'000
Consideration paid in cash	32,777
Less: Cash and cash equivalents acquired	(10,494)
Net cash outflow	22,283

Goodwill arose in the acquisition of Memstar because of the expected synergies, revenue growth, future market development and the assembled workforce of Memstar. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of $65,261,000 and profit of $16,036,000 in the Group's financial statements for the year ended March 31, 2015.

Had the business combination during the year been effected at April 1, 2014, the revenue of the Group would have been $350,545,000 and the profit for the year would have been $62,959,000.

For the financial year ended March 31, 2014

In 2014, the Group acquired 90% equity interest in Weifang Bofa Water Treatment Co. Ltd. for a cash consideration of RMB1,800,000 ($360,000) for the expansion of the Group's business. The effective date of the completion of the acquisition, as determined by management, is May 1, 2014.

Details of the fair value of consideration transferred, assets acquired and liabilities assumed at the date of the acquisition are as follows:

	Total $'000
Cash and bank balances	28
Trade receivables	361
Other receivables	279
Prepaid lease	544
Property, plant and equipment	15
Service concession receivable	3,302
Trade payables	(14)
Other payables	(4,115)
Net assets acquired	400
Less: Non-controlling interest	(40)
Total consideration paid	360

Net cash outflow on acquisition of subsidiary

Consideration paid in cash	360
Less: Cash and cash equivalents acquired	(28)
Net cash outflow	332

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

41 ACQUISITION OF SUBSIDIARIES (cont'd)

Acquisition-related costs with insignificant amount had been excluded from the consideration transferred and have been recognised as expense during the year within the "other operating expenses" line item in the statement of profit or loss and other comprehensive income.

The interest of non-controlling shareholder recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifable net assets.

The acquisition of the subsidiary resulted in inclusion of post-acquisition revenue of $675,000 and loss of $212,000 in the Group's financial statements for the year ended March 31, 2014.

Had the business combination during the year been effected at April 1, 2013, there would have been no effect on the revenue and profit of the Group as the subsidiary was dormant prior to the acquisition.

42 DISPOSAL OF A SUBSIDIARY

During the financial year, the Group entered into a sale and purchase agreement to dispose its wholly-owned subsidiary, United Envirotech Water (Shangzhi) Co. Ltd to the local government of Heilongjiang Province, Shangzhi City in the PRC.

Details of the disposal are as follows:

Book values of net assets over which control was lost

	2015 $'000
Current assets	
Cash and cash equivalents, representing total current assets	7,191
Net assets derecognised	7,191
Gain on disposal:	
Cash consideration received	7,191
Net assets derecognised	(7,191)
	-
Net cash inflow arising on disposal:	
Cash consideration received	7,191
Cash and cash equivalents disposed of	(7,191)
	-

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

43 COMMITMENTS

	Group	
	2015 $'000	2014 $'000
Commitments	218,300	443,415

The above shows the commitments to be undertaken by the Group:

	Group	
	2015 $'000	2014 $'000
Wastewater treatment projects		
Build-Operate-Transfer:		
Guangan City, Sichuan Province	-	32,000
Haimen City, Jiangsu Province	41,000	-
Luntai County, Xinjiang Province	66,700	-
Transfer-Operate-Transfer:		
Gaoyang County, Hebei Province	110,600	-
Qidong City, Jiangsu Province	-	20,000
Qixia City, Shandong Province	-	21,000
Yantai City, Shandong Province	-	20,000
Build-Operate-Transfer cum Transfer-Operate-Transfer:		
Liaoyang City, Liaoning Province	-	57,000
Total – Wastewater treatment projects	218,300	150,000
Investment		
100% equity stake in Memstar Pte. Ltd and its principal subsidiaries, businesses and assets	-	293,415
Total commitment	218,300	443,415

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

44 EVENTS AFTER REPORTING PERIOD

Voluntary unconditional offer for United Envirotech Ltd. between Rothschild (Singapore) Limited and CKM (Cayman) Limited

(a) On April 16, 2015, the placement offer of ordinary shares in the capital of the Company dated November 12, 2014 was closed and CKM (Cayman) Limited had received valid acceptances in respect of:

(i) 839,541,349 offer shares, representing approximately 85.80% of the total number of issued shares of the Company; and

(ii) US$44.0 million in principal amount of Convertible Bonds which are convertible into 117,926,189 new UEL Shares, representing approximately 10.23% of the enlarged total number of UEL Shares.

On April 23, 2015, the Company announced that after close of the offer but prior to placement completion, the China International Trust and Investment Corporation ("CITIC") Loan Capitalisation and the Inter-Consortium Members Transfers, CITIC Environment (International) Company Limited will hold less than 50% of all the shares of CKM (Cayman) Limited in issue and will subsequently increase its stake in the latter through the placement completion and the CITIC Loan Capitalisation and/or the Inter-Consortium Members Transfers, so as to acquire statutory control of CKM (Cayman) Limited.

On April 23, 2015, 30,303,031 new shares have been issued and allotted to CENVIT (Cayman) Company Limited, a wholly owned subsidiary of CKM (Cayman) Company Limited at a price of $1.65 per placement share and the proposed placement has been completed on the same date.

Investment in Wastewater Treatment Plant (WWTP)

(b) On March 25, 2015, the Company announced that it had signed the investment agreement with the Luntai Industrial Park Management Committee to design, build and operate for 30 years an industrial wastewater treatment plant in Luntai County, Xinjiang, China, with an estimated total investment of RMB300,000,000 ($66,700,000). The said project will be funded by the Company's internal resources, proceeds from the bond issued under the Company's MTN program and bank financing. The project will commence immediately and is expected to be completed by the end of 2016.

(c) On April 8, 2015, the Company announced that it had entered into a share transfer agreement with the shareholders of Bishui Lantian Co. Ltd ("BSLT") in relation to the acquisition of the total issued share capital in BSLT for a total purchase consideration of RMB500,000,000 ($110,600,000). The acquisition will give the Group the right to develop Phase 3 WWTP with an estimated total investment of RMB300,000,000 ($66,700,000).

(d) On April 22, 2015, the Company had signed an agreement with the Haimen City Linjiang New District Management Committee to invest US$30,000,000 ($41,000,000) for a build-operate-own project of an industrial WWTP in Haimen City, Jiangsu Province, China. The project will commence immediately and is expected to be completed by June 2016.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

Incorporation of subsidiaries

(e) Subsequent to the year end, the Company incorporated three wholly-owned subsidiaries, United Envirotech Water (Dongying) Co., Ltd. ("UE Dongying"), Jiangsu Memstar Membrane Material Technology Co., Ltd ("Jiangsu Memstar") and United Envirotech Water (Laixi) Co., Ltd. ("UE Laixi"). UE Dongying has a total paid up capital of US$7,000,000 ($9,652,000) in PRC. Jiangsu Memstar has a total paid up capital of US$18,000,000 ($24,599,000) in PRC. UE Laixi has a total paid up capital of US$3,750,000 ($5,125,000). The main activity of UE Dongying is to undertake a transfer-operate-transfer project involving an industrial WWTP located in Dongying Economic and Technology Development Zone. The main activities of Jiangsu Memstar are the manufacturing, sales and distribution of polyvinylidene difluoride ("PVDF") hallow fibre membrane, membrane products and membrane system and the main activity of UE Laixi is to undertake a BOT project of a municipal WWTP.

Other events after reporting period

(f) On April 10, 2015, the Company announced that it had issued and allotted an aggregate of 15,124,500 ordinary shares at $8,228,000 in the capital of the Company pursuant to the exercise of options granted under United Envirotech Share Option Scheme.

(g) On April 18, 2015, the Company announced that the US$300,000,000 medium term note programme established on June 13, 2013 has been updated to add DBS Bank Ltd. as a joint arranger and dealer and increase the maximum aggregate principal amount of notes from US$300,000,000 to US$500,000,000. On April 17, 2015 the Company had entered into an amended and restated trust deed with the The Bank of New York Mellon, Singapore Branch to amend the trust deed originally dated June 13, 2013.

(h) On April 29, 2015, the Company announced that it had issued $225,000,000 in aggregate nominal amount of 4.70% fixed rate notes due on April 29, 2018. The notes were issued under the Company's US$500,000,000 medium term note programme. DBS Bank Ltd. and Standard Chartered Bank have been appointed as the joint lead managers and bookrunners for the offering of the notes.

(i) On June 25, 2015, the Company announced that the financial year-end of the Company and its subsidiaries has been changed from March 31 to December 31 of each year.

ANNOUNCEMENT ON THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CITIC ENVIROTECH LTD. AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015

The information in this Appendix IV has been reproduced from the announcement on 28 October 2015 of the unaudited consolidated financial statements of CITIC Envirotech Ltd. and its subsidiaries for the three months ended 30 September 2015 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

中信环境技术
CITIC ENVIROTECH

CITIC ENVIROTECH LTD. (Company registration number: 200306466G)

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

Second Quarter Financial Statement & Dividend Announcement for the Period Ended 30 September 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

The Group ($'000)	3 months ended 30/9/2015	3 months ended 30/9/2014	% Increase/ (Decrease)	6 months ended 30/9/2015	6 months ended 30/9/2014	% Increase/ (Decrease)
Revenue	70,882	105,377	(32.7)	154,729	171,696	(9.9)
Other income	8,589	368	2,234.0	10,147	14,951	(32.1)
Changes in inventories	1,980	3,371	(41.3)	3,049	10,826	(71.8)
Material purchased, consumables used and subcontractors' fees	(25,928)	(60,183)	(56.9)	(66,303)	(101,046)	(34.4)
Employee benefits expense	(7,653)	(4,854)	57.7	(17,967)	(8,956)	100.6
Depreciation and amortisation expenses	(5,205)	(2,160)	141.0	(9,801)	(3,817)	156.8
Other operating expenses	(12,457)	(11,174)	11.5	(27,079)	(21,103)	28.3
Finance costs	(12,319)	(7,834)	57.3	(21,758)	(13,999)	55.4
Share of profit of joint venture	-	365	N/M	-	716	N/M
Profit before income tax	17,889	23,276	(23.1)	25,017	49,268	(49.2)
Income tax expense	(2,882)	(5,256)	(45.2)	(6,312)	(8,500)	(25.7)
Net profit for the period	15,007	18,020	(16.7)	18,705	40,768	(54.1)

The Group ($'000)	3 months ended 30/9/2015	3 months ended 30/9/2014	% Increase/ (Decrease)	6 months ended 30/9/2015	6 months ended 30/9/2014	% Increase/ (Decrease)
Statement of Comprehensive Income						
Profit attributable to:						
Owners of the Company	13,917	16,670	(16.5)	17,240	39,185	(56.0)
Non-controlling interests	1,090	1,350	(19.3)	1,465	1,583	(7.5)
Profit for the period	15,007	18,020	(16.7)	18,705	40,768	(54.1)
Currency translation gain	20,671	13,852	49.2	11,126	11,691	(4.8)
Total other comprehensive income for the period	20,671	13,852	49.2	11,126	11,691	(4.8)
Total comprehensive income for the period	35,678	31,872	11.9	29,831	52,459	(43.1)
Total comprehensive income attributable to:						
Owners of the company	34,588	30,522	13.3	28,366	50,876	(44.2)
Non-controlling interests	1,090	1,350	(19.3)	1,465	1,583	(7.5)
Total comprehensive income for the period	35,678	31,872	11.9	29,831	52,459	(43.1)

1(a)(ii) Breakdown to statement of comprehensive income

The Group ($'000)	3 months ended 30/9/2015	3 months ended 30/9/2014	% Increase/ (Decrease)	6 months ended 30/9/2015	6 months ended 30/9/2014	% Increase/ (Decrease)
Employee share option expense	2,511	1,291	94.5	4,287	2,582	66.0
Interest expense on bank borrowings	7,644	4,592	66.5	13,442	7,514	78.9
Interest expense on bond	4,675	1,812	158.0	8,251	3,625	127.6
Finance cost on convertible bonds	-	1,430	N/M	65	2,860	(97.7)
Interest income	(2,478)	(155)	1,498.7	(3,780)	(279)	1,254.8
Unrealised net foreign exchange (gain)/loss	(1,181)	639	N/m	(2,462)	752	N/m
One-off fees relating to the General Offer on April 2015	-	-	N/M	6,508	-	N/M
Gain on disposal of property, plant and equipment	-	(38)	N/M	-	(38)	N/M
Gain on disposal of AFS	-	-	-	-	(14,181)	N/M

N/M: Not meaningful

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 30/9/2015 $'000	Group 31/3/2015 $'000	Company 30/9/2015 $'000	Company 31/3/2015 $'000
ASSETS				
Current assets:				
Cash and bank balances	296,741	113,757	61,458	17,530
Trade receivables	240,952	212,686	-	-
Service concession receivables	3,791	4,776	-	-
Other receivables and prepayments	72,161	70,023	683,573	471,839
Inventories	16,293	13,244	-	-
Prepaid leases	99	108	-	-
	630,037	414,594	745,031	489,369
Assets classified as held for sale	28,708	28,696	-	-
Total current assets	658,745	443,290	745,031	489,369
Non-current assets:				
Trade receivables	11,240	11,677	-	-
Service concession receivables	555,058	384,814	-	-
Other receivables and prepayments	16,691	16,116	-	-
Prepaid leases	7,308	7,541	-	-
Subsidiaries	-	-	210,297	235,396
Property, plant and equipment	121,349	76,790	266	298
Goodwill	255,202	255,365	-	-
Intangible assets	215,258	190,181	200	200
Deferred tax assets	958	950		-
Total non-current assets	1,183,064	943,434	210,763	235,894
Total assets	1,841,809	1,386,724	955,794	725,263
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	202,127	60,379	450	1,350
Medium term notes	98,500	-	98,500	-
Trade payables	106,082	112,605	-	-
Other payables	71,243	79,398	39,712	35,132
Finance leases	97	47	16	16
Income tax payable	24,383	22,656	-	-
	502,432	275,085	138,678	36,498
Non-current liabilities held for sale	25,699	26,204	-	-
Total current liabilities	528,131	301,289	138,678	36,498
Non-current liabilities:				
Bank loans	178,044	160,395	-	-
Finance leases	360	180	85	96
Convertible bonds	-	58,782	-	58,782
Medium term notes	221,610	98,228	221,610	98,228
Deferred tax liabilities	27,815	26,505	-	-
Total non-current liabilities	427,829	344,090	221,695	157,106

	Group 30/9/2015 $'000	Group 31/3/2015 $'000	Company 30/9/2015 $'000	Company 31/3/2015 $'000
Capital and reserves:				
Share capital	607,973	484,125	607,973	484,125
General reserve	4,469	4,469	-	-
Capital reserve	2,096	2,096	-	-
Share option reserve	17,802	13,515	17,802	13,515
Convertible bonds reserve	-	8,707	-	8,707
Currency translation reserve	46,058	34,932	(12,775)	18,939
Retained earnings	172,423	160,816	(17,579)	6,373
Equity attributable to owners of the Company	850,821	708,660	595,421	531,659
Non-controlling interests	35,028	32,685	-	-
Total equity	885,849	741,345	595,421	531,659
Total liabilities and equity	1,841,809	1,386,724	955,794	725,263

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

Amount repayable in one year or less, or on demand

As at 30/9/2015		As at 31/3/2015	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
198,592	102,132	55,828	4,598

Amount repayable after one year

As at 30/9/2015		As at 31/3/2015	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
163,350	236,664	144,394	114,409

Details of any collateral

1. The finance leases of $457,000 (31 March 2015: $227,000) is secured over the Group's motor vehicles.

2. The bank term loan of $ Nil (31 March 2015: $98,000) is secured over the freehold properties of its Malaysian subsidiary.

3. The bank loans of $361,485,000 (31 March 2015: $199,897,000) are secured over the time deposits, concession receivables, intangible assets, treatment plants, prepaid lease of its subsidiaries and all assets of Memstar Pte Ltd Group.

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.

The Group ($'000)	3 months ended 30/9/2015	3 months ended 30/9/2014	6 months ended 30/9/2015	6 months ended 30/9/2014
Operating activities				
Profit before income tax	17,889	23,276	25,017	49,268
Adjustments for:				
Gain on disposal of available-for-sale investment	-	-	-	(14,181)
Gain on disposal of property, plant and equipment	-	(38)	-	(38)
Interest income	(2,478)	(155)	(3,780)	(279)
Interest expense	12,319	7,834	21,758	13,999
Share of profit of joint venture	-	(365)	-	(716)
Depreciation and amortisation	5,205	2,160	9,801	3,817
Share option expense	2,511	1,291	4,287	2,582
Exchange difference arising on foreign currency translation	35,602	16,548	27,102	14,348
Operating profit before working capital changes	**71,048**	**50,551**	**84,185**	**68,800**
Trade receivables	(22,074)	(5,377)	(27,552)	(9,940)
Other receivables	14,728	(5,498)	35,258	2,017
Inventories	(1,989)	(3,371)	(3,058)	(10,826)
Trade payables	(30,063)	(28,255)	(15,814)	2,096
Other payables	(29,209)	875	(14,021)	(2,326)
Cash generated from operations	**2,441**	**8,925**	**58,998**	**49,821**
Interest received	1,312	155	1,766	279
Interest paid	(11,195)	(4,499)	(16,497)	(8,293)
Income tax paid	(2,865)	(901)	(3,182)	(1,385)
Net cash (used in) from operating activities	**(10,307)**	**3,680**	**41,085**	**40,422**
Investing activities				
Proceeds from disposal of property, plant and equipment	-	38	-	38
Proceeds from disposal of available-for-sale investment	-	-	-	6,159
Additions to property, plant and equipment	(16,785)	(2,159)	(29,316)	(4,300)
Additions to service concession receivables	(54,569)	(20,980)	(165,462)	(42,658)
Additions to intangible assets	(7,350)	(12,494)	(24,282)	(25,753)
Deposit for acquisition of subsidiary	(8,232)	-	(8,232)	-
Contribution from non-controlling shareholders	878	-	878	-
Net cash outflow on acquisition of subsidiary	-	-	-	(46,018)
Net cash used in investing activities	**(86,058)**	**(35,595)**	**(226,414)**	**(112,532)**

The Group ($'000)	3 months ended 30/9/2015	3 months ended 30/9/2014	6 months ended 30/9/2015	6 months ended 30/9/2014
Financing activities				
Dividend paid	(5,633)	(2,739)	(5,633)	(2,739)
Proceeds from issuance of medium term notes	-	-	222,048	-
New bank loans raised	-	10,806	130,351	65,806
Proceeds from issuing shares	366	-	56,359	2,090
Redemption of medium term notes	-	-	(1,010)	-
Repayment of obligations under finance leases	(11)	(80)	(34)	(89)
Repayment of bank borrowings	(17,158)	(8,084)	(34,712)	(14,916)
Net cash (used in) from financing activities	**(22,436)**	**(97)**	**367,369**	**50,152**
Net (decrease) increase in cash and cash equivalents	(118,801)	(32,012)	182,040	(21,958)
Cash and cash equivalents at beginning of period	414,151	151,687	113,757	141,672
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,391	120	944	81
Cash and cash equivalents at end of period	296,741	119,795	296,741	119,795

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 capitalisation issues and distributions to shareholders.

	Share capital $'000	General reserve $'000	Capital reserve $'000	Share option reserves $'000	Convertible bonds reserves $'000	Currency translation reserve $'000	Retained earnings $'000	Total equity attributable to owners of the Company $'000	Non controlling interests $'000	Total equity $'000
Group										
At 1 April 2015	484,125	4,469	2,096	13,515	8,707	34,932	160,816	708,660	32,685	741,345
Total comprehensive income for the period	-	-	-	-	-	(9,545)	3,323	(6,222)	375	(5,847)
Recognition of share-based payment	-	-	-	1,776	-	-	-	1,776	-	1,776
Issuance of shares capital	47,562	-	-	-	-	-	-	47,562	-	47,562
Issuance of shares on conversion of convertible bonds	67,489	-	-	-	(8,707)	-	-	58,782	-	58,782
Issuance of shares on exercise of the ESOS	8,217	-	-	-	-	-	-	8,217	-	8,217
At 30 June 2015	607,393	4,469	2,096	15,291	-	25,387	164,139	818,775	33,060	851,835
Total comprehensive income for the period	-	-	-	-	-	20,671	13,917	34,588	1,090	35,678
Acquisition of subsidiary	-	-	-	-	-	-	-	-	878	878
Recognition of share-based payment	-	-	-	2,511	-	-	-	2,511	-	2,511
Issuance of shares on exercise of the ESOS	580	-	-	-	-	-	-	580	-	580
Dividends							(5,633)	(5,633)		(5,633)
At 30 September 2015	607,973	4,469	2,096	17,802	-	46,058	172,423	850,821	35,028	885,849

	Share capital $'000	General reserve $'000	Share option reserves $'000	Fair value reserve $'000	Convertible bonds reserves $'000	Currency translation reserve $'000	Retained earnings $'000	Total equity attributable to owners of the Company $'000	Non controlling interests $'000	Total equity $'000
Group										
At 1 April 2014	151,325	4,410	7,766	17,252	22,520	765	104,287	308,325	10.882	319,207
Total comprehensive income for the period	-	-	-	(17,252)	-	(2,161)	22,515	3,102	233	3,335
Acquisition of subsidiary	236,375	-	-	-	-	-	-	236,375	-	236,375
Incorporation of subsidiaries										
Recognition of share-based payment	-	-	1,291	-	-	-	-	1,291	-	1,291
Issuance of shares on conversion of convertible bonds	71,742	-	-	-	(10,112)	-	-	61,630	-	61,630
Issuance of shares on exercise of the ESOS	3,450	-	(1,360)	-	-	-	-	2,090	-	2,090
At 30 June 2014	462,892	4,410	7,697	-	12,408	(1,396)	126,802	612,813	11,115	623,928
Total comprehensive income for the period	-	-	-	-	-	13,852	16,670	30,522	1,350	31,872
Recognition of share-based payment	-	-	1,291	-	-	-	-	1,291	-	1,291
Dividend paid	-	-	-	-	-	-	(2,739)	(2,739)	-	(2,739)
Incorporation of subsidiary	-	-	-	-	-	-	-	-	4,610	4,610
At 30 September 2014	462,892	4,410	8,988	-	12,408	12,456	140,733	641,887	17,075	658,962

	Share capital $'000	Share option reserve $'000	Convertible bonds reserves $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000
Company						
At 1 April 2015	484,125	13,515	8,707	18,939	6,373	531,659
Total comprehensive loss for the period	-	-	-	(3,716)	(13,377)	(17,093)
Recognition of share-based payment	-	1,776	-	-	-	1,776
Issuance of share capital	47,562	-	-	-	-	47,562
Issuance of shares on conversion of convertible bonds	67,489	-	(8,707)	-	-	58,782
Issuance of shares on exercise of ESOS	8,217	-	-	-	-	8,217
At 30 June 2015	607,393	15,291	-	15,223	(7,004)	630,903
Total comprehensive income for the period	-	-	-	(27,998)	(4,942)	(32,940)
Recognition of share-based payment	-	2,511	-	-	-	2,511
Issuance of shares on exercise of ESOS	580	-	-	-	-	580
Dividends	-	-	-		(5,633)	(5,633)
At 30 September 2015	607,973	17,802	-	(12,775)	(17,579)	595,421

	Share capital $'000	Share option reserve $'000	Fair value reserve $'000	Convertible bonds reserves $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000
<u>Company</u>							
At 1 April 2014	151,325	7,766	17,252	22,520	802	3,594	203,259
Total comprehensive income for the period	-	-	(17,252)	-	(1,822)	8,744	(10,330)
Recognition of share-based payment	-	1,291	-	-	-	-	1,291
Acquisition of subsidiaries	236,375	-	-	-	-	-	236,375
Issuance of shares on conversion of convertible bonds	71,742	-	-	(10,112)	-	-	61,630
Issuance of shares on exercise of ESOS	3,450	(1,360)	-	-	-	-	2,090
At 30 June 2014	462,892	7,697	-	12,408	(1,020)	12,338	494,315
Total comprehensive income for the period	-	-	-	-	6,632	(6,037)	595
Recognition of share-based payment	-	1,291	-	-	-	-	1,291
Dividend	-	-	-	-	-	(2,739)	(2,739)
At 30 September 2014	462,892	8,988	-	12,408	5,612	3,562	493,462

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 at the end of the corresponding period of the immediately preceding financial year.

During the current financial period, the company issued 1,050,000 of new ordinary shares pursuant to the conversion of the Employee Share Option Scheme and cancelled a total of 400,000 Employee Share Options.

The total number of shares that may be issued on conversion of all the outstanding convertibles bonds and employee shares options were Nil (30 September 2014: 168,044,819) and 53,875,500 (30 September 2014: 70,950,000) respectively.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30/9/2015	31/3/2015
Total number of issues shares ('000)	1,127,765	963,361

The company does not have any treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2. Whether the figures have 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 have 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 have been applied.

The accounting policies and methods of computation are the same as in the Company's audited consolidated financial statements for the financial year ended 31 March 2015.

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

There is no change in the accounting policies and methods of computation.

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 3 months ended 30/9/2015	Group 3 months ended 30/9/2014	Group 6 months ended 30/9/2015	Group 6 months ended 30/9/2014
Net profit attributable to shareholders of the Company($'000)	13,917	16,670	17,240	39,185
Weighted average number of shares in issue (in '000) for computation of Basic EPS	1,127,103	913,243	1,109,340	891,260
Earnings per share (cents)- Basic	1.23	1.83	1.55	4.40
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	1,180,978	1,152,238	1,163,616	1,130,255
Earnings per share (cents) – Diluted	1.18	1.57	1.48	3.72

For the purpose of calculating diluted EPS, assumption was made that all the employee share options and convertible bonds issued will be converted to ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group 30/9/2015	Group 31/3/2015	Company 30/9/2015	Company 31/3/2015
Net asset value ($'000)	885,849	741,345	595,421	531,659
Net asset value per share (cents)	78.55	76.95	52.80	55.19

The net asset value per share is calculated based on the issued share capital of 1,127,765,088 (31 March 2015: 963,361,368).

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.

Statement of comprehensive income

The Group's revenue for the current period was $70.9 million, which was $34.5 million or 32.7% lower than last corresponding period ended 30 September 2014 of $105.4 million. The breakdown of the revenue was as follows:

	Group 3 months ended 30/09/2015 $'million	Group 3 months ended 30/09/2014 $'million	% increase/(decrease)
Engineering revenue	27.7	74.7	(62.9)
Treatment revenue	32.6	25.3	28.9
Membrane sale	10.6	5.4	96.3
Total	70.9	105.4	(32.7)

The decrease was mainly due to the decrease in revenue from engineering business from $74.7 million to $27.7 million, representing a decrease of $47.0 million or 62.9%.

Other income for the current period was $8.6 million, which was $8.2 million higher than the last corresponding period ended 30 September 2014 of $0.4 million. The increase was mainly due to:

a. increase in interest income from $0.2 million to $2.5 million in the current period ended 30 September 2015;
b. Unrealised net foreign exchange gain to $1.2 million as compared to net foreign exchange loss in the last corresponding period ended 30 September 2014; and
c. VAT rebate of $1.9 million in the current period ended 30 September 2015.

	Group 3 months ended 30/09/2015 $'million	Group 3 months ended 30/09/2014 $'million
Engineering revenue	27.7	74.7
Membrane sale	10.6	5.4
Total	38.3	80.1
Changes in inventories	2.0	3.5
Material purchased, consumables used and subcontractors' fees	(25.9)	(60.2)
Gross profit	**14.4**	**23.4**
GP margin (%)	37.6%	29.2%

Materials purchased, consumables used and subcontractors' fees decreased to $25.9 million from $60.2 million, representing a decrease of $34.3 million or 56.9% as compared to the last corresponding period ended 30 September 2014. The decrease was consistent with the decrease in engineering revenue and membrane sale to 38.3 million from 80.1 million, representing a decrease of $41.8 million or 52.2% as compared to the last corresponding period ended 30 September 2014. Gross profit margin has increased from 29.2% to 37.6% due to the increase in membrane sale with higher margin for the current period ended 30 September 2015.

Employee benefits expense increased to $7.7 million from $4.9 million, representing an increase of $2.8 million or 57.7% as compared to the last corresponding period ended 30 September 2014. The increase was mainly due to the additional staff strength for the operation and maintenance of the new treatment plants and manufacturing facilities of membrane products of the Memstar Group.

Depreciation and amortisation expenses increased to $5.2 million from $2.2 million, representing an increase of $3.0 million or 141.0% as compared to the last corresponding period ended 30 September 2014. The increase was mainly due to the amortisation of intangible assets relating to the newly acquired concessions.

Finance costs increased from $7.8 million to $12.3 million, representing an increase of $4.5 million or 57.3% as compared to the last corresponding period ended 30 September 2014. The increase was mainly due to the additional finance costs arising from the newly issued bond of $225 million and bank borrowings during the period.

Net profit analysis for the 6-month period ended 30 September 2015:

	Group 6 months ended 30/9/2015 $'million	Group 6 months ended 30/9/2014 $'million	% Increase/ (Decrease)
Net profit for the year	18.7	40.8	(54.2)
Adjusted for one-off items:			
One-off fees relating to the General Offer on April 2015	6.5	-	N/M
One-off gain on disposal of AFS	-	(14.2)	N/M
Net profit adjusted for one-off items	25.2	26.6	(5.3)

After the adjustment for one-off items, the Group generated a net profit of $25.2 million as compared to $26.6 million for the last corresponding period ended 30 September 2014, representing a decrease of $1.4 million or 5.3%.

Currency translation gain of $20.7 million arose due to the strengthening of the RMB against S$ during the period.

Statement of financial position

The Group's current assets increased from $443.3 million as at 31 March 2015 to $658.7 million as at 30 September 2015. The increase was mainly due to the increase in cash and bank balances from $113.8 million as at 31 March 2015 to $296.7 million, an increase of $182.9 million. The increase was mainly due to the proceeds from the newly issued medium term notes ("MTN") of $225 million during the period.

The Group's non-current assets increased from $943.4 million as at 31 March 2015 to $1,183.1 million as at 30 September 2015. The increase was mainly due to the additions of service concession receivables during the period.

The Group's current liabilities increased from $301.3 million as at 31 March 2015 to $528.1 million as at 30 September 2015. The increase was mainly due to the reclassification of first series of MTN notes from non-current to current, the first series notes will be due in September 2016. In addition, new loans to finance the acquisition of the investment project.

The Group's non-current liabilities increased from $344.1 million as at 31 March 2015 to $427.8 million as at 30 September 2015. The increase was mainly due to the newly issued medium term note of $225 million during the period. The increase was offset by the decrease in convertible bonds of $58.8 million and the reclassification of the first series MTN notes to current liabilities. During the period, the convertible bonds were fully converted into new shares by KKR.

The Group's total equity increased from $741.3 million as at 31 March 2015 to $885.8 million as at 30 September 2015. The increase was mainly due to:

a. 30,303,031 of new ordinary shares were placed to CENVIT (Cayman) Company Limited at $1.65 a share;
b. 117,926,189 of new ordinary shares were issued to KKR China Water Investment Holdings Limited pursuant to the conversion of USD44 million of the convertible bonds; and
c. 16,174,500 of new ordinary shares were issued pursuant to the conversion of the Employee Share Option Scheme.

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

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and 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.

Following the Voluntary General Offer in April 2015, CITIC Environment Investment Group Co., Ltd ("CITIC Environment") and KKR China Water Investment Holdings Ltd ("KKR") become the major shareholders of CITIC Envirotech Ltd ("CEL"). The Company has since changed its name from United Envirotech Ltd to CITIC Envirotech Ltd.

For CITIC, the stewardship of natural resources and environmental protection are of great significance to China's sustainable development, and this is one of the strategic areas that CITIC plans to actively explore and develop. CITIC Environment's investment in CEL provides a powerful platform for developing China's water and wastewater treatment sector. CEL will be the only vehicle moving forward to undertake all water projects for the CITIC group.

The outlook for the Chinese water treatment sector, especially the industrial wastewater sector, continues to be positive with more opportunities arising from stricter government policies, like the Water Pollution Prevention Plan ("水十条") which was announced in April 2015.

CEL is currently the market leader in China's vast industrial wastewater treatment industry with outstanding track record in employing membrane bioreactor technology. With the new policy in place, there are tremendous opportunities to further increase our market share in the industrial wastewater space as we are able to overcome the high entry barrier and meet high discharge standards. With this competitive edge, we will capitalize on this strength to expand our activities in the industrial wastewater segment.

In addition, CITIC Limited ("CITIC") announced on 24 June 2015 that its banking, securities, trust and construction divisions will jointly invest more than 700 billion yuan to support China's "One Belt, One Road" initiative. As CITIC's flagship water treatment platform, this new initiative provides an excellent opportunity for CEL to participate in the water infrastructure development projects along the One Belt, One Road trade routes.

Update of the use of proceeds

	$ million
Unutilised balance as at last quarterly announcement	104
Investment in joint venture company	(5)
Investment in water projects	
Haimen	(14)
Unutilised balance as at date of announcement	85

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(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 dividends have been declared/recommended.

13. Related parties and interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented 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.

Not Applicable

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

Not Applicable

16. A breakdown of sales.

Not Applicable

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

Not Applicable

18. Persons occupying managerial positions who are related to the directors, Chief Executive Officer or substantial shareholders

Not applicable

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Second Quarter Results of the Group for the financial period ended 30 September 2015 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for the periods presented in this report.

On behalf of the Board

Hao Weibao	**Dr Lin Yucheng**
Director	**Director**

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
28 October 2015