STRENGTHENING OUR POSITION

ANNUAL REPORT 2014/2015

United Envirotech Ltd

WE ARE A VERTICALLY INTEGRATED WATER SOLUTIONS PROVIDER WITH ENHANCED COMPETITIVENESS TO CAPTURE TREMENDOUS GROWTH OPPORTUNITIES.

OUR EXPERTISE AND CAPACITY

STRENGTHENING OUR POSITION THROUGH UNWAVERING FOCUS ON PROACTIVE MANAGEMENT, EXPANSION STRATEGY AND SERVICE QUALITY, WE ARE POISED TO BECOME A LEADER IN THE WATER SOLUTION INDUSTRY OFFERING FULLY-INTEGRATED WATER SOLUTIONS TO OUR CLIENTS.

CORPORATE PROFILE

United Envirotech Ltd is a holding company incorporated in Singapore and has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 22 April 2004. The Company and its subsidiaries (collectively, the "Group") was founded by Dr. Lin Yucheng and is currently one of the leading membrane based water and wastewater treatment solution and recycling solutions provider. Its business focus is in the industrial water and wastewater segment, mainly in chemical, petrochemical and industrial parks.

Its major shareholders are currently CITIC Environment Investment Group Co Ltd (a wholly-owned subsidiary of CITIC Limited, "CITIC") and KKR China Water Investment Holdings Ltd ("KKR"). CITIC is the largest conglomerate in the PRC with businesses that include financial services, resources and energy, manufacturing, real estate and infrastructure, engineering contracting, and other businesses in the PRC and overseas. 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.

Principal Business Activities

The Group has three primary business divisions: (a) engineering, procurement and construction ("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, with stable, long term off-take arrangements. Through its membrane business division, the Group manufactures and supplies membrane products.

In the EPC division, the Group undertakes turnkey projects in the capacity of EPC contractor or as a membrane system specialist. As an EPC contractor, the Group has served major industrial clients such as petrochemical companies including China Petrochemical Corporation ("Sinopec"), China National Petroleum Corporation ("CNPC"), China National Offshore Oil Corporation ("CNOOC") and Sembcorp Utilities. The Company also provided EPC solutions to industrial parks such as those in Guangdong (Daya Bay Huizhou, Nansha), Jiangsu (Dafeng, Taixin, 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 wastewater treatment plants under BOT, TOT and Build, Own and Operate ("BOO") arrangements (the "Investment Projects"). A portion of these Investment Projects are municipal plants backed by off-take agreements from the government in the PRC. 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 included the wastewater treatment plants in Nansha, Dafeng and Changyi.

The Group also provides operations and maintenance ("O&M") services to clients who wish to outsource their water and wastewater treatment operations.

The Company added the membrane business division to the Group's businesses when it completed the acquisition of Memstar Pte Ltd in 2014. Memstar, together with its subsidiaries (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 polyvinylidene fluoride ("PVDF") hollow fibre membrane products with global presence. The Memstar Group is equipped with strong research and development ("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.

The Group operates its three business divisions on an integrated basis, bringing synergistic value to its customers.

Track Record and Technologies

Among the membrane technologies, the Group's principal treatment technology is Membrane Bioreactor ("MBR"), which is typically applied in the treatment of various wastewater types. 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 Company has built up a track record with more than 100 MBR references in various parts of the PRC and in Southeast Asia.

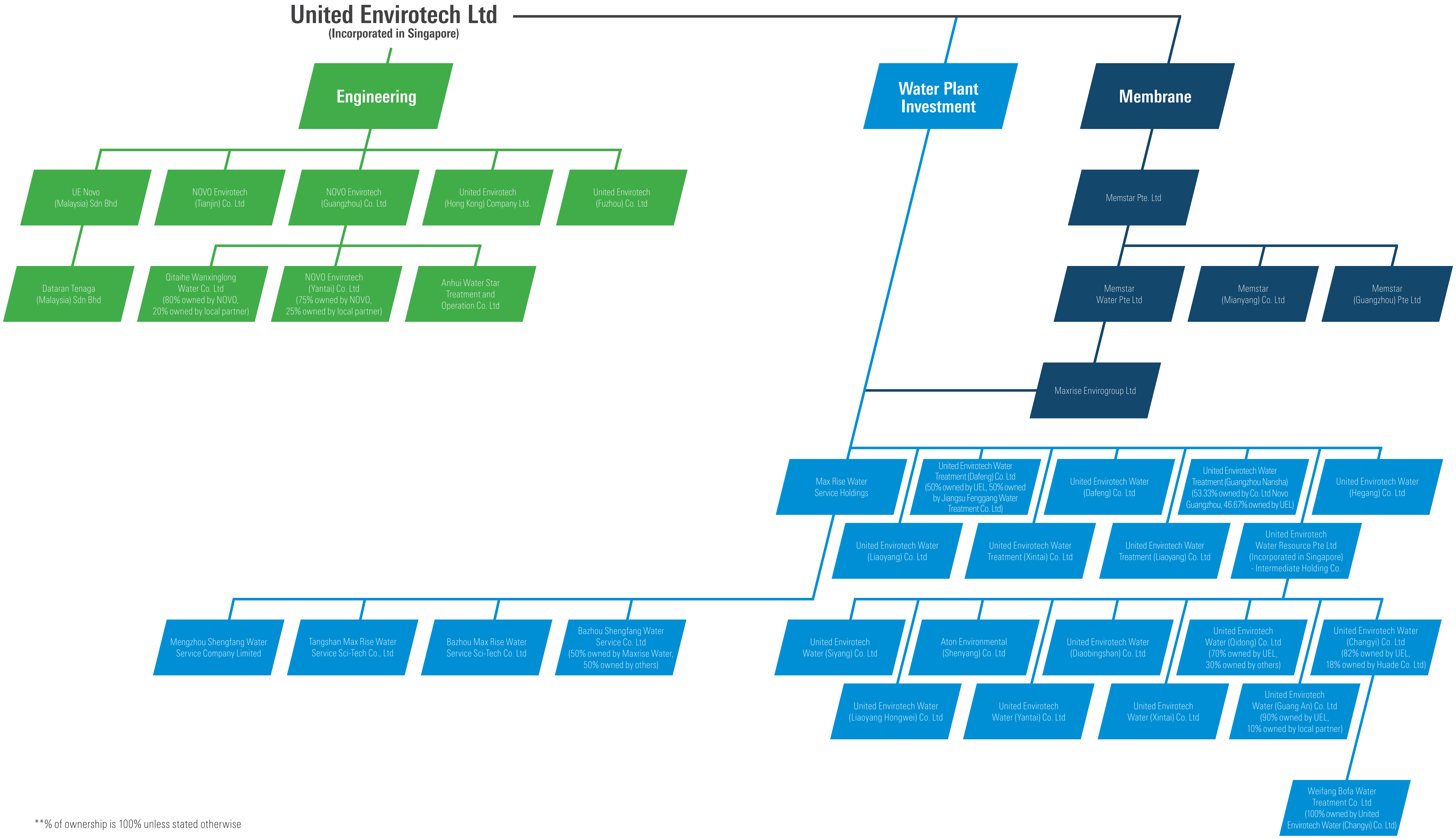
Examples are the 25,000 m^3/day plant at Huizhou Daya Bay Petrochemical Hub and the 10,000 m^3/day plant at Guangzhou Nansha Chemical Industrial Park. In the 70,000 m^3/day Taixing treatment plant, the Group's EPC division built one of the largest industrial MBR plants in Asia.

The Company's largest MBR 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 Company completed a 100,000 m^3/day municipal MBR plant at Jingxi Guangzhou and it was one of the largest MBR plants in the world and the first and largest underground MBR plant in Asia at the time of completion.

In February 2014, the Group was awarded an EPC contract, valued at RMB580 million, from Fujian Haixia Environmental Protection Co. Ltd to construct a 200,000 m^3/day municipal wastewater treatment plant in Fuzhou City, Fujian Province, China. Upon completion, the plant will be the largest wastewater treatment plant using the MBR technology in China.

United Envirotech Ltd Annual Report 2014/2015

GROUP STRUCTURE



**% of ownership is 100% unless stated otherwise

CORPORATE INFORMATION

Board of Directors
Mr Hao Weibao
(Executive Chairman)
Dr Lin Yucheng
(Executive Director and Chief Executive Officer)
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)

Company Secretaries
Ms Lotus Isabella Lim Mei Hua, FCIS
Ms Lee Bee Fong, ACIS

Registration Number
200306466G

Nominating Committee
Mr Tay Beng Chuan
(Chairman)
Dr Lin Yucheng
Mr Yeung Koon Sang alias David Yeung
Mr Lee Suan Hiang
Mr Zhao Fu

Remuneration Committee
Mr Lee Suan Hiang
(Chairman)
Mr Yeung Koon Sang alias David Yeung
Mr Tay Beng Chuan
Mr Zhao Fu

Audit Committee
Mr Yeung Koon Sang alias David Yeung
(Chairman)
Mr Lee Suan Hiang
Mr Tay Beng Chuan

Principal Place of Business
10 Science Park Road
#01-01 The Alpha
Singapore 117684

Registered Office
80 Robinson Road
#02-00 Singapore 068898
Tel: 6236 3333
Fax: 6236 4399

Share Registrar and Share Transfer Office
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00 Singapore 068898

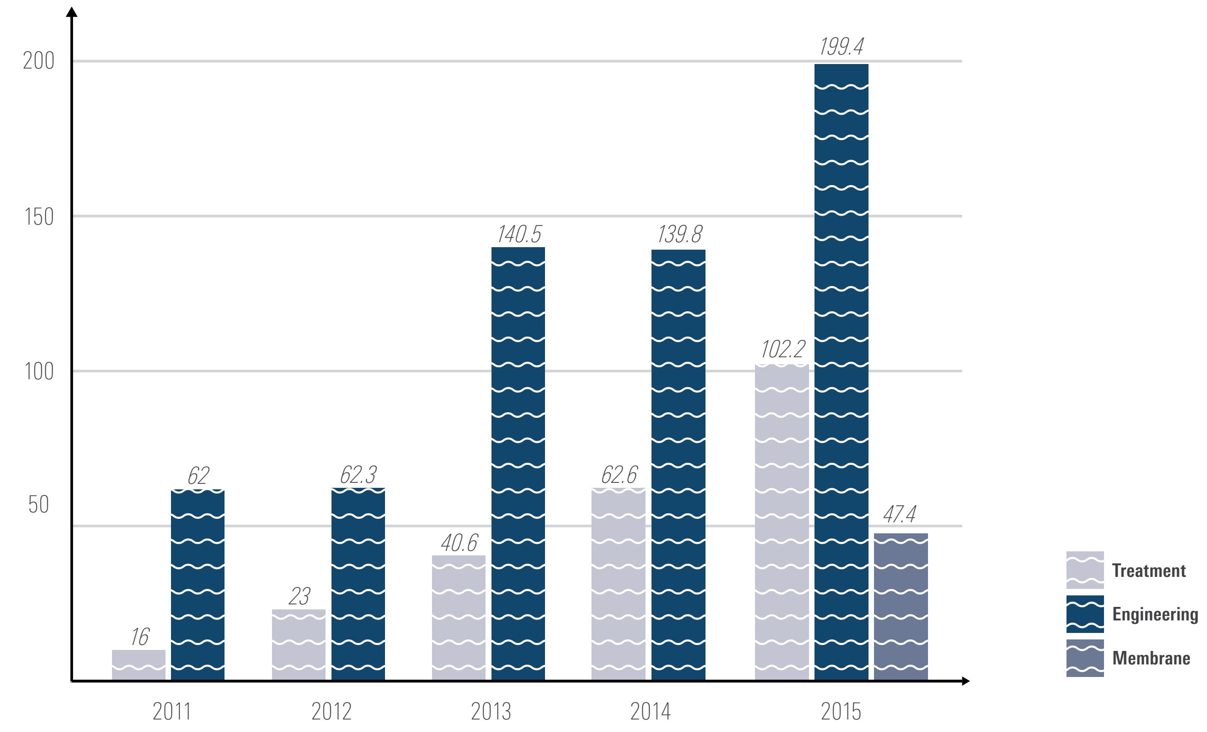
Auditors
Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way,
OUE Downtown 2,
#32-00
Singapore 068809

Partner-in-charge
Mr Tsia Chee Wah
Date of appointment: July 27, 2012

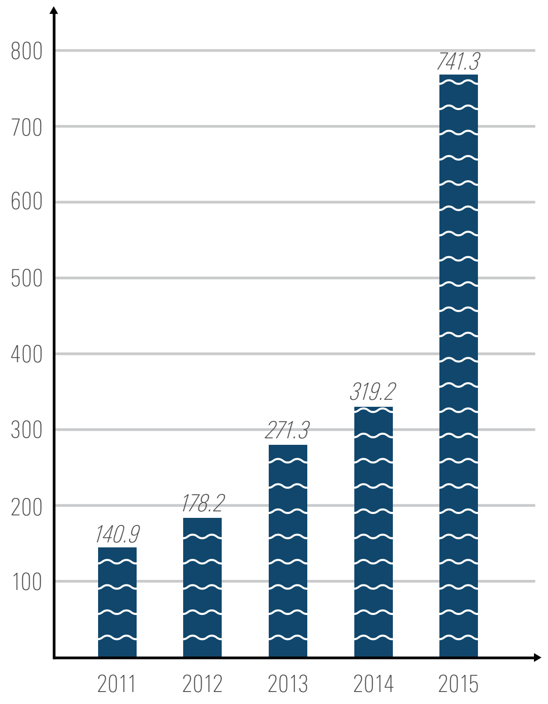
Principal Bankers
Standard Chartered Bank
DBS Bank Ltd.
Malayan Banking Berhad
Bank of China
China Merchants Bank
Agricultural Bank of China

FINANCIAL HIGHLIGHTS

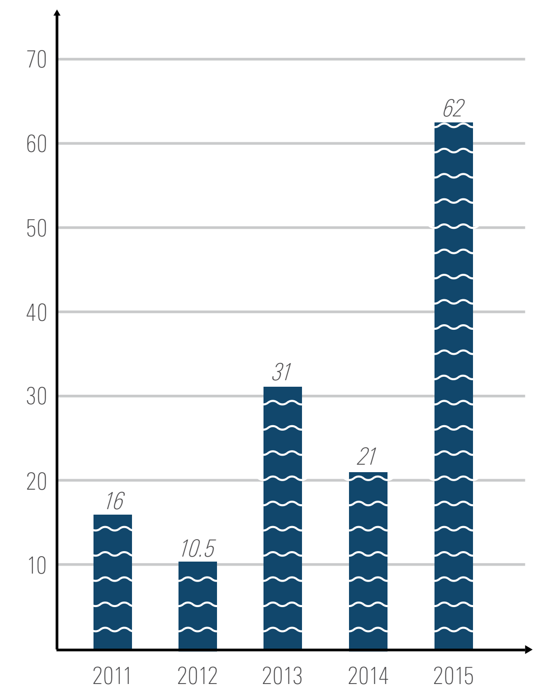
Revenue (SGD Million)



Net Assets (SGD Million)



Profit after Tax (SGD Million)



OUR PEOPLE

STEERED BY AN EXPERIENCED AND VISIONARY MANAGEMENT, WE CONTINUE TO DELIVER HIGH MANAGEMENT PROWESS AND STRIVE TOWARDS STERLING CORPORATE EXCELLENCE.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the annual report of United Envirotech Ltd ("UEL", "Company", "Group") for the financial year ended 31 March 2015.

CITIC AS A MAJOR SHAREHOLDER

Following the close of the Voluntary General Offer on 16 April 2015, CITIC Environment Investment Group Co., Ltd ("CITIC Environment") and KKR China Water Investment Holdings Ltd ("KKR) are major shareholders of UEL.

CITIC Environment is a first tier, wholly-owned subsidiary of CITIC Limited with registered capital of RMB 4 billion. CITIC Limited, a Hong Kong listed company, is China's largest conglomerate with over 120,000 employees in Hong Kong, mainland China and overseas. Its businesses include financial services, real estate and infrastructure, engineering contracting, resources and energy and manufacturing, as well as other businesses both in China and overseas. As of 31 December 2014, CITIC Limited had HK$5948 billion in total assets.

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 UEL provides a powerful platform for developing China's water and wastewater treatment sector.

With the strong support from CITIC and KKR, the Company is poised to make a significant impact in the water and wastewater treatment space, since all future water treatment plant acquisitions and projects that CITIC Limited undertake will be made through UEL. China's water treatment sector has been consolidating since 2010 and there is much room for more mergers and acquisitions to achieve higher efficiency and market share.

INDUSTRY OUTLOOK

The outlook for the Chinese water treatment sector continues to be positive with more opportunities arising from government policies. In April 2015, the Chinese government announced the long-awaited Water Pollution Prevention Plan ("水十条") that includes a list of measures to tackle water pollution throughout the country.

UEL 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 and municipal wastewater space as we are able to overcome the high entry barrier and meet high discharge standards. With this competitive edge, we intend to capitalize on this strength to expand our foothold in the industrial wastewater segment.

APPRECIATION

I would like to take this opportunity to thank our shareholders for their strong support of the Company. The coming new year marks the beginning of strong partnership and synergies within the Group to bring the company to new heights.

I would also like to extent our heartfelt thanks to our Board of Directors, the management and all the staff for the hard work rendered during the year.

Yours Faithfully,

Mr Hao Weibao
Executive Chairman

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CEO'S MESSAGE

Dear Shareholders,

Our Performance for FY2015

FY2015 was a fruitful year for the Group. We achieved record revenue of S$349.0 million, registering a growth of 72.5% and a net profit of S$62.4 million for the year. This is primarily due to outstanding growth in both our recurring water treatment segment and engineering business. We are also pleased to report that the revenue from membrane sales has reached S$58.6 million, signifying the positive contribution from the new segment since the acquisition of Memstar in April 2014.

Strategic partnership with CITIC Limited

CITIC is one of China's largest conglomerate and State-owned Enterprise which has its businesses in multiple sectors, including financial services and engineering contracting in China. Following the close of the voluntary unconditional offer on 16 April 2015, CITIC is now our largest shareholder with 54.9% stake, followed by KKR as the second largest shareholder. This strategic partnership marks a significant milestone and will bring immense opportunities for future growth where the Group will benefit from CITIC's business network, strong government ties, synergies from other businesses and wider access to financing facilities.

More Public Private Partnership Opportunities in Water Treatment Sector

In May 2015, China's Ministry of Finance and Ministry of Environmental protection jointly issued Opinions on Promoting the Collaboration of Government and Social Capital in the Field of Water Pollution Prevention and Control《关于推进水污染防治领域政府和社会资本合作的实施意见》, proposing more vigorous push for the wider implementation of Public Private Partnerships ("PPP") in the waste water treatment industry. This would help to alleviate the financial burden of local governments in waste water treatment.

In light of China's promotion of PPPs, the Group has secured three projects through joint ventures ("JV") with State-owned Enterprises. These included a JV with Chengdu Xingrong, the largest water plant operator in western China, to carry out EPC upgrading for all of Xingrong's water plants. The Chengdu Xingrong JV serves as a gateway for further penetration into western China and just the initial block of upgrading works is expected to generate SGD 300 million in revenue. Another JV is with Beijing Drainage Group to set up a manufacturing facility with an initial capacity of assembling 2 million m^2 of membrane fibers into modules. The third one is a JV with China National Offshore Oil Corporation to provide comprehensive services for its new RMB 1 billion-petrochemical complex at Huizhou City. We will continue to create synergies through similar strategic alliances, to accelerate growth and achieve our objective of scaling up.

Foreseeable Strong Growth Opportunities

The Chinese central government announced the long-awaited Water Pollution Prevention Plan ("水十条", "The Plan") on 16 April 2015. This is regarded as one of the most stringent regulations which cover both industrial and municipal wastewater treatment, pollution prevention and control. We foresee abundant opportunities arising from the following requirements stipulated by the Plan. Firstly, all industrial parks are required to install proper wastewater treatment facilities in accordance with stricter discharge standards. This would benefit the Group as our strength lies in advanced wastewater treatment technology. Secondly, wastewater treatment coverage is set to reach 95% of the cities and 85% of the countryside by 2020, which will generate new market demands and boost water treatment volumes of the Group. Lastly, the Plan also urges reform of the water-pricing mechanism and we expect that water tariffs will rise rapidly in light of the reform.

Financial scorecard

The Group reported a 72.5% top line revenue growth to a new record high of S$349.0 million for FY2015, due to higher revenue contribution from both engineering and water treatment business segments, as well as new contribution from membrane sales. Revenue from the recurring water treatment business increased 63.3% year-on-year from S$62.6 million to S$102.2 million for FY2015. Several projects secured have also contributed to the growth in engineering revenue at 42.6% year-on-year to S$199.4 million.

EBITDA grew significantly to S$120.7 million and we achieved a record net profit of S$62.4 million for FY2015, representing an increase of S$41.4 million or 197%. Over the last three months, the Group continues to gain strong traction in securing wastewater treatment projects with the total contract value of approximately S$250 million in Xinjiang, Hebei and Jiangsu provinces in China, as well as a Joint-Venture ("JV") with China National Offshore Oil Corporation.

Cost and Expenses

Materials purchased, consumables used and subcontractors' fees increased 85.4% to S$198.0 million in tandem with higher engineering revenue and membrane sales. Employee benefits expenses rose 72.5% to S$25.0 million due to additional staff strength to support operations and maintenance of new treatment plants and manufacturing facilities of membrane products of Memstar. Other operating expenses increased 22.9% to S$41.6 million due to higher expenses incurred from new plants acquired and operating cost of Memstar.

Finance costs increased by 64.2% to S$29.0 million from increased costs arising from bonds and additional bank borrowings during the period.

Earnings per Share

In line with the higher net profit, the Group's diluted earnings per share increased by 94.4% from 3.06 Singapore cents to 5.95 Singapore cents.

Balance Sheet Review

Current assets increased S$133.4 million to S$443.3 million for FY2015, mainly due to an increase in trade receivables which increased from S$103.7 million to S$212.7 million mainly due to the increase in revenue. Non-current assets more than doubled from S$476.6 million to S$943.4 million for FY2015, mainly due to additions of service concession receivables, intangibles assets relating to the concessions and goodwill on consolidation arising from the acquisition of Memstar Technology.

Non-current liabilities increased from S$300.6 million to S$344.1 million for FY2015, mainly due to the increase in bank borrowings, offset by the decrease in convertible bonds liability. During the year, US$69.8 million of convertible bonds were converted to ordinary shares.

Cashflow and liquidity

The Group's cash and cash equivalents declined from S$141.7 million to S$113.8 million as at 31 March 2015 due to higher investments and working capital. During the year, net cash from operating activities decreased from S$70.3 million to S$9.6 million, net cash outflow from investing activities increased from S$95.2 million to S$151.6 million and net cash from financing activities increased from S$108.0 million to S$113.8 million.

Dividends and Appreciation

To show our appreciation to our loyal shareholders, the Board of Directors has proposed a dividend of 0.5 Singapore cents per share.

I would like to take this opportunity to thank Messrs. David Liu Haifeng, Li Yan, Wang Ning and Chong Weng Chiew, for their valuable contributions during their terms as Directors of the Company. We are glad that Mr. Wang Ning and Dr. Chong Weng Chiew will continue in their roles as senior executives of the Company and we wish Mr. David Liu Haifeng and Mr. Li Yan all the best in their endeavors.

The board warmly welcomes our new board members representing CITIC, Mr. Hao Weibao , Mr. Zhang Yong and Mr. Wang Song, who will bring with them a wealth of experience in environmental protection related areas as well as management expertise.

Finally, I would like to thank our valued stakeholders for your unwavering support throughout the years. I would also like to extend my sincere appreciation to all our staff for their commitment, passion and hard work. Let us look forward to scaling new heights in our development ahead.

Yours Faithfully,
Dr Lin Yucheng
Group CEO & Executive Director

BOARD OF DIRECTORS

From left to right (First row) : Mr Hao Weibao, Dr Lin Yucheng, Mr Zhang Yong
From left to right (Second row) : Mr Wang Song, Mr Yeung Koon Sang alias David Yeung, Mr Tay Beng Chuan
From left to right (Third row) : Mr Lee Suan Hiang, Mr Zhao Fu

Mr Hao Weibao
Executive Chairman

HAO Weibao is the Vice Chairman and CEO 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 honors, from Jiangxi University of Finance and Economics, and MBA degree from Chinese University of Hong Kong.

Dr Lin Yucheng
Group Chief Executive Officer and Executive Director

Dr Lin is the founder of United Envirotech Ltd (UEL) and he held the position of CEO and Chairman of UEL for over 11 years since the Company's listing on the Singapore Stocks Exchange in 2004. He was re-designated as the Group CEO and Executive Director after the acquisition of UEL by a consortium led by CITIC and KKR in 2015. Under Dr Lin's leadership, UEL 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 was one of the pioneers in developing and applying Membrane Bioreactor (MBR) technology for treating chemical and petrochemical wastewater. Under his leadership, UEL has become a market leader in industrial wastewater MBR technology. Over the years, UEL has successfully built approximately 2 million m^3/day of MBR plants, treating various types of industrial and municipal wastewater.

Dr Lin acted as the Advisor to Singapore government on Singapore's environment and water industry. He was also awarded Top Ten Outstanding Individual Contributor in 2010 by Chinese Central Party Academy in recognition of his contribution to the China'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 (EDB) in 1990 to work in Singapore. Dr Lin was a well-regarded EHS consultant and environmental scientist. He was a member of ISO Technical Committee 207, which developed the International Standard on environmental management system.

Mr Zhang Yong
Executive Director

Zhang Yong is the Vice President and Chief Financial Officer of CITIC Environment Investment Group Co., LTD and CITIC Investment Holdings Limited. He is certified as Senior Accountant and has extensive experience in the fields of accounting and finance. He has worked for CITIC Group Corporation for over 15 years and served at 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 Group Co., LTD, and has played an important role in implementing the corporate strategy and planning for both CITIC Environment Investment Group Co., LTD and CITIC Investment Holdings Limited. Before he joined CITIC Group Corporation, he worked at Finance Department of Beijing Beinei Group. Mr. Zhang graduated from Beijing University of Technology and holds MBA degree from Chinese University of Hong Kong.

Mr Wang Song
Executive Director

Wang Song is the General Manager of Investment Department of CITIC Environment Investment Group Co., LTD. He joined the company in 2011 and has played significant role in the operations and expansions of company's investment business. He is experienced in different fields of environment industry and actively involved with many equity investment and M&A projects undertaken by the company. Prior to joining CITIC Group Corporation, 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 Beijing Foreign Studies University and MBA degree from 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 experience in public accountancy and had worked previously with Deloitte & Touche, UK 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, UK. He was conferred the Public Service Medal by the President of the Republic of Singapore in 2001. He is currently a non executive Chairman of AEI Corporation Ltd.

Mr Tay Beng Chuan
Independent Director

Mr Tay was a Nominated Member of Parliament from 1 October 1977 till dissolution of Parliament on 18 October 2001. He is a member of the Singapore Parliamentary Society. Mr Tay is the Chairman of the Traditional Chinese Medicine Practitioners Board from 7 February 2007 till expiry of term on 31 March 2014. He was also the President of the Singapore Chinese Chamber of Commerce & Industry from March 1997 till March 2001 and currently is 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 Advisor 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 investments, ship chartering and shipping related activities. Mr Tay holds a Diploma of Commerce from the Gordon Technical Institution in Geelong, Victoria, Australia.

Mr Lee Suan Hiang
Independent Director

Lee Suan Hiang is 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

Zhao Fu, Director of KKR, was one of the first team members in KKR Asia when he joined. Mr. Zhao played a significant role in a number of successful and innovative investments at KKR, including Far East Horizon, United Envirotech, 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 China, such as Mengniu Dairy, Ping An Insurance, Belle International, Paradise Retail, etc. Mr. Zhao currently serves as a director of Rundong Automobile Group Company Limited and United Envirotech Limited. Mr. Zhao holds a B.S. in Physics, with first class honors, from Tsinghua University in China.

SENIOR MANAGEMENT

From left to right (First row) : Ms Pan Shuhong, Dr Ge Hailin, Mr Wang Ning
From left to right (Second row) : Mr Li Li, Mr Tan Huchuan

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 communication of the Group. Ms Pan's field of expertise includes the specialisation in electrochemistry and water treatment using advanced membrane technology. She graduated with Bachelor and Master Degree in Chemistry from Jilin University, China in 1990 and 1993 respectively.

Dr Ge Hailin
CEO 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 Wuxi Institute of Light Industry, China in 1977 and obtained his Master in Chemical Engineering from East China University of Science and Technology, China 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 CEO
Business Unit 1

Mr Wang is responsible for the strategic planning, operations, engineering solution and business development for Business Unit 1 of the Group. Prior to joining our Company, Wang Ning has served 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 to 1992. Wang Ning obtained his Bachelor degree in Electrochemistry from Tianjin University and MBA from South China University of Technology.

Mr Li Li
Senior Deputy CEO
Business Unit 2

Mr Li is responsible for the strategic planning, operations, engineering solution 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 and he is a registered professional engineer for water and wastewater treatment in China.

Mr Tan Huchuan
Senior Deputy CEO
Business Unit 3

Mr Tan is responsible for the strategic planning, operations, engineering solution 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 China. Mr Tan holds a Bachelor degree in Petrochemical Storage and Distribution from the Harbin Commerce University, China.

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From left to right (First row) : Dr Chong Weng Chiew, Dr Jerry Liu, Mr Ngoo Lin Fong
From left to right (Second row) : Mr Steven Qian Zhengjun, Dr Fangyue

Dr Chong Weng Chiew
Senior Deputy CEO, Corporate Affairs

Dr Chong is the head of corporate affairs of the Group. Prior to joining our Company, Dr Chong has 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 till 2005. Prior to joining Ang Mo Kio Hospital, Dr Chong was the 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) from 1993 to 1995. Dr Chong holds a MBBS (Bachelor of Medicine, Surgery) degree from the National University of Singapore. He was the Member of Parliament representing Tanjong Pagar Group Representation Constituency from 2001 till 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 specializes 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 Company, 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 CEO
Business Unit 4

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

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

Dr Fangyue
General Manager, Manufacturing

Dr Fang Yue is responsible for the operation of membrane manufacturing facilities in both Singapore and China. Prior to joining the Company, 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, East China University of Science and Technology and obtained his PhD in Analytical Chemistry from Fudan University.

OUR GROWTH STRATEGIES

OUR VISION SPURS US ON TO CONTINUALLY REASSESS AND LOOK OUT FOR MORE INVESTMENT OPPORTUNITIES TO ADD BREADTH AND DEPTH TO OUR BUSINESSES. WE AIM TO CREATE MORE VALUE FOR OUR STAKEHOLDERS IN THE LONG TERM.

CORPORATE GOVERNANCE STATEMENTS

The Board of Directors (the "Board") of United Envirotech Ltd. (the "Company"), is committed to high standards of corporate governance to enhance corporate performance and accountability. The Company has adopted the principles and practices of corporate governance practices, as far as possible, in line with the Code of Corporate Governance 2012 ('Code") so as to ensure greater transparency and protection of shareholders' interests.

The Board recognizes the need to keep balance with accountability, in creating and preserving shareholder value and achieving its corporate vision for the Company and its subsidiaries (the "Group").

This statement describes the corporate governance practices of the Company that were in place throughout the financial year ended 31 March 2015, with specific references made to each of the principles set out in the Code.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Board has the responsibility for the overall management of the Group. It establishes the corporate strategies of the Group, sets direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, Nominating Committee and Remuneration Committee. These Committees function within clearly defined Terms of References 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 as and when necessary to address any specific significant matters that may arise. When circumstances require, ad-hoc meetings will be convened as and when required to address significant transactions and issues that may arise in-between the scheduled meetings. A board member contributes both at formal board meetings as well as outside of these meetings. To ensure maximum Board participation, the Company's Articles of Association provides that Directors may participate in a meeting of the Board of Directors by means of a conference telephone, videoconferencing, audio visual, or other electronic means of communication, without having to be in the physical presence of each other.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Boars Committee members.

CORPORATE GOVERNANCE STATEMENTS

The number of Board and Board Committees meetings held in the financial year ended 31 March 2015 and the attendance of each director, where relevant are as follows:-

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of Meetings	5	4	1	1
No. of Meetings attended by the respective directors				
Dr. Lin Yucheng	5	N/A	1	N/A
Mr Wang Ning (ceased on 24/04/2015)	4	N/A	N/A	N/A
Dr Chong Weng Chiew (ceased on 24/04/2015)	5	N/A	N/A	N/A
Mr Yeung Koon Sang alias David Yeung	5	4	1	1
Mr Tay Beng Chuan	5	4	1	1
Mr Lee Suan Hiang	4	4	1	1
Mr David Haifeng Liu (ceased on 24/04/2015)	4	N/A	-	-
Mr Zhao Fu	5	N/A	1	1
Dr Li Yan (ceased on 24/04/2015)	4	N/A	N/A	N/A

Messrs Mr Hao Weibao, Mr Zhang Yong and Mr Wang Song were appointed directors of the company on 24 April 2015.

All Directors are updated regularly concerning any changes in the Company's policies, risks management, key changes in the relevant regulatory requirements and accounting standards. The Company also provides ongoing education on Board processes, governance and best practices. Newly appointed Directors are briefed by the Management on the business activities of the Group and its strategic directions. They are also provided with relevant information on the Company's policies and procedures.

Matters Requiring Board Approval

The Board has identified a number of areas for which the Board has direct responsibility for decision-making. Interested Persons Transactions and the Group's internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board will also meet to consider the following corporate matters:-

- Approval of quarterly and year end result announcements;
- Approval of the Annual Reports and Accounts;
- Convening of Shareholder's Meetings
- Approval of Corporate Strategies; and
- Material Acquisitions and disposal of assets

CORPORATE GOVERNANCE STATEMENTS

Principle 2: Board Composition and Balance

The Board of Directors comprises eight directors, three of whom are independent directors. The Directors of the Company as at the date of this statement are:-

(i) Mr Hao Weibao, Executive Chairman
(ii) Dr Lin Yucheng, Executive Director, Chief Executive Officer
(iii) Mr Zhang Yong, Executive Director
(iv) Mr Wang Song, Executive Director
(v) Mr Zhao Fu, Non-Executive Director
(vi) Mr Yeung Koon Sang alias David Yeung, Lead Independent Director
(vii) Mr Tay Beng Chuan, Independent Director
(viii) Mr Lee Suan Hiang, Independent Director

The Board examines its size to satisfy that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The Board is of the view that the current board size of eight Directors is appropriate, taking into account the nature and scope of the Company's operations.

In compliance with Rule 2.2 of the Code of Corporate Governance 2012, the Board is currently in the process of reviewing the Board composition in order to meet the recommendation that at least one-half of the Board comprise independent directors in cases where the Chairman is part of the Management team and not an Independent Director of the Company.

The independence of each Director will be reviewed by the Nominating Committee to ensure that the Board is capable of exercising objective judgment on corporate affairs of the Group. The appointment of each Director is based on his caliber, experience, stature and potential contribution to the Company and its businesses. Our current Directors are respected individuals with diverse expertise and good track record in their respective fields.

The criteria for independence, is determined based on the definition as provided in the Code.

The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgement of the Group's affairs.

Mr Yeung Koon Sang alias David Yeung has served as an Independent Director for more than 9 years. The Board has carried out a rigorous review of his independence status. The Board's view is that Mr Yeung Koon Sang alias David Yeung continues to demonstrate the ability to exercise strong independent judgement in his deliberations and to act in the best interests of the Company, and that his length of service has not affected his independence from management. Mr Yeung continues to express views, debate issues and objectively and actively scrutinize and challenge management. After taking into account all these factors and having weighted the need for Board refreshment against tenure for relative benefit, the Nominating Committee and the Board has reviewed and determined that Mr Yeung continue as an Independent Director, notwithstanding that his service has been for more than nine years.

The Nominating Committee is of the view that the current Board is capable in providing the necessary expertise to meet the Board's objectives and that no individual or small group of individuals dominates the Board's decision making process.

Key information regarding the Directors is given in "Directors' Information" on page 16.

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CORPORATE GOVERNANCE STATEMENTS

Principle 3: Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the Chief Executive Officer are held by separate individuals effective from 24 April 2015.

The Executive Chairman, Mr Hao Weibao, was appointed on 24 April 2015 and is responsible for leading the Board and ensuring that the Board is effective on all aspects of its role. The Executive Chairman will also be responsible for making significant corporate decisions and setting management objectives, as well as overseeing the effective implementation of corporate strategy. The Executive Director and Chief Executive Officer ("CEO"), Dr Lin Yucheng, has full executive responsibilities over the business directions and operational decisions of the Group and is responsible for implementing the Group's strategies and policies and for conducting the Group's business.

The Chairman and the Chief Executive Officer are not immediate family members.

The Chairman is responsible for leadership of the Board and for creating the conditions for overall Board, Board Committee and individual Director effectiveness. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and the CEO on strategic issues. The scope and extent of the Chairman and the Board's responsibilities have been expanding due to the increased focus on corporate governance and risk management and rising expectations that board chairmen have a good understanding about their companies and the markets in which they compete.

Both the Executive Chairman and the CEO are responsible for the day-to-day running of the Group and together play an instrumental role in developing the business of the Group.

Principle 4: Board Membership

The Nominating Committee ("NC") comprises six members, a majority of whom are independent. The members of the NC are:

- Mr Tay Beng Chuan, Chairman and Independent Director
- Dr Lin Yucheng, CEO
- Mr Zhao Fu, Non-Executive Director
- Mr Yeung Koon Sang alias David Yeung, Independent Director
- Mr Lee Suan Hiang, Independent Director

The NC's principal functions are as follows:

(a) To recommend to the Board all board appointments and re-appointments;
(b) To determine independence of the Directors annually;
(c) To determine whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;
(d) To 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 however required to submit themselves for re-election at the next annual general meeting of the Company ("AGM").

We believe that Board renewal must be an ongoing process, to both ensure good governance and maintain relevance to the changing needs of the Company and business. The Articles of Association of the Company require that one-third of the Board retire from office at each Annual General Meeting ("AGM"). Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

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A retiring director shall be eligible for re-election. In recommending that a director be nominated for re-election, the Nominating Committee assesses each candidate's suitability for re-appointment prior to making its recommendation, carefully taking into consideration such factors as the director's record of attendance and participation, his candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments.

Mr Lee Suan Hiang and Mr Zhao Fu will be retiring at the forthcoming AGM pursuant to the requirements of Article 91 of the Company's Articles of Association and have indicated that they wish to seek re-election as directors of the Company. Article 91 provides that at least one-third of the Directors shall retire from office at every Annual General Meeting.

Mr Hao Weibao, Mr Zhang Yong and Mr Wang Song, all of whom were appointed directors of the Company on 24 April 2015 will be retiring at the forthcoming AGM pursuant to the requirements of Article 97 of the Company's Articles of Association and have indicated that they wish to seek re-election as directors of the Company. Article 97 provides that all newly appointed directors during the year will retire at the next Annual General Meeting.

Mr Tay Beng Chuan, being over 70 years of age, will also be retiring at the forthcoming Annual General Meeting pursuant to the requirements of Section 153(6) of the Companies Act, Cap. 50. Mr Tay Beng Chuan has indicated that he wishes to seek re-appointment as a Director of the Company at the forthcoming Annual General Meeting.

The Nominating Committee has reviewed and is satisfied with their contribution and performance as directors and has endorsed their nomination for re-election.

Although some of the Board members have multiple board representations and other principal commitments, the Nominating Committee is satisfied that the Directors have devoted sufficient time and attention to the matters of the Group. The Board does not see any reason to set the maximum number of listed company representations that any director may hold as all the directors are able to devote sufficient attention to the Company's affairs in light of their other commitments. However, as a general guideline, to address time commitments that may be faced, a director who holds more than 6 board representations may consult the Chairman before accepting any new appointments as a director.

Principle 5: Board Performance

The Nominating Committee will use its best efforts to ensure that Directors appointed to the Board possess the necessary background, experience and knowledge to enable balanced and well-considered decisions to be made by the Board.

A review of the Board's performance is undertaken annually by the Nominating Committee with inputs from Board members and the Executive Chairman.

Apart from the fiduciary duties (i.e. act in good faith, with due diligence and care and in the best interest of the Company and its shareholders), the Board's key responsibilities are to set strategic directions and to ensure that the long term objective of enhancing shareholders' value is achieved. The Board's performance is also measured by its ability to support management especially in times of crisis and to steer the Company towards profitable directions. In doing so, the Board will take into consideration the financial indicators set out in the Code as guidelines for evaluating the Board's performance.

To evaluate the effectiveness of the Board as a whole, the Nominating Committee considered the adequacy and size of the Board, the Board's access to information, Board processes and accountability, and communication with senior management. Individual evaluation is also carried out to assess whether each director continues to contribute effectively and demonstrates commitment to his/her role and duties. The criteria for evaluation are reviewed by the Nominating Committee each year and changes are made where circumstances require.

CORPORATE GOVERNANCE STATEMENTS

Principle 6: Access to Information

The Board has separate and independent access to senior management and the company secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occur. The management provides the Board with quarterly reports of the Company's performance. The management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings.

The Company Secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company are complied with.

The Board has separate and independent access to the senior management at all times. The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice. The cost of such professional advice will be borne by the Company.

The Audit Committee meets our External Auditors (Deloitte & Touche LLP) and Internal Auditors (Crowe Howath First Trust LLP) separately, without the presence of management at least once a year.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration

The Remuneration Committee ("RC") comprises five members, three of whom are independent directors. The members of the RC are:

- Mr Lee Suan Hiang, Chairman and Independent Director
- Mr Zhao Fu, Non-Executive Director
- Mr Yeung Koon Sang alias David Yeung, Independent Director
- Mr Tay Beng Chuan, Independent Director

The functions of the RC are to review and recommend the remuneration packages of the Executive Director, CEO and key executives of the Company, and to review the appropriateness of compensation for Non-Executive Director 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 Company's relative performance and the performance of the individual Directors. No director is involved in deciding his own remuneration.

The Company does not have any employee who is an immediate family member of a Director or CEO.

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 Company, 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.

CORPORATE GOVERNANCE STATEMENTS

Principle 9: Disclosure on Remuneration

A breakdown showing the level and mix of each individual director's remuneration payable for FY 2015 is as follows:

	Percentage (%) Remuneration earned through:			
	Base / fixed salary	Variable or performance related income/bonuses/ share Options granted	Director Fees / Attendance Fees	Total (round off to nearest thousand dollars) S$'000
Mr Hao Wei Bao (appointed on 24/04/2015)	-	-	-	-
Dr Lin Yucheng	43	57	-	1,151
Mr Zhang Yong (appointed on 24/04/2015)	-	-	-	-
Mr Wang Song (appointed on 24/04/2015)	-	-	-	-
Mr Yeung Koon Sang alias David Yeung	-	80	20	331
Mr Tay Beng Chuan	-	76	24	278
Mr Lee Suan Hiang	-	-	100	66
Mr Zhao Fu	-	-	-	-
Dr Chong Weng Chiew (ceased on 24 April 2015)	42	58	-	855
Mr Wang Ning (ceased on 24 April 2015)	10	90	-	1,277
Mr David Haifeng Liu (ceased on 24 April 2015)	-	-	-	-
Dr Li Yan (ceased on 24 April 2015)	-	-	-	

Of the remunerations of the top five management personnel who are not directors or the Chief Executive Officer of the Company for the financial year ended 31 March 2015, the following is the breakdown of the 5 executives:

Remuneration band	Number of executives
2,250,000 to 2,500,000	2
1,000,000 to 1,250,000	1
750,000 to 1,000,000	1
500,000 to 750,000	1
	5

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The Company has not disclosed exact details of the remuneration of its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The annual aggregate remuneration paid to the top 5 management personnel of the Company (who are not directors or the Chief Executive Officer) for FY 2015 is $7,448,000.

The Company does not have any employee who is an immediate family member of a Director or CEO.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is mindful of its obligations to provide timely and fair disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts, or simultaneously with such meetings. As part of the Company's commitment to regular communication with our shareholders, the Company has adopted adopt quarterly reporting as required by the Code. Financial results and annual reports will be announced or issued within the mandatory period.

Principle 11: Risk Management and Internal Controls

The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The system of internal controls is intended to provide reasonable but not absolute assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk.

The Group's system of internal controls is designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication are reliable.

The Company has outsourced its internal audit function to an external professional firm, who reports directly to the Chairman of AC. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner. The Audit Committee will review the adequacy of the internal audit function annually and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

Based on the internal and external audit findings, the Board with the concurrence of the Audit Committee is of the opinion that the Group's internal controls addressing financial, operational and compliance risks are adequate in meeting the needs of the Group and provide assurance in safeguarding the Group's assets. The internal controls ensure the Group's maintenance of proper accounting records, compliance with applicable regulations and best practices and timely identification and containment of financial, operational and compliance risks.

Whistle-Blowing Policy

A Whistle-Blowing Policy was approved by the Board and implemented on 14 February 2007. The Board believes that this policy will provide an avenue for employees to bring their complaints to the attention of the Board without fear of reprisal. The establishment of the Whistle-Blowing structure is to allow the Group to detect and deter wrongdoing in preparing and implementing financial policies, reports and materials as well as internal controls essential to support its financial and accounting system.

The policy was presented and published on the notice board to all employees for implementation.

The Company 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 Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and the Board. The risk issues are highlighted on pages 78 to 85 under note 4 to the financial statements.

CORPORATE GOVERNANCE STATEMENTS

The external auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the auditors are reported to the Audit Committee together with the auditors' recommendations. The management would then take appropriate actions to rectify the weaknesses highlighted.

The Audit Committee, in the course of their review of the reports presented by the external auditors, also reviewed the effectiveness of the Group's system of internal controls. The Board, with the concurrence of the Audit Committee, is of the opinion that there are adequate internal controls and risk management systems to meet the financial, operational and compliance risks of the Group in its current business environment.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises three members, all of whom, including the Chairman, are independent. At the date of this report, the Audit Committee comprises the following members:

- Mr Yeung Koon Sang alias David Yeung, Chairman and Independent Director
- Mr Tay Beng Chuan, Independent Director
- Mr Lee Suan Hiang, Independent Director

The functions of the AC are as follows:

(a) review with the internal and external auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit report and ensures co-operation is given by the Company's management to the internal and external auditors;

(b) review the interim and annual financial statements and the Auditors' report on the Company's annual financial statements before they are presented to the Board;

(c) review with the management, external and internal auditors the adequacy and effectiveness of the company's internal controls, business and service systems and practices;

(d) review related and interested party transactions;

(e) review the co-operation given by our management to the auditors;

(f) consider the appointment and re-appointment of the external auditors;

(g) review interested person transactions, if any;

(h) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual of the Singapore Exchange Trading Securities Limited, and by such amendments made thereto from time to time.

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

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The AC has full access to and co-operation of the Company'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.

Pursuant to Rule 1207 (6)(b) and (6)(c) of the Listing Manual, the Audit Committee undertook the review of the independence and objectivity of the auditors as well as reviewing the non-audit services provided by the incumbent auditors, and the aggregate amount of audit fees paid to them. The Audit Committee is satisfied that neither their independence nor their objectivity is put at risk, and that they are still able to meet the audit requirements and statutory obligations of the Company. Accordingly, the Audit Committee has recommended the re-appointment of Deloitte & Touche LLP as auditors at the forthcoming AGM of the Company. In recommending the re-appointment of the auditors, the Audit Committee considered and reviewed a variety of factors including adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, and size and complexity of the Group, its businesses and operations. The Audit Committee, having reviewed the range and value of non-audit services performed by the external auditors, Deloitte & Touche LLP and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, are pleased to confirm their re-nomination.

The company appointed Deloitte & Touche LLP and its overseas practices as the external auditors for the Group. The Board and Audit committee are satisfied that the appointments would not compromise the standard and effectiveness of the audit of the Group.

During the financial year, non-audit fee of $359,000 was paid to the auditors of the Company and other auditors.

The Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

Principle 13: Internal Audit

The Audit Committee's responsibility in overseeing that the Company's risk management system and internal controls are adequate will be complemented by the outsourced internal auditor, Crowe Howath First Trust LLP, whom the Company has appointed. The internal auditor had adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor reports directly to the Chairman of the Audit Committee on audit matters. The internal auditor plans its audit work in consultation with, but independently of, the management, and its yearly plan is submitted to the Audit Committee for approval at the beginning of the year. The internal auditor reports to the Audit Committee regarding its findings. The Audit Committee meets the internal auditor once a year, without the presence of the management. The internal auditor has full access to all the Company's documents, records, properties and personnel including access to the Audit Committee.

Based on the external and internal auditors' findings, the Board with the concurrence of the Audit Committee is of the opinion that the Group's internal controls addressing financial, operational and compliance risks are adequate in meeting the needs of the Group and provide reasonable (though not absolute) assurance against material financial misstatements and loss, and safeguard the Group's assets. The internal controls ensure the Group's maintenance of proper accounting records, compliance with applicable regulations and best practices, and timely identification and containment of financial, operational and compliance risks. The Audit Committee is also satisfied that there were no material internal control deficiencies identified.

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COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholder Rights
Principle 15: Greater Shareholder Participation
Principle 16: Conduct of Shareholder Meetings

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news release
- Annual Report prepared and issued to all shareholders
- Company's website at www.unitedenvirotech.com at which shareholders can access information on the Group.

We support the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the Annual General Meeting to ensure a high level of accountability and to stay informed of the Company's strategy and goals. At the Company's Annual General Meetings, shareholders are given the opportunity to voice their views and ask directors or management questions regarding the Company. The Chairmen of the Audit, Remuneration and Nominating Committees will be normally present at the Company's Annual General Meetings to answer any questions relating to the work of these committees.

Notice of the Annual General Meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally before or at the Annual General Meeting itself.

Dividend Policy

The Company's dividend policy endeavours to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The Company strives to provide shareholders on an annual basis with a consistent and sustainable ordinary dividend, with a variable special dividend based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

The Company has declared a final dividend for the year ended 31 March 2015. Any payouts are communicated to shareholders via announcement on SGXNet when the Company discloses its financial results.

DEALING IN SECURITIES

The Group has adopted internal codes pursuant to the Listing Rule 1207(19) of the Listing Manual applicable to all its officers in relation to dealing in the Company securities. Its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the full year results announcement, as the case may be, and ending on the date of announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

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MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no interested person transactions entered into by the Group during the financial year ended 31 March 2015.

USE OF PROCEEDS

The Company completed an issuance of bond under the Medium Term Note Program of S$100 million during the financial year.

	$ million
Unutilised balance brought forward	43
Net proceeds from	
- issuance of new shares	42
- issuance of MTN Bond	222
Total proceeds	307
Increase in paid up capital	
- Changyi and Bofa	(5)
Investment in water projects	
- Goayang	(126)
- Haimen	(16)
Total	160

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ENVIRONMENTAL AND SOCIAL IMPACT: MATCHING CHALLENGES TO SOLUTIONS FOR SUSTAINABLE BUSINESS

More than a decade ago, at the formation of the company, the founding members of United Envirotech embraced the challenges arising from environmental pollution, ecological and social concerns that confront businesses, and made it our business agenda to bring sustainable solutions to stakeholders. Today, in our business, every day we confirm with actions and data that "Good environmental and social performance means good business".

While United Envirotech has been listed on the SGX for more than 11 years, the pace of growth in the past 3 years has been 'fast and furious'. It is in this context that the company is presenting its first environmental and social performance brief as part of its Annual Report to Shareholders. We hope to present a more operational view of how our business philosophy and policies cascade from top down, internal to external, and together with our employees and local municipalities and industrial parks, are making differences.

CORPORATE PHILOSOPHY AND OPERATIONAL POLICY

At the core of United Envirotech, we are a bunch of environmental scientists and technologists with an entrepreneurial spirit. There is therefore a deep acceptance that we have a duty to bring innovative solutions that result in pollution prevention, control or remediation; more than making bigger profit in every transaction. Our modus operandi is:

"Active Compliance + Safe Operations and Production + Innovative Solutions to create value for all stakeholders"

OUR PEOPLE

The company's continual success is highly dependent on a pool of talented leaders, managers and key employees. The company seeks to develop and retain critical competency and skills by offering competitive remuneration packages. In 2012, the company launched its comprehensive employee incentive and stock option schemes, as a way to retain, motivate and incentivize mid level and senior executives.

As the company is growing rapidly, the company is continually fine-tuning its management structure, to enlarge its strategic planning, business development, technology and operational management capability. In the past three years, the company added executive headcounts in Corporate Affairs, Research and Development, Plant Operation and Maintenance, Technology, Procurement, Finance, Performance Management and HSE. This significantly reduces the personnel risks associated with any single individual and increases its managerial capability to continue growth momentum. The acquisition of Memstar in April 2014 augmented the group's technology and R&D staff strength.

A snapshot of our growth in human capital over the last 3 years:

UEL Employee Profile (China, Malaysia, Singapore)	No. of Employees	Gender		No. of Employees of Minority Ethnic Groups	No. of Employees hired with Disability	Educational Background			
		M	F			Post Graduate	Bachelor Degree	Post Secondary Diploma	Secondary and Lower
As at March 2015	1,365	67%	33%	17	9	49	266	326	738
As at March 2014	899	72%	28%	10	0	30	225	266	391
As at March 2013	712	71%	29%	10	0	24	188	221	292

WORKPLACE SAFETY

Since the beginning of 2013, the group started to track safe working time and monitor workplace related incidents, and employee lost work time due to incidents. In the past financial year, the group employees and EPC contractors clocked total of 5,139,616 work hours. There was one employee injury (first aid case, with zero lost time).

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CORPORATE GOVERNANCE STATEMENTS

In the previous financial year, we had three cases of employee injuries with significant number of lost work days, as we allowed employee to take time off to recuperate. However, it is disproportionate to the severity of injuries. It shows that there are cultural differences in the way workplace safety is managed in China compared to Singapore and other countries.

	FY2012-13	FY2013-14	FY2014-15
Total Employee Work Hours	1,106,404	1,738,936	2,606,492
Total Contractor Work Hours	1,354,263	1,653,540	2,533,124
Cases of Occupational Illness	0	0	0
Cases of Employee Workplace Injuries	1	3	1
Number of Fatality (Employee)	0	0	0
Number of Work Days Lost (Employee)	0	183	0

ENVIRONMENTAL IMPACT

Our single most important contribution to making the environment better is our core business – turning polluted water into clean water, which is either safe for the receiving water bodies or reclaimed for suitable applications. As at March 2015, our people operate and maintain 32 treatment plants (Note: Number of treatment plants does not equate to number of business entities), with average volume of 0.86 million m^3/day (Note: Actual treated volume does not equate to volume generating income due to different structure of concession agreements for various facilities). This is a volume increase of 49% from 2012, when we operated just 15 plants. In terms of absolute volume increase, this does not appear to be a big number.

However, as the increase is mainly from industrial trade effluents, the wastewaters are more concentrated (polluted) and require more effort in treatment (and therefore generate more revenue). During the period April 2012 to March 2013, industrial wastewater contributed to 37% of our recurring income. In the last financial year, industrial wastewater contributed to 47% of our revenue from treatment plant operation. This is on the back of 106% growth in recurring income over the three-year period.

	No. of Plants	Total Volume of Treated Water (Million m^3)	Specific Energy Consumption kwh/m^3	Revenue from Water Treatment (Million RMB)
FY 2014-15	32	315	0.34	528
FY 2013-14	26	294	0.26	392
FY 2012-13	15	211	0.24	256

We are continuing our focus to increase our portfolio in industrial effluents, to leverage our strength in innovative engineering design, application of membrane and R&D capability. Compared to municipal wastewater, industrial trade effluents are more complex in characteristics, and vary from one trade to another. Our design and R&D teams are able to take these problems into the laboratories and bring effective field solutions to our clients.

A number of our plants have potential to produce reclaimed water for various applications, such as boiler water feed. However, this potential has yet to be fully tapped, and will generate additional revenue when there is demand.

Energy consumption generally takes up about a third of our operating cost in a treatment plant. Therefore it is in our interest to optimize design, equipment selection, operating conditions and mechanical integrity. In the light of more stringent discharge standards, and industrial trade effluents needing different treatment processes, specific energy consumption is seeing an upward trend. We are continually looking into ways to improve energy efficiency.

CORPORATE GOVERNANCE STATEMENTS

Programs and Initiatives

The growing emphasis on environmental protection and pollution control internally and externally by both the government and the community means that improvement programs and initiatives are on going affairs across our operations. China's Environmental Protection Agency has recently been promoting "Clean Production Program" for wastewater treatment facilities.

The program requires the setting of quantitative targets to reduce energy, water and waste generation. In 2013 and 2014, four of our plants in JiangSu, ShanDong and Liao Ning Provinces successfully implemented the program. The results were audited and verified by an independent party. Other plants have also started to adopt the program. It is a good way to engage our front line employees in improving operational efficiency and effectiveness.

对比清洁生产目标，本轮审核清洁生产的近期目标均已完成，完成情况见表9-2。

表 9-2 清洁生产近期目标的完成情况

序号	指标	单位	审核前状况	近期目标(2014 年)		完成情况		备注
				绝对量	相对量 (%)	绝对量	相对量 (%)	
1	电耗	kWh/t污水	0.237	-0.005	-2.0	-0.006	-2.5	完成
2	水耗	kg/t污水	1.47	-0.15	-10.0	-0.15	-10.0	完成
3	聚合硫酸铝消耗	g/t污水	16.0	-0.6	-4.0	-0.7	-4.4	完成
4	污泥产生量	kg/t污水	5.08	-0.025	-0.5	-0.04	-0.79	完成

经过本轮审核，近期清洁生产目标全部实现。

An example of Clean Production Score Card from A Plant in LiaoNing Province

As there are annual targets and goals for each plant, our employees are motivated to achieve KPIs, which are tied to their individual and team's performance bonuses. For example, in Heilongjiang Province, employees worked together to optimize pump and fan usage by varying loads during winter and summer months, and were proud to demonstrate reduction in energy consumption by 700,000 Kwh in a year in 2014.

In December 2013, two water treatment plants received environmental awards as "Model Plants Compliance to Environmental Standards". These are the WangTang Plant in Hefei (national award for top 10 compliant plants, competing against more than 700 plants in China) and MengZhou Plant (national award of excellence). We continue to work on improving the treatment processes and equipment in several plants due to factors such as unpredictable incoming water quality and quantity, more stringent environmental discharge standards and stepped up enforcement by local authorities.

There were 2 incidents where plants discharged water beyond the allowable limits between April 2012 to March 2015. The incidents were brought under control swiftly by working with local government. In one of the affected plants, we were able to convince the local government to invest in necessary upgrading to address inherent design deficiency.

Gift of Water

In 2014, as part of our celebration of the 10th anniversary of listing on the SGX, we started a partnership with Lien Aid in its Gift of Water philanthropy effort. Our commitment is to work with Lien Aid and China Association of Poverty Alleviation and Development so that water scarce villages can access clean drinking water. In September 2014, we kicked off the program by providing training to about 50 village management trainees from GuiZhou. Our employees volunteered their time to share knowledge and experience in drinking water treatment design, installation and maintenance.

In March 2015, our engineers helped to review the technical proposals of five villages and shared tips on saving installation and maintenance costs. Over the next two years, we will be sponsoring more villages through Lien Aid and its partners.

Employees who participated in the program applied their professional knowledge and experience so that the villages receive not just once-off monetary donation, but more importantly the ability to replicate future success. We share the same belief with our partners that even in social responsibility, solutions must be sustainable to make a real difference. In subsequent reports, we hope to provide measurable social impact indicators for this CSR program through working with Lien Aid.

CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited 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.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Hao Weibao	(Appointed on April 24, 2015)
Dr Lin Yucheng	
Zhang Yong	(Appointed on April 24, 2015)
Wang Song	(Appointed on April 24, 2015)
Yeung Koon Sang alias David Yeung	
Tay Beng Chuan	
Lee Suan Hiang	
Zhao Fu	
Dr Li Yan	(Resigned on April 24, 2015)
Wang Ning	(Resigned on April 24, 2015)
Dr Chong Weng Chiew	(Resigned on April 24, 2015)
David Haifeng Liu	(Resigned on April 24, 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the share options mentioned in paragraphs 3 and 5.

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Names of directors and company in which interests are held	At April 1, 2014	At March 31, 2015	At April 21, 2015
The Company - Ordinary shares			
Dr Lin Yucheng	71,761,000	-	-
Dr Lin Yucheng (deemed interest)	-	42,840,667	42,840,667
Wang Ning	3,307,200	3,307,200	3,771,200
Lee Suan Hiang	3,000	10,500	10,500
Lee Suan Hiang (deemed interest)	400,000	400,000	400,000
Tay Beng Chuan	200,000	775,000	775,000
Yeung Koon Sang @ David Yeung	-	250,000	250,000
The Company – Share options			
Dr Lin Yucheng	15,000,000	15,000,000	15,000,000
Wang Ning	7,000,000	6,000,000	5,036,000
Dr Chong Weng Chiew	2,250,000	2,000,000	1,100,000
Yeung Koon Sang @ David Yeung	600,000	350,000	350,000
Tay Beng Chuan	550,000	350,000	350,000
Lee Suan Hiang	350,000	350,000	350,000

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

REPORT OF THE DIRECTORS

5 SHARE OPTIONS

(a) Options to take up unissued shares

(i) The Employee Share Option Scheme (the "Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on February 2, 2010.

The Scheme is administered by the Remuneration Committee ("Committee") whose members are:

Lee Suan Hiang (Chairman)
Tay Beng Chuan
Yeung Koon Sang alias David Yeung
Zhao Fu
David Haifeng Liu (Resigned on April 24, 2015)

Dr Lin Yucheng, a Controlling Shareholder, is eligible to participate in the Scheme. The approval was obtained at an Extraordinary General Meeting held on February 2, 2010.

Under the Scheme, the ordinary shares of the Company ("Shares") under option may be exercised in full or a multiple thereof, on the payment of the exercise price. Under the Scheme, there are no fixed periods for the grant of Options. As such, offers for the grant of options may be made at any time from time to time at the discretion of the Committee. The consideration for the grant of an option is S$1.00. The exercise price is based on the 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. No options have been granted at a discount. The Scheme shall continue in operation at the discretion of the Committee, subject to a maximum duration of 10 years and may be continued for any further period thereafter with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities may then be required. Options granted will lapse when the option holder ceases to be a full-time employee of the Company or any company in the Group subject to certain exceptions at the discretion of the Committee.

The option period for an option granted at Market Price commences after the first anniversary of the date of grant of option and expires on the tenth anniversary of such date except that for options granted to the non-executive directors, the option period shall be a period commencing after the first anniversary of the date of grant of option and expiring on the fifth anniversary of such date.

An option granted at a discount to the Market Price shall be exercisable after the second anniversary of the date of grant of option up to the tenth anniversary of such date except that for options granted at a discount to non-executive directors, the option shall be exercisable after the second anniversary of the date of grant of option and expiring on the fifth anniversary of such date.

REPORT OF THE DIRECTORS

The Scheme was amended by the Committee on February 14, 2014 with inclusion of a vesting schedule in the offer letter for option granted and revision of certain terms and conditions of the Scheme.

*market price - a price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive trading days, immediately preceding the Date of Grant of that option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST

(ii) In 2012, the Company issued $137,264,000 (equivalent to US$113,800,000), 2.5% convertible bonds as disclosed in Note 25 to the financial statements.

(b) Unissued shares under option and options exercised

The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company. The numbers of outstanding share options under the scheme are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at April 1, 2014	Granted	Exercised	Balance at March 31, 2015	Exercise price per share	Exercisable period
1.3.2010	4,375,000	-	(4,175,000)	200,000	$0.2780	1.3.2011 to 1.3.2020
1.3.2010	4,375,000	-	(4,175,000)	200,000	$0.2224	1.3.2012 to 1.3.2020
20.7.2010	1,500,000	-	-	1,500,000	$0.3830	20.7.2011 to 20.7.2020
20.7.2010	1,500,000	-	-	1,500,000	$0.3064	20.7.2012 to 20.7.2020
15.2.2013	49,550,000	-	-	49,550,000	$0.552	15.2.2015 to 15.2.2023
28.3.2013	12,000,000	-	-	12,000,000	$0.584	28.3.2015 to 28.3.2023
25.7.2014	-	6,000,000	-	6,000,000	$1.135	25.7.2016 to 25.7.2024
Total	73,300,000	6,000,000	(8,350,000)	70,950,000		

REPORT OF THE DIRECTORS

5 SHARE OPTIONS (cont'd)

No employees or employee of related corporations other than the directors of the Company has received 5% or more of the total options available under this scheme except for Tan Huchuan and Li Li who are included in the disclosure below.

The information on directors of the Company participating in the Scheme is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the beginning of financial year	Aggregate options exercised since commencement of the Scheme to the end of the financial year	Aggregate options lapsed/ cancelled since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Dr Lin Yucheng	-	15,000,000	-	-	15,000,000
Wang Ning	-	7,000,000	(1,000,000)	-	6,000,000
Dr Chong Weng Chiew	-	2,250,000	(250,000)	-	2,000,000
Yeung Koon Sang @ David Yeung	-	600,000	(250,000)	-	350,000
Tay Beng Chuan	-	550,000	(200,000)	-	350,000
Lee Suan Hiang	-	350,000	-	-	350,000
Name of employee					
Tan Huchuan	-	11,000,000	(2,000,000)	-	9,000,000
Li Li	-	11,000,000	(2,000,000)	-	9,000,000

6 AUDIT COMMITTEE

The Board has adopted the principles of corporate governance as described in the Code of Corporate Governance formulated by the Singapore Exchange Securities Trading Limited ("SGX-ST") with regards to the Audit Committee.

The Audit Committee of the Company is chaired by Yeung Koon Sang alias David Yeung and include Lee Suan Hiang, and Tay Beng Chuan. All the members of the Audit Committee are independent directors of the Company.

The Audit Committee has met 4 times during the financial year ended March 31, 2015. The Audit Committee has reviewed the following, where relevant, with the executive directors and the external auditors of the Company:

a) the scope of audit plan;

b) the Group's financial and operating results and accounting policies;

c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;

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REPORT OF THE DIRECTORS

d) the quarterly and annual announcements as well as the related press release on the results and financial position of the Company and the Group;

e) the co-operation and assistance given by management to the Group's external auditors;

f) the re-appointment of the external auditors of the Company;

g) interested person transactions; and

h) all non-audit services provided by the Group's external auditors.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for the re-appointment as external auditors of the Company at the forthcoming annual general meeting.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Dr Lin Yucheng

Yeung Koon Sang alias David Yeung

July 1, 2015

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 47 to 135 are drawn up so as to give a true and fair view of the state of affairs of the Group and of 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 financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Dr Lin Yucheng

Yeung Koon Sang alias David Yeung

July 1, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED ENVIROTECH LTD. AND ITS SUBSIDIARIES

IREPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying 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, 2015, 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 135.

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.

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.

<u>Effective interest method</u>

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.

<u>Available-for-sale financial assets</u>

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.

<u>Cash and cash equivalents</u>

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.

<u>Loans and receivables</u>

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
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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.

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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.

<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.

<u>Environmental engineering contracts</u>

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
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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

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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.

<u>Transactions and balances</u>

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.

<u>Consolidated financial statements</u>

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.

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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).

NOTES TO FINANCIAL STATEMENTS

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.

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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.

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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.

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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$") and Singapore Dollar (S$).

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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

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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.

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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.

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(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.

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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

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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.

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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
<u>Presentation on the Statements of Financial Position:</u>		
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.

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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

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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

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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.

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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.

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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.

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10 INVENTORIES

	Group 2015 $'000	Group 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	Group 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	Group 2014 $'000
Current assets	108	110
Non-current assets	7,541	5,041
Total	7,649	5,151

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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 ASSETS 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

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13 SUBSIDIARIES

	Company	
	2015 $'000	2014 $'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

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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 @	-

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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.

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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

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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

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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.

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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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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.

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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

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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 $'000	Group 2014 $'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 $'000	Group 2014 $'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.

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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

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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

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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		Company	
	2015 $'000	2014 $'000	2015 $'000	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		------------------>	
			Present value				Present value	
	Minimum		of minimum		Minimum		of minimum	
	lease payments		lease payments		lease payments		lease payments	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 $'000	2014 $'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).

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26 MEDIUM TERM NOTES

	Group and Company	
	2015	2014
	$'000	$'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	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	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 $'000	2014 $'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 commencing 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.

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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
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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

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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

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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
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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)
	-

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MARCH 31, 2015

43 COMMITMENTS

	Group 2015 $'000	Group 2014 $'000
Commitments	218,300	443,415

The above shows the commitments to be undertaken by the Group:

	Group 2015 $'000	Group 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.

STATISTICS OF SHAREHOLDINGS

SHAREHOLDING STATISTICS AS AT 16 JUNE 2015

Class of Shares	:	Ordinary Shares
Number of Shares	:	1,126,715,088
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 JUNE 2015

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1,668	38.94	58,344	0.01
100 - 1,000	1,226	28.62	563,150	0.05
1,001 - 10,000	1,026	23.96	4,180,601	0.37
10,001 - 1,000,000	343	8.01	27,077,044	2.40
1,000,001 and above	20	0.47	1,094,835,949	97.17
TOTAL	4,283	100.00	1,126,715,088	100.00

STATISTICS OF SHAREHOLDINGS

FREE FLOAT

Based on information available to the Company, as at 16 June 2015, approximately 12.20% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS AS AT 16 JUNE 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CLSA Singapore Pte Ltd	618,843,642	54.92
2	Raffles Nominees (Pte) Ltd	276,041,589	24.50
3	P&L Capital Limited	57,062,255	5.06
4	Green Resources Limited	42,840,667	3.80
5	HSBC (Singapore) Nominees Pte Ltd	20,602,549	1.83
6	Citibank Nominees Singapore Pte Ltd	19,582,004	1.74
7	Ge Hailin	13,461,328	1.19
8	Bank of Singapore Nominees Pte Ltd	10,644,200	0.94
9	Li Li	5,259,500	0.47
10	OCBC Securities Private Ltd	5,007,900	0.44
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	4,021,706	0.36
12	Maybank Kim Eng Securities Pte Ltd	3,836,650	0.34
13	DBS Nominees Pte Ltd	3,836,193	0.34
14	Db Nominees (Singapore) Pte Ltd	3,672,475	0.33
15	Phillip Securities Pte Ltd	2,288,216	0.20
16	Tan Huchuan	2,263,000	0.20
17	Uob Kay Hian Pte Ltd	1,594,375	0.14
18	Dbs Vickers Securities (Singapore) Pte Ltd	1,480,200	0.13
19	Lien Cheng	1,350,000	0.12
20	Yeo Chung Sun	1,147,500	0.10
	Total:	1,094,835,949	97.15

STATISTICS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS AS AT 16 JUNE 2015

Name	Number of shares	Direct interest (%)	Number of shares	Deemed interest (%)
KKR China Water Investment Holdings Limited[2]	-	-	987,770,569	87.67
KKR China Water Holdings II Limited[3]	-	-	987,770,569	87.67
KKR China Water Holdings IA Limited[3]	-	-	987,770,569	87.67
KKR China Water Holdings IB Limited[3]	-	-	987,770,569	87.67
KKR China Water Holdings IC Limited[3]	-	-	987,770,569	87.67
KKR China Water Holdings I Limited[3]	-	-	987,770,569	87.67
KKR Asian Fund L.P.[3]	-	-	987,770,569	87.67
KKR Associates Asia L.P.[3]	-	-	987,770,569	87.67
KKR SP Limited[3]	-	-	987,770,569	87.67
KKR Asia Limited[3]	-	-	987,770,569	87.67
KKR Fund Holdings L.P.[3]	-	-	987,770,569	87.67
KKR Fund Holdings GP Limited[3]	-	-	987,770,569	87.67
KKR Group Holdings L.P.[3]	-	-	987,770,569	87.67
KKR Group Limited[3]	-	-	987,770,569	87.67
KKR & Co. L.P.[3]	-	-	987,770,569	87.67
KKR Management LLC[3]	-	-	987,770,569	87.67
KKR Intermediate Partnership L.P.[3]	-	-	987,770,569	87.67
KKR Intermediate Partnership GP Limited[3]	-	-	987,770,569	87.67
KKR & Co. L.L.C.[3]	-	-	987,770,569	87.67
KKR Holdings L.P.[3]	-	-	987,770,569	87.67
KKR Holdings GP Limited[3]	-	-	987,770,569	87.67
Henry R. Kravis[3]	-	-	987,770,569	87.67
George R. Roberts[3]	-	-	987,770,569	87.67
KKR Subsidiary Partnership L.P.[3]	-	-	987,770,569	87.67
KKR China Water Investment Limited	269,024,005	23.88	-	-
CKM (Cayman) Company Limited[4]	-	-	987,770,569	87.67
CITIC Environment (International) Company Limited[5]	-	-	987,770,569	87.67
CITIC Environment Investment Group Co., Ltd.[6]	-	-	987,770,569	87.67
CITIC Corporation Limited[6]	-	-	987,770,569	87.67
CITIC Limited[6]	-	-	987,770,569	87.67
CITIC Group Corporation[6]	-	-	987,770,569	87.67
CENVIT (Cayman) Company Limited	618,843,642	54.92	-	-
P&L Capital Limited	57,062,255	5.06	-	-

(1) There are [1,126,715,088] issued Shares as at the Latest Practicable Date.

(2) KKR China Water Investment Holdings Limited is deemed interested in the issued and fully paid-up Shares held by CKM (Cayman) Company Limited through its shareholding interest in CKM (Cayman) Company Limited.

(3) These companies are deemed interested in the issued and fully paid-up Shares held by KKR China Water Investment Holdings Limited.

(4) CKM (Cayman) Company Limited is deemed interested in the issued and fully paid-up Shares held by its Subsidiaries, KKR China Water Investment Limited, CENVIT (Cayman) Company Limited and P&L Capital Limited.

(5) CITIC Environment (International) Company Limited is deemed interested in the issued and fully paid-up Shares held by CKM (Cayman) Company Limited through its controlling interest in CKM (Cayman) Company Limited.

(6) These companies are deemed interested in the issued and fully paid-up Shares held by CITIC Environment (International) Company Limited through their direct and indirect shareholding interest in CITIC Environment (International) Company Limited.

United Envirotech Ltd Annual Report 2014/2015

STATISTICS OF SHAREHOLDINGS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Connection 2, Level 3, Amara Hotel, 165 Tanjong Pagar Road, Singapore 088539, on Thursday, 30 July 2015 at 10.00 a.m., to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 March 2015 and the Directors' Report and the Auditors Report thereon. (Resolution 1)

2. To declare a First and Final tax-exempt (one-tier) Dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2015. (Resolution 2)

3. To re-elect Mr Lee Suan Hiang, a director retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. (Resolution 3)

   Mr Lee Suan Hiang, if re-appointed will remain as an Independent Director as well as the Chairman of Remuneration Committee and a member of the Nominating Committee and Audit Committee; and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To re-elect Mr Zhao Fu, a director retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. (Resolution 4)

5. To re-elect Mr Hao Weibao, a director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. (Resolution 5)

6. To re-elect Mr Zhang Yong a director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. (Resolution 6)

7. To re-elect Mr Wang Song, a director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. (Resolution 7)

8. To re-elect Mr Tay Beng Chuan who retires pursuant to Section 153(6) of the Singapore Companies Act, Cap. 50) (Resolution 8)

   Mr Tay Beng Chuan, if re-appointed will remain as an Independent Director as well as the Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee; and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

9. To approve the payment of Directors' fee of S$180,000 for the financial period ending 31 December 2015. (Resolution 9)

10. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

11. Authority to allot shares

    (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

    (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

    (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

    (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

    (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

    provided always that

    (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

    (a) new shares arising from the conversion or exercise of convertible securities, or

    (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

    (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

    (ii) such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (Resolution 11)

    (See Explanatory Note 1)

12. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the First and Final Dividend (the "Proposed First & Final Dividend) being obtained at the Annual General Meeting (the "AGM") to be held on 30 July 2015, the Share Transfer Books and the Register of Members of the Company will be closed on 12 August 2015 for the purpose of determining Members' entitlements to the Proposed First & Final Dividend.

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 11 August 2015 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be entitled to the Proposed First and Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 11 August 2015 will be entitled to the Proposed First and Final Dividend.

The Proposed First & Final Dividend, if approved at the AGM, will be paid on 1 September 2015.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

Singapore, 15 July 2015

Explanatory Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the head of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

EXPLANTORY NOTES

The ordinary resolution in item no. 11 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

United Envirotech Ltd Annual Report 2014/2015

LIST OF PROPERTIES HELD BY THE GROUP

1. No.88, Jalan Mutiara Emas 7/5, Taman Mount Austin, 81100, Johor Bahru, Johor, Malaysia
2. No.1, Jalan Baiduri, Taman Baiduri, 81200, Johor Bahru, Johor, Malaysia

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United Envirotech Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200306466G)

IMPORTANT

1. For investors who have used their CPF monies to buy United Envirotech Ltd. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We ______________________ (Name), ______________________ (NRIC/Passport)

of ____

being * a member/members of United Envirotech Ltd. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Connection 2, Level 3, Amara Hotel, 165 Tanjong Pagar Road, Singapore 088539 on Thursday, 30 July 2015 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and consider the Audited Financial Statements for the financial year ended 31 March 2015 and the Reports of Directors and Auditors thereon.		
2.	To approve a First and Final tax-exempt (one-tier) Dividend of 0.50 Singapore cents per ordinary share for the year ended 31 March 2015		
3.	To re-elect Mr. Lee Suan Hiang pursuant to Article 91 of the Company's Articles of Association.		
4.	To re-elect Mr Zhao Fu pursuant to Article 91 of the Company's Articles of Association.		
5.	To re-elect Mr Hao Weibao pursuant to Article 97 of the Company's Articles of Association.		
6.	To re-elect Mr Zhang Yong pursuant to Article 97 of the Company's Articles of Association.		
7.	To re-elect Mr Wang Song pursuant to Article 97 of the Company's Articles of Association.		
8.	To re-elect Mr Tay Beng Chuan pursuant to Section 153(6) of the Companies Act, Cap 50.		
9.	To approve the payment of Directors' fees of S$180,000 for the financial period ending 31 December 2015.		
10.	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
11.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		

Dated this ____________ day of ________ 2015

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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AFFIX
STAMP

The Company Secretary
UNITED ENVIROTECH LTD.

80 Robinson Road #02-00
Singapore 068898

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United Envirotech Ltd

Company Registration No: 200306466G

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The Alpha Singapore 117684
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Fax : (65) 6774 8920

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