

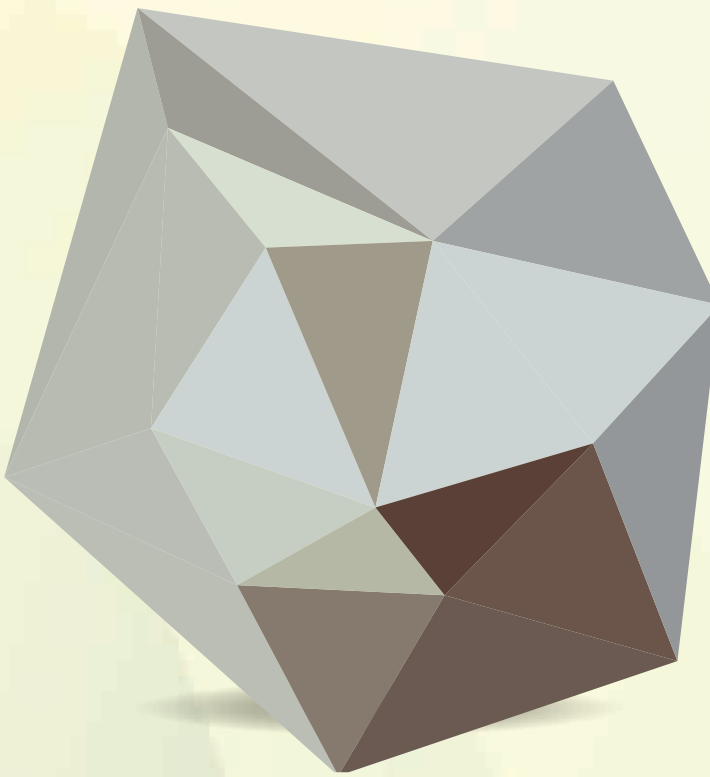
# CREATING **SUSTAINED VALUE**





# CONTENTS

Corporate Philosophy	02
Corporate Profile	03
Chairman's Statement	04
Board of Directors	08
Senior Management	10
Operating Companies	12
Corporate Structure	14
3 Year Financial Statements	15
Operating & Financial Performance Review	16
Corporate Governance & Financial Report	20



# CORPORATE PHILOSOPHY

Abterra's fundamental approach to business is to create sustainable long term growth for our customers, our business partners, our employees and our shareholders through our distinctive core values:

## **AGILITY**

We constantly train and develop our employees into active and nimble individuals to cater to our customers, our business partners and our stakeholders' needs.

## **RELIABILITY**

We aim to provide services that are unsurpassed in quality and reliability through the vertical integration of resources into a competitive cost execution for an all-rounded service.

## **INTEGRITY**

We honor our promises and build bridges of trust with our clients, business partners and stakeholders. We set high ethical standards and work with the highest level of integrity that is intrinsic to our culture.

## **PROFESSIONALISM**

We take pride in our high standards of professionalism. From understanding our clients' needs at an intimate level to building strong rapport with our business partners, we work towards the achievement of honor.

With the corporate philosophy in mind, Abterra commits to the core business to pursue a balanced and healthy growth. We deliver the best products and the best services to continuously meet the demands of our clients.



# CORPORATE PROFILE

ABTERRA is an emerging supply chain manager in the natural resources business, trading in iron ore, coking coal and coke. Abterra aims to differentiate itself through its core strategy of vertical integration and by pursuing sustainable long-term growth in the Chinese and international markets.

In October 2006, General Nice Resources (Hong Kong) Limited acquired a majority stake in Abterra and became its controlling shareholder. Tapping on the competitive advantage of General Nice Resources (Hong Kong) Limited, Abterra is able to leverage on its parent company's concrete branding and expertise in establishing a strong network in China, welcoming extensive investment opportunities.

In September 2011, Abterra successfully obtained shareholders' approval for the addition of the property and minerals businesses to its core trading business. The addition of the property business allows the Company to diversify into property investment, property holding and property development. The inclusion of the minerals business further enables the Company to branch into the business of owning and development of mines, including the mining, exploration, exploitation, production, sale and trading of minerals, resources and commodities. Addition of these new businesses strengthens Abterra's ability to achieve long-term growth under different economic conditions and reinforces its strategy of vertical integration.

Abterra – the Latin translation of "Fruits of the Earth" – has been listed on the SGX Mainboard since 2 June 1999.



# CHAIRMAN'S STATEMENT



## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Abterra Ltd ("Abterra", or the "Company" and together with its subsidiaries, the "Group"), I am pleased to present the report and audited financial statements of Abterra for the financial year ended 31 December 2013 ("FY2013").

### **FY2013: A Year Of Recovery**

Amid a year marked by economic challenges exacerbated by slowing growth in Asia and fears of a Euro crisis, Abterra returned a creditable performance and rebounded to profitability in the year under review.

In FY2013, the Group grew its iron ore trading business despite the continued lack of adequate credit facilities, which worsened in FY2013 as the People's Bank of China led a regulatory crackdown on China's shadow banking system, resulting in a heightened shortfall in liquidity. But we were able to pull together and optimize our internal resources to facilitate the trade of iron ore. As a result, revenue increased 39% to S\$17.1 million in FY2013, compared with S\$12.3 million in FY2012.

With the improved revenue and a one-time contribution of S\$9.9 million arising from the termination of the proposed acquisition of 54.42% of the equity interest in Zuoquan Xinrui Metallurgy Mine Co., Ltd. ("Xinrui"), net profit was S\$4.3 million in FY2013, compared with a loss of S\$9.3 million in FY2012.

Earnings per share in FY2013 was 2.20 cents, compared with a loss per share of 3.42 cents in FY2012. Net assets stood at S\$204.8 million as at 31 December 2013, compared to S\$197.6 million as at 31 December 2012.

During the year, we also took the opportunity to strengthen the Group's internal processes and controls to better adhere to corporate governance guidelines. With the completion of the re-structuring and streamlining process internally, the Company is in a better position to move forward with its growth strategies.

## **The Road Ahead**

Despite China's latest GDP figures showing a growth rate of 7.7 per cent for 2013, well above the 7.2 per cent floor set by the Chinese government, it is sufficient for the country to maintain employment at present levels. Although the country is moving towards a moderated pace of growth, it remains on target to meet its 12<sup>th</sup> five-year growth plan for 2011-2015 of an average annual growth target of 7 per cent. The ongoing urbanization and growing domestic consumption is expected to continue to drive the demand for iron ore and steel.

In FY2013, we terminated our proposed acquisition of an additional 54.42% of the equity interest of the iron ore mine owned by the Company's associate, Xinrui, as the vendor was unable to fulfil certain terms agreed earlier. But we remain committed to transforming into a vertically integrated operator and will continue to seek potential opportunities to strengthen our business.

We will build on the Group's established capabilities in the Chinese market to expand our network of trading partners for organic growth. In addition, we will continue to broaden our base of suppliers and customers as well as seek to secure more credit facilities to support our core trading activities. Looking ahead, we are also actively exploring investment opportunities in the regional property market, which we believe will augment the Group's revenue and enhance shareholder value over the longer-term.

## **A Note Of Thanks**

On behalf of the Board, I would like to thank our loyal shareholders for their trust and support in the last year. In the days forward, with your continued support, I am confident that we will stay on course to realise our aspiration.

Our achievements could not have been made without the passion and commitment of our management, staff and business associates. Thus, it is with my deepest appreciation that I thank them for sharing our aspiration and helping us realise every part of it.

I am positive that with such a strong and collective support, Abterra will find a firm footing from which to grow from strength to strength in the years ahead.

## **Cai Sui Xin**

*Executive Chairman  
Singapore, March 28, 2014*

# 主席致辞



## 各位尊敬的股东，

谨代表公司董事会，我很荣幸地向大家通告天益有限公司（“天益”或“本公司”，连同其附属公司统称“本集团”）截至2013年12月31日（“2013财政年度”）年报及财务报表。

### 2013财年：雪消冰又释，景和风复暄

过去一年，在亚洲经济增长放缓及欧债危机担忧的大环境下，天益公司逆流而上，业务活动频繁，盈利能力提升。

在2013财年，中国人民银行率先提高了对影子银行的监管力度，此举直接导致了流动资金短缺加剧，并引发了2013年中国银行业流动性危机。但是在此不利的金融环境之下，集团的铁矿石贸易业务仍然得到了长足发展。活跃的贸易业务帮助集团本财政年度收入1710万新元，比2012财年的1230万新元，大幅提高39%。

依靠收入提高和终止收购左权鑫瑞冶金矿山有限公司（“鑫瑞”）54.42%股权的一次性所得990万新元，集团本年度净利润430万新元，相较于2012财年的亏损930万新元，增长显著。

2013财年的每股收益为2.20分，2012财年为每股亏损3.42分。截至2013年12月31日集团净资产2.048亿新元，2012年同期为1.976亿新元。

## 未来：风物长宜放眼量

尽管中国最新GDP数据显示2013年增长率7.7%，远高于政府设定的7.2%的目标，但它足以维持国家目前的就业水平。虽然中国目前的经济增长趋于平缓，但预料仍可完成十二五设定的2011-2015年平均年增长7%的目标。持续的城市化和不断增长的内需有望继续推动铁矿石和钢铁的需求。

2013财年，由于卖方未能履行合同的若干条款，集团终止了拟收购子公司鑫瑞所拥有的铁矿54.42%股权的计划。但是我们仍然致力于业务转型，继续努力寻求潜在机会，加强并拓展公司业务，为垂直整合成为一体化运营商做好准备。

我们将利用集团已在中国市场建立的信誉，扩大我们的贸易伙伴网络，寻找增长良机。此外，我们将继续扩大供应商和客户群，争取更多的信贷额度，以支持我们的核心贸易活动。展望未来，我们也在积极寻求区域房地产市场的投资机会，我们相信这项长远规划将帮助集团增加收入，提升股东价值。

## 诚挚感谢

本人谨代表董事会，感谢我们忠实的股东们一直以来的信赖和支持。在未来的日子里，我有信心，我们将同舟共济，继续贯彻既定方针，实现集团宏愿。

集团的良好业绩离不开公司管理层、员工和商业伙伴的兢兢业业、辛勤耕耘。在此，请允许我向他们致以最深切的感谢。

我确信在这样一个强大的团队支持下，天益将以今天为起点，一步一脚印，在未来的岁月中不断发展壮大。

## 蔡穗新

执行主席

新加坡，二〇一四年三月二十八日

# BOARD OF DIRECTORS



## **CAI SUI XIN**

*Executive Chairman  
& Executive Director*

Mr. Cai Sui Xin joined the Board in October 2006 as the Managing Director and was appointed as the Executive Chairman in November 2006.

Mr. Cai founded General Nice Development Limited in 1992 and went on to establish other related companies under the General Nice Group. Under the leadership of Mr. Cai, the Group became one of China's biggest producers and operators of metallurgy coke. To date, its subsidiaries have won honorable titles like "PRC's Foreign Investment Enterprise of Double Excellence", and "Best Foreign Investment Enterprise in Tianjin".

Mr. Cai is also the Chairman and Executive Director of Loudong General Nice Resources (China) Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited.



## **LIN XIZHONG**

*Executive Vice-Chairman  
& Executive Director*

Mr. Lin Xizhong joined the Board in February 2007 as Executive Director and Vice Chairman.

Prior to joining General Nice Development Limited as Vice-Chairman, he was the Senior Vice President of China Minmetals Corporation. Mr. Lin has more than 30 years experience in international trade, resources investment, banking and finance.



## **LAU YU**

*Chief Executive Officer  
& Executive Director*

Mr. Lau Yu joined the Board of Directors in October 2006 as Executive Director and was appointed as Chief Executive Officer in November 2006.

Earlier in 2002, Mr. Lau became a shareholder and director of General Nice Resources (Hong Kong) Limited, a subsidiary of the General Nice Group.

With many years of solid experience in the international trading of raw materials, including steel, coal, coke and iron ore, Mr. Lau expanded the Group's iron ore business through the development of strong relationships with customers in India, Australia, South Africa, Venezuela and Brazil. His strong finance background positions him in a strategic position to contribute to the establishment of a sound financial foundation for the Group.

Mr. Lau is also an Executive Director of Loudong General Nice Resources (China) Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited.



**WONG SHIU WAH  
WILLIAMSON**

*Independent Director  
& Chairman of Audit Committee*

Mr. Wong Shiu Wah Williamson joined the Board of Directors in February 2010. He is presently the Chairman of the Audit Committee and a member of the Nominating, Remuneration and Employee Option Share Scheme Committees.

Mr. Wong works for a business consultancy firm in Hong Kong as a Director. Prior to that, he has worked with various public and private companies in Hong Kong and in USA as Financial Controller/Officer. He possesses extensive experience in auditing, accounting, corporate finance, operations management and control in various industries.

Mr. Wong holds a Master degree in Business Administration from the Chinese University of Hong Kong and also a Master of Science degree in Information Systems from the Hong Kong Polytechnic University. He has been a fellow member of the Association of Chartered Certified Accountants since 1998.



**CHEW BAN CHUAN  
VICTOR MARK**

*Independent Director & Chairman  
of Remuneration and Employee  
Share Option Scheme Committees*

Mr. Chew Ban Chuan Victor Mark joined the Board on May 2004. He is presently the Chairman of the Remuneration and Employee Share Option Scheme Committees and a member of the Audit and Nominating Committees.

Mr. Chew currently holds a directorship in J Worthing Pte. Ltd., a company that specialises in precious metals and commodities trading. Prior to that, Mr Chew was the Group General Manager of a listed company on the mainboard of the SGX-ST and a director of several of its subsidiaries. Mr. Chew holds a Bachelor of Law (Hons) degree from the National University of Singapore. He is also actively involved in community services and sits in several committees.



**CHAN CHUN TAT RAY**

*Independent Director  
& Chairman of Nominating  
Committee*

Mr. Chan Chun Tat Ray joined the Board in July 2010. He is presently the Chairman of the Nominating Committee and a member of the Audit, Remuneration and Employee Share Option Scheme Committees.

Having been with American International Assurance Co. Ltd. for more than 30 years, he has successfully managed financial portfolios of various corporate institutions from a wide range of business sectors. Mr. Chan had acquired vast experience in risk management and developed a strong sense of business acumen.

Mr. Chan holds a Bachelor of Science in Business Administration and is also a Certified Financial Consultant and a Fellow Chartered Financial Practitioner.

# SENIOR MANAGEMENT

## **JOHN BAEY YAM CHYE**

*Group General Manager*

Mr Baey joined the Group in October 2006 and is responsible for the Group's corporate management and human resource function. Mr Baey has extensive experience in corporate management and accumulated more than 30 years of experience in the trading and marketing of commodities.

Prior to joining the Group, Mr Baey was the Managing Director of J-Tech Supply Pte Ltd since 1999, responsible for the running of the company's operations and trading of industrial bolts and nuts for the oil and gas industry. In 1990, he was appointed the Executive Vice President of American International Industries Ltd., Moscow, overseeing the trading of steel products, coke and coal to China and Asia Pacific region.

## **TAM YIU CHEUNG**

*Financial Controller*

Mr. Tam joined the Group in May 2011 and is responsible for the Group's accounting and finance functions. Mr. Tam is a fellow member of the Association of Chartered Certified Accountants and a holder of the Chartered Financial Analyst designation awarded by the CFA Institute. Mr. Tam holds a Bachelor of Business Administration in Accounting from The University of Hong Kong Science and Technology. Prior to joining the Group, he has over 10 years of experience in auditing and accounting and had worked for several international accounting firms.

# NEW MARKET PERSPECTIVES

Abterra aims to pursue sustainable long term growth in the natural resources and property business as a fully integrated player in the Chinese and international markets.



# OPERATING COMPANIES

## REGISTERED OFFICE/ SINGAPORE

### **Abterra Ltd.**

7 Temasek Boulevard  
#11-05 Suntec Tower 1  
Singapore 038987  
Tel: (65) 6885 9800  
Fax: (65) 6885 9829  
Email: [info@abterra.com.sg](mailto:info@abterra.com.sg)  
Website: [www.abterra.com.sg](http://www.abterra.com.sg)

## INDONESIA

### **PT. Abterra Resources Indonesia**

Gedung Plaza Bapindo  
Citibank Tower LT. 21 JL  
Jend Sudirman KAV. 54-55,  
Senayan, Kebayoran Baru,  
Jajarta Selatan,  
DKI Jakarta Raya 12190

## AUSTRALIA

### **Abterra Australia Pty Limited**

201, 10 Century Circuit  
Baulkham Hills, NSW 2153,  
Sydney Australia  
Email: [australia@abterra.com.au](mailto:australia@abterra.com.au)  
Website: <http://www.abterra.com.sg/australia/index.html>

## MACAO

### **Abterra Macao Commercial Offshore Ltd.**

Avenida Infante D. Henrique,  
No. 43-53A, Edif.  
The Macau Square,  
8 Andar, K, Macao  
Tel: (853) 2871 8685  
Fax: (853) 2871 8693  
Email: [macao@abterra.com.sg](mailto:macao@abterra.com.sg)

## INDIA

### **Abterra Mineral Resources India Private Limited**

#102/1, 17th C Main,  
5th Block,  
Koramangala,  
Bangalore 560034,  
Karnataka, India



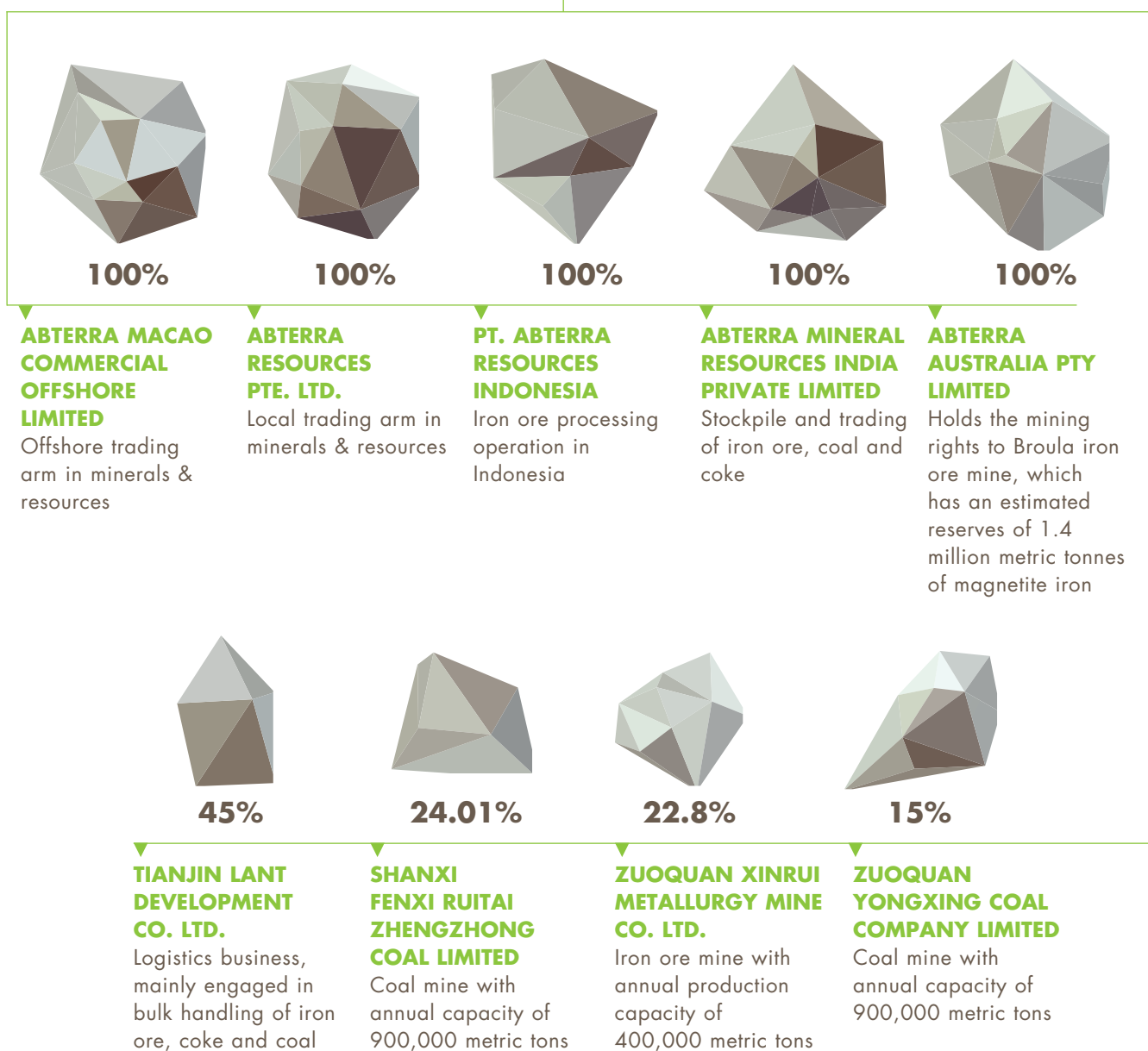
# OPEN TO FUTURE OPPORTUNITIES

The Group continues to push ahead with our strategy to be a vertically integrated supply chain manager of resources in the Asia Pacific region.



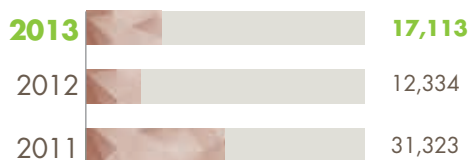
# CORPORATE STRUCTURE

## ABTERRA

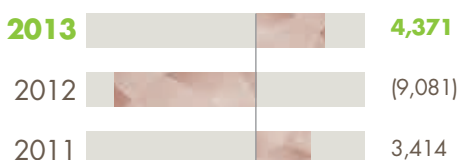


# 3 YEAR FINANCIAL STATEMENTS

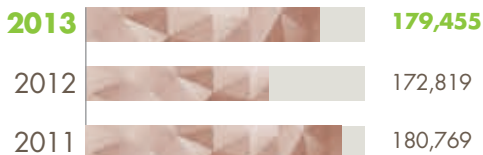
## TURNOVER (\$'000)



## PROFIT/(LOSS) BEFORE TAX (\$'000)



## EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$'000)



## BASIC PROFIT/(LOSS) PER ORDINARY SHARE (CENTS)



## NET ASSET VALUE PER ORDINARY SHARE (DOLLARS)



Group	2013 \$'000	2012 \$'000	2011 \$'000
Turnover	17,113	12,334	31,323
Operating profit/(loss)	8,128	(9,464)	6,269
Financial cost	(2,003)	(1,901)	(1,893)
Share of results of associates	(1,754)	2,284	(962)
Profit/(loss) before tax	4,371	(9,081)	3,414
Income tax	(55)	(187)	(1,107)
Profit/(loss) for the year	4,316	(9,268)	2,307
Non-controlling interests	1,106	877	601
Profit/(loss) attributable to shareholders	5,422	(8,391)	2,908
Basic profit/(loss) per ordinary share (cents)	2.20	(3.42)	1.20
<b>Total equity:</b>			
Share capital	250,805	254,664	252,187
Reserves	(71,350)	(81,845)	(71,418)
Equity attributable to owners of the Company	179,455	172,819	180,769
Non-controlling interests	25,393	24,769	27,258
Capital employed	204,848	197,588	208,027
<b>Represented by:</b>			
Non-current assets	188,043	139,783	141,306
Current assets	104,408	132,733	147,404
Current liabilities	(86,793)	(74,304)	(80,131)
Net current assets	17,615	58,429	67,273
Total assets less current liabilities	205,658	198,212	208,579
Non-current liabilities	(810)	(624)	(552)
Net assets	204,848	197,588	208,027
Net asset value per ordinary share (dollars)	0.839	0.800	0.848

## OPERATING & FINANCIAL PERFORMANCE REVIEW

The Group recorded a net profit of S\$4.3 million in FY2013, compared to a net loss of S\$9.3 million in FY2012. Earnings per share was 2.20 cents in FY2013, compared with a loss per share of 3.42 cents in FY2012. Net asset value per share as at 31 December 2013 was 83.9 cents, compared with 80.0 cents as at 31 December 2012.



## FINANCIAL HIGHLIGHTS

The Group recorded revenue of S\$17.1 million in FY2013, an increase of 39% or S\$4.8 million from S\$12.3 million in FY2012. The increase was primarily due to improved market conditions though the Group continued to face inadequate credit facilities.

In tandem with the increase in revenue, cost of sales increased 37% or S\$4.3 million to S\$15.8 million in FY2013 from S\$11.5 million in FY2012. As a result, gross profit improved 68% to S\$1.3 million in FY2013 from S\$0.8 million in FY2012. Gross profit margin increased 1.3 percentage points to 7.8% in FY2013 from 6.5% in FY2012.

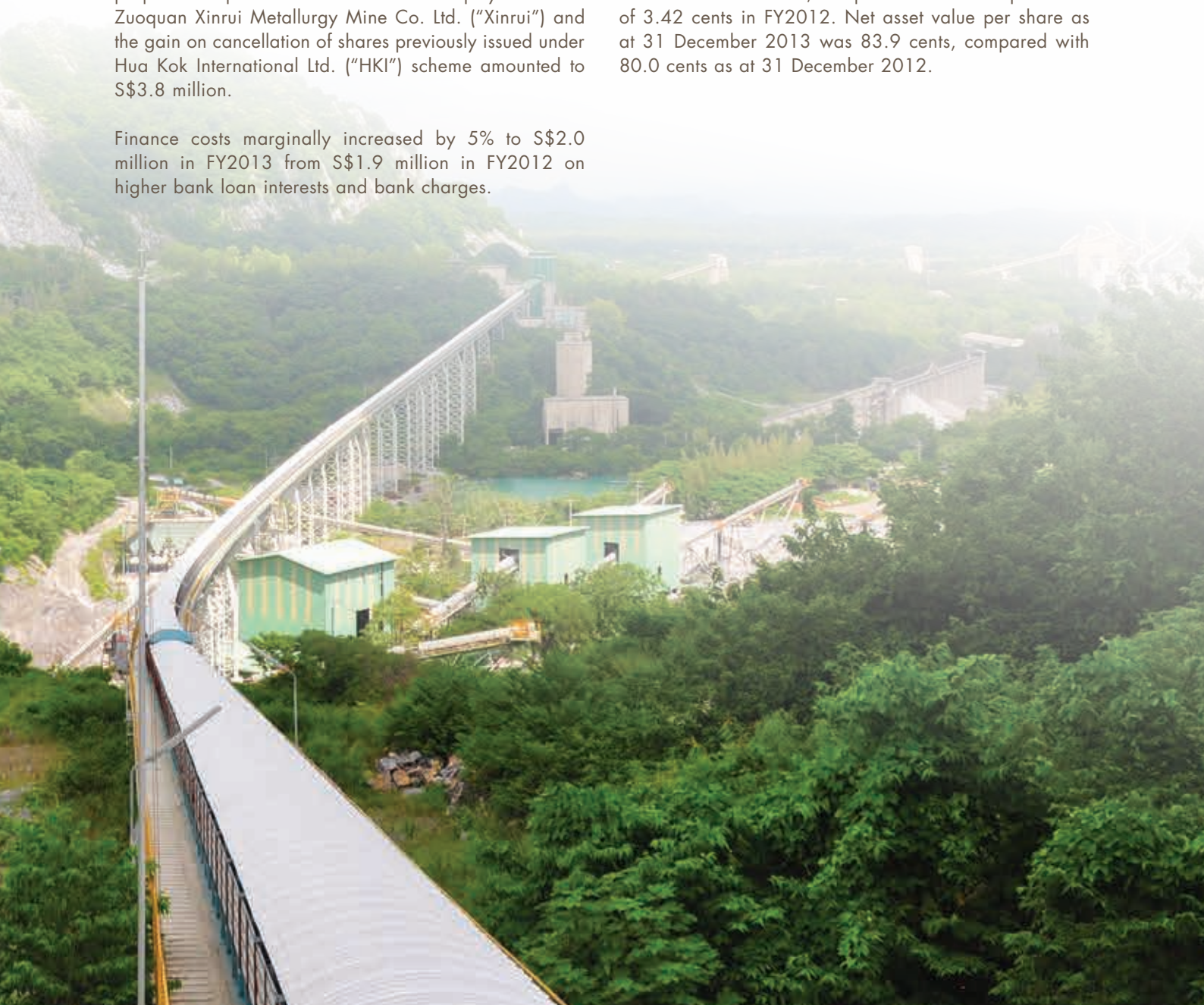
Other operating income increased 348% or S\$14.6 million to S\$18.8 million in FY2013 from S\$4.2 million in FY2012. The increase was mainly due to interest income contribution of S\$9.9 million, earned from deposits paid (the "Deposit") in relation to the termination of the proposed acquisition of 54.42% of the equity interest in Zuoquan Xinrui Metallurgy Mine Co. Ltd. ("Xinrui") and the gain on cancellation of shares previously issued under Hua Kok International Ltd. ("HKI") scheme amounted to S\$3.8 million.

Finance costs marginally increased by 5% to S\$2.0 million in FY2013 from S\$1.9 million in FY2012 on higher bank loan interests and bank charges.

Other operating expenses decreased 36% or S\$2.7 million to S\$4.9 million in FY2013 from S\$7.6 million in FY2012. The decline was mainly attributed to the absence of an exchange loss of S\$5.0 million in FY2013 due to appreciation of RMB against SGD during the year, partially offset by an increase in coal storage fees in relation to the Indonesia operation and a fair value loss on forward contract.

Share of loss of associates was S\$1.8 million in FY2013, compared with the profit of S\$2.3 million in FY2012. This was mainly due to the decrease in contribution by Tianjin Lant Development Company, as its gross profit ratio reduced during the financial year due to keen market competition.

As a result of the above, the Group recorded a net profit of S\$4.3 million in FY2013, compared to a net loss of S\$9.3 million in FY2012. Earnings per share was 2.20 cents in FY2013, compared with a loss per share of 3.42 cents in FY2012. Net asset value per share as at 31 December 2013 was 83.9 cents, compared with 80.0 cents as at 31 December 2012.



# OPERATING & FINANCIAL PERFORMANCE REVIEW (CONT'D)



## LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances improved at the end of the year to S\$2.0 million, as compared to S\$1.0 million as at 31 December 2012.

Inventories increased to S\$2.9 million as the Group purchased stocks from the supplier in relation to its coal trading business during the financial year.

Trade receivables of the Group declined from S\$5.7 million at 31 December 2012 to S\$2.5 million at 31 December 2013, primarily due to settlement of trade debts from customers.

Other receivables, deposits and prepayments increased from S\$90.7 million at 31 December 2012 to S\$111.7 million (inclusive of current and non-current assets) at 31 December 2013. The increase was mainly due to the exchange gain arising from the Deposit paid for the acquisition of 54.42% of equity interest in Xinrui of S\$91.9 million as at 31 December 2013 which is denominated in RMB and the RMB was appreciated against SGD during the year 2013, interest receivable from the vendor in respect of the Deposit paid and dividends receivable from an associate – Tianjin Lant Development Company.

The Group ended the year with total current assets and total current liabilities of S\$104.4 million and S\$86.8 million respectively. The Group's current ratio reduced to approximately 1.20 for the year due to the reclassification of a portion of the Deposit to non-current assets according to the repayment schedule.

## OUTLOOK

China's National Bureau of Statistics reported that crude steel output rose by 7.5% in 2013 to a record 779.04 million tons in 2013 as the industry tracked the country's economic growth of 7.7% during the year.<sup>1</sup> Crude steel manufacturing rose despite the government's efforts to reduce overcapacity and pollution by shutting down old furnaces.

Looking into 2014, China's annual steel output growth is expected to slow in 2014 to approximately 3.1% and reach 810 million tons as a result of changes in the country's economic strategy.<sup>2</sup> In the light of this, industry watchers expect the price of iron ore to decline by approximately 8.3% from US\$120 per metric ton in 2013 to US\$110 per metric ton in 2014.<sup>3</sup>

Despite a moderation in the industry's growth, China's iron ore import growth is expected to continue albeit a slower pace. The China Metallurgical Industry Planning and Research Institute predicts that China will import 850 million tons of iron ore in 2014, an increase of 6.25 percent over 2013.<sup>4</sup> This compares with total import of 800 million in 2013, an increase of 7.5 percent over 2012.

Besides its trading business, Abterra is actively seeking other business opportunities to transform itself into a vertically integrated operator. The Group is also focused on growing its real estate investment property portfolio.

<sup>1</sup> "China crude steel output paces GDP growth to set record", Bloomberg, 20 January 2014

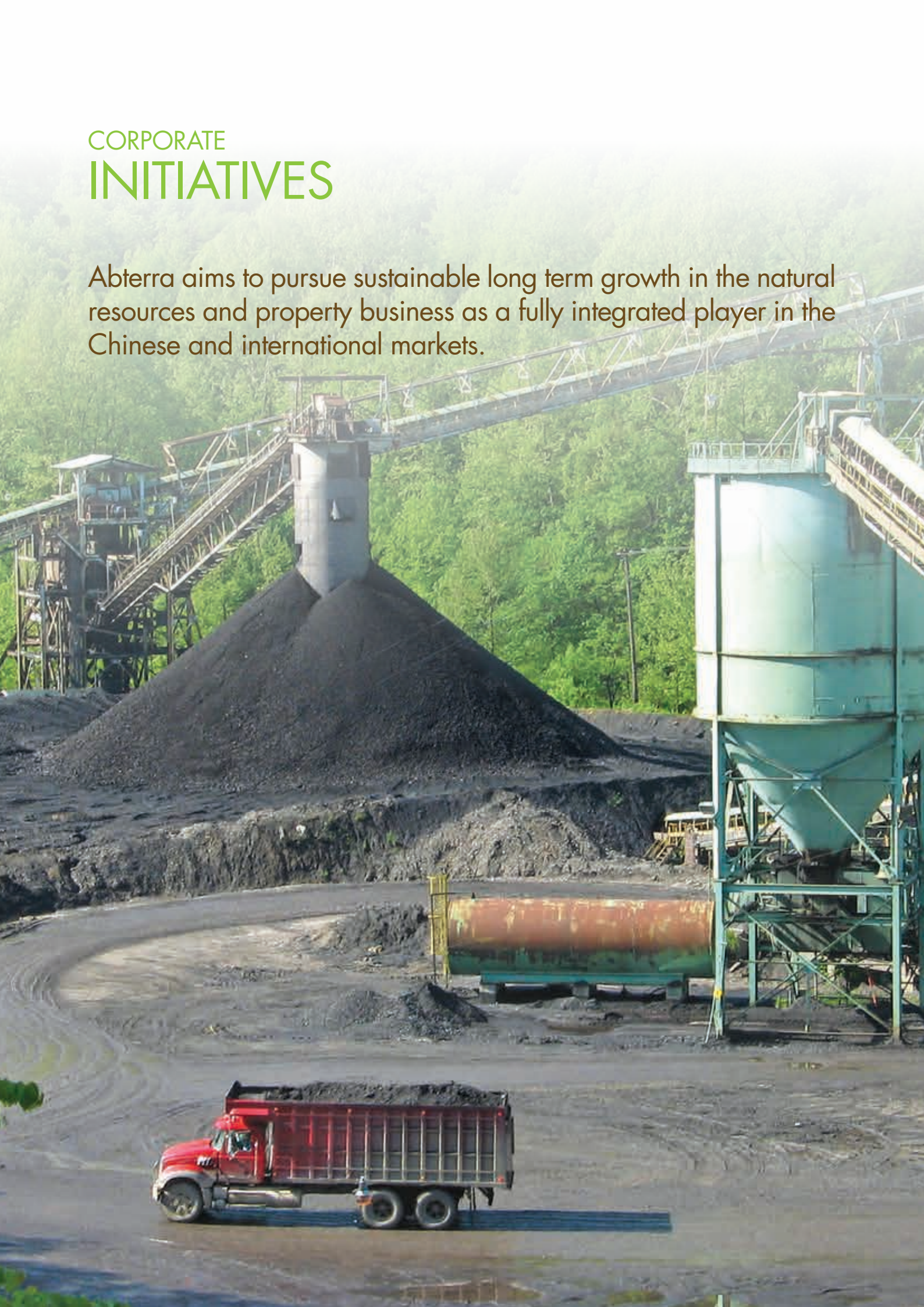
<sup>2</sup> "China crude steel output growth to slow to 3.1 pct in 2014", Reuters, 13 January 2014

<sup>3</sup> UBS AG research report estimate, "Supply and demand hammer at price of iron ore", Chinadaily.com.cn, 15 January 2014

<sup>4</sup> Li Xinchuang, head of China Metallurgical Industry Planning and Research Institute

# CORPORATE INITIATIVES

Abterra aims to pursue sustainable long term growth in the natural resources and property business as a fully integrated player in the Chinese and international markets.



# CORPORATE GOVERNANCE AND FINANCIAL REPORT

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Corporate Governance	<b>21</b>
Report of the Directors	<b>35</b>
Statement by Directors	<b>40</b>
Independent Auditors' Report	<b>41</b>
Consolidated Statement of Profit or Loss and other Comprehensive Income	<b>42</b>
Statements of Financial Position	<b>43</b>
Statements of Changes in Equity	<b>45</b>
Consolidated Statement of Cash Flows	<b>47</b>
Notes to the Financial Statements	<b>49</b>



# CORPORATE GOVERNANCE

## Introduction

The Board of Directors (the “Board”) and the management (the “Management”) of Abterra Ltd. (the “Company”), and together with its subsidiaries (the “Group”) are committed to maintaining a high standard of corporate governance. Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and accountability. We strongly believe that the integrity and professionalism of our Board members and employees, governed by a system of policies, will enable the Company to achieve greater heights and greater returns for our shareholders.

This report will help shareholders better understand the Company’s practices which were in place throughout the financial year and guided by the Code of Corporate Governance 2012.

## Board of Directors

### ***Principle 1 – The Board’s Conduct of Affairs***

#### *Role of the Board*

The Board’s primary role is to protect and enhance long-term shareholders’ value. The Board is responsible for the overall corporate governance of the Group. Besides carrying out its statutory responsibilities, the Board’s roles include setting its strategic direction, establishing goals for the Management and monitoring the achievement of these goals. The Board also:

- oversees risk management and internal control processes, financial reporting and compliance, and approves the release of financial results and announcements of material transactions;
- reviews and approves major funding, investment and divestment proposals;
- reviews and approves the nominations to the Board and appointments to the various Board committees (“Board Committees”); and
- reviews and approves the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee.

The Company has put in place financial authorisation and approval limits for operating and capital expenditures, procurement of goods and services, and cheque signatory arrangements. Matters for which the Board’s approval is required include material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material nature requiring announcement under the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

#### *Board Processes*

To facilitate effective management, the Board has delegated some of its authorities to four Board Committees namely, the Audit Committee, the Remuneration Committee, the Nominating Committee and the Employee Share Option Scheme Committee. Each of the Board Committee functions within clearly defined terms of reference and operating procedures. The effectiveness of the Board Committees are also constantly monitored.

# CORPORATE GOVERNANCE (CONT'D)

The Board and the various Board Committees meet regularly, and as warrant by business imperatives or deemed appropriate by the members of the Board. The Articles of Association of the Company (the "Articles") allow Board meetings to be held via tele-conference and video-conference. The number of Board meetings and Board Committees meetings held during the financial year ended 31 December 2013 ("FY2013") and the attendance of the Directors at these meetings are set out below.

Director	Board*		Audit Committee		Remuneration Committee		Nominating Committee		Employee Share Option Scheme Committee	
	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended	No of meetings held	No of meetings attended
Cai Sui Xin	6	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lin Xizhong	6	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cai Suirong <sup>1</sup>	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lau Yu	6	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chew Ban Chuan Victor Mark	6	6	6	6	1	1	1	1	-	-
Wong Shiu Wah Williamson	6	6	6	6	1	1	1	1	-	-
Chan Chun Tat Ray	6	6	6	6	1	1	1	1	-	-

\* Refers to meetings held/attended while each Director was in office.

Note:

1. Retired at the Fourteenth Annual General Meeting of the Company held on 12 April 2013.

The Board is regularly briefed on the Group's activities to keep them updated on the latest developments.

There was no new director appointed in FY2013. Newly appointed Directors are briefed by the Chairman and Chief Executive Officer to familiarize them with the Group's business and its strategic directions. They will also be issued with a formal letter by the Company Secretary explaining their duties and obligations as a Director upon their appointment. In addition, the Board is free to request sponsorship from the Company, subject to the approval from the Chairman, to attend courses to update their knowledge and better equip themselves to discharge their duties as Directors.

# CORPORATE GOVERNANCE (CONT'D)

The Board comprises of the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of appointment
Cai Sui Xin	Chairman	18 October 2006	30 April 2013	Executive/Non-Independent
Lin Xizhong	Vice Chairman	6 February 2007	12 April 2013	Executive/Non-Independent
Lau Yu	Chief Executive Officer	18 October 2006	6 September 2011	Executive/Non-Independent
Chew Ban Chuan Victor Mark	Director	20 May 2004	30 April 2013	Non-executive/Independent
Wong Shiu Wah Williamson	Director	11 February 2010	12 April 2013	Non-executive/Independent
Chan Chun Tat Ray	Director	26 July 2010	6 September 2011	Non-executive/Independent

## ***Principle 2 – Board Composition and Guidance***

The Board comprises six Directors, of whom three are non-executive and are considered independent of Management by the Nominating Committee. The Nominating Committee considers an independent Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The Nominating Committee is satisfied that the Board comprises of Directors with a variety of expertise, networking and core competencies necessary to discharge their duties and responsibilities, and to provide strategic networking to enhance the business of the Group.

The names and the key information of the Directors of the Company in office are set out in the Board of Directors section of this Annual Report.

## ***Principle 3 – Chairman and Chief Executive Officer***

There is a clear separation of the roles and responsibilities of the Chairman and the Chief Executive Officer ("CEO"). Different individuals assume the roles of the Chairman and the CEO. The Chairman of the Board is Mr Cai Sui Xin. As the Executive Chairman, Mr Cai's role, amongst other matters, is to manage the business of the Group to exercise control over the quantity, quality and timeliness of the flow of information between the Management and the Board and to preserve harmonious relations with shareholders.

Together with the Chairman, the CEO, Mr Lau Yu, plays an instrumental role in developing the business and making key decisions on the Management and operation of the Group.

The independent directors meet amongst themselves without the presence of the other directors where necessary, and the lead independent director will provide a summary of their discussions to the Chairman.

# CORPORATE GOVERNANCE (CONT'D)

## **Principle 4 – Board Membership**

### *Nominating Committee ("NC")*

The NC comprises entirely of independent non-executive Directors. As at the date of this report, the NC comprises the following members:

Mr Chan Chun Tat Ray – Chairman  
Mr Chew Ban Chuan Victor Mark  
Mr Wong Shiu Wah Williamson

The NC's key terms of reference are as follows:

- reviewing and recommending candidates for appointment to the Board having regard to their qualification, experience, expertise and potential contribution to the Group;
- reviewing and recommending candidates for appointment as senior management;
- evaluating the effectiveness of the Board as a whole and the contributions of each Director;
- identifying the skills, expertise and capabilities for the effective functioning of the Board;
- re-nominating Directors for re-election at each Annual General Meeting ("AGM"); and
- evaluating and determining the independence of each Director.

The size and composition of the Board are reviewed on an annual basis by the NC, which seeks to ensure that the Board has an appropriate mix of expertise and experience. The Board has not set the maximum number of listed company board representation each Director may hold. The NC shall review from time to time the Board representatives and other principle commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately, and if necessary to make appropriate recommendations to the Board.

In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, the NC conducts an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and right skills will be considered before the NC makes its recommendations to the Board.

The Articles provides that one-third of the Directors shall retire from office by rotation at every AGM of the Company. For the forthcoming AGM, Mr Lau Yu and Mr Chan Chun Tat Ray are due for retirement and are eligible for re-election pursuant to Article 91.

## **Principle 5 – Board Performance**

The effectiveness of the Board is monitored by the NC. The NC assesses the Board performance in terms of overall performance, achieving an adequate return for shareholders, oversight of the Management and the Group's performance during the period. In evaluating the contributions and performance of each Director, factors taken into consideration include, amongst others, attendance record of the Directors at Board meetings and activities, contributions based on the member's respective core competencies, and maintenance of independence.

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole and contribution by each Director to the effectiveness of the Board.

# CORPORATE GOVERNANCE (CONT'D)

The appraisal process requires the Directors to evaluate the performance of the Board as a whole and of his own annually and to identify areas of improvement. The appraisal forms will be collated by an independent coordinator who will report to the NC. The NC will report to the Board thereafter. The results of the evaluation process would be used by the Board to effect continuing improvements on Board processes where considered necessary.

The NC is satisfied that Mr Chew Ban Chuan Victor Mark, Mr Wong Shiu Wah Williamson and Mr Chan Chun Tat Ray are independent and the Directors having external directorships have devoted sufficient time and attention to the affairs of the Group.

## ***Principle 6 – Access to Information***

The Management recognizes the importance of ensuring the flow of complete, adequate and timely information to the directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. Agenda, board papers and related materials, background or explanatory information relating to matters to be discussed at the Board meetings and Board committee meetings are circulated electronically to the directors prior to the meetings. Any additional material or information requested by the directors is promptly furnished.

Board members have separate and independent access to the Company's Senior Management and the Company Secretary. The Company Secretary attends all meetings of the Board and Board Committees and ensures that board procedures are followed and that the corporate secretarial aspects of applicable rules and regulations are complied with. The Articles provides that the Company Secretary shall be appointed by the Board.

Should Directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company will appoint a professional advisor selected by the Group or individual, and approved by the Chairman, at the Company's expense, to render the advice.

## **Remuneration Matters**

### ***Principle 7 – Procedures for Developing Remuneration Policies***

#### *Remuneration Committee ("RC")*

The RC comprises entirely of independent non-executive Directors. As at the date of this report, the RC comprises the following members:

Mr Chew Ban Chuan Victor Mark                      – Chairman  
Mr Chan Chun Tat Ray  
Mr Wong Shiu Wah Williamson

# CORPORATE GOVERNANCE (CONT'D)

The RC's key terms of reference are as follows:

- reviewing and approving the structure of the compensation plans and recruitment strategies of the Group so as to align compensation with shareholders' interests;
- reviewing the Executive Directors' and Senior Management's compensation and determine appropriate adjustments; and
- reviewing and advise the Board on the implementation of any appropriate long-term incentive schemes for the Directors and employees of the Company.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses, benefits-in-kind and the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses. The RC's recommendations are submitted for endorsement by the entire Board.

## ***Principle 8 – Level and Mix of Remuneration***

The Company adopts an overall remuneration policy for its key management personnel and employees comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Company, the individual, the industry and the economy. Another element of the variable component is the grant of share options under the ESOS. This seeks to align the interests of the Company's key management personnel and employees with that of the shareholders.

The Company has also maintained a fixed appointment period for all service contracts signed with the Executive Directors. The remuneration to be paid to each Executive Director for his services as a member of the Board is an annual fixed cash component that is further reviewed by the RC. Each Executive Director is also eligible for share options under the ESOS.

The Independent Directors have no service agreements with the Company. They are each paid a Director's fee which is determined by the Board based on effort and time spent as well as responsibilities as member of the Board Committees. The Directors' fees are subjected to the approval of shareholders at AGM.

# CORPORATE GOVERNANCE (CONT'D)

## **Principle 9 – Disclosure of Remuneration**

The remuneration of the Directors of the Company for FY2013 is as follows:

Director	Directors' Fees (%)	Salary* (%)	Bonus (%)	Benefits in kind (%)	Total (%)
Below \$250,000					
Cai Sui Xin	–	100	–	–	100
Lin Xizhong	–	100	–	–	100
Cai Suirong <sup>1</sup>	–	100	–	–	100
Lau Yu	–	100	–	–	100
Chew Ban Chuan Victor Mark	100	–	–	–	100
Wong Shiu Wah Williamson	100	–	–	–	100
Chan Chun Tat Ray	100	–	–	–	100

\* Salary is inclusive of CPF where applicable

Note:

1. Retired at the Fourteenth Annual General Meeting of the Company held on 12 April 2013.

Given the highly competitive industry conditions, the Company believes that it is not in the best interests of the Company to disclose remuneration of each individual Director, the CEO and its Senior Management on a named basis. The Company is instead disclosing the Directors' remuneration in bands of S\$250,000 and the breakdown of the Directors' remuneration as per the table above. The remuneration of each of the Company's Senior Management is below \$250,000.

Save for Ms Cai Suirong, a former Director of the Company, disclosed in the table above, there are no employees who are immediate family members of the Directors or the CEO and her remuneration did not exceed \$50,000 during the period under review.

The Abterra Employee Share Option Scheme (the "Scheme") was adopted on 20 August 2010. The objectives of the Scheme include, motivating the executives of the Group to optimise their performance standards and efficiency as well as to retain key executives whose contributions are essential to the long term growth and profitability of the Group.

# CORPORATE GOVERNANCE (CONT'D)

## *Employee Share Option Scheme Committee ("ESOS Committee")*

The ESOS Committee comprises of the members of RC to, amongst others, administer the Scheme. The functions of the ESOS Committee are as follows:

- administer the Scheme pursuant to the rules of the Scheme;
- formulate guidelines/procedures ("Formulated Rules") for determining the eligibility of persons to participate in the Scheme ("Participants") and determine the number of options available for allocation to the Participants pursuant to the Scheme;
- determine the number of options exercisable by the Participants for each year during the duration of the Scheme and the exercise price for each grant in accordance to the Listing Rules of the SGX-ST;
- grant options to Participants as recommended by the Management in accordance with the Formulated Rules and the rules of the Scheme;
- make or vary such regulations (not being inconsistent with the rules of the Scheme) for the implementation and administration of the Scheme as it thinks fit; and
- determine any matter pertaining or pursuant to the Scheme and any disputes and uncertainties as to the interpretation of the Scheme, any rules, regulations or procedures or any rights under the Scheme.

The number of shares comprised in option(s) offered to a participant shall be determined at the absolute discretion of the ESOS Committee who shall take into account, where applicable, criteria such as rank, past performance, years of services and potential contribution of the participant. Details of the Scheme and the number of unissued shares under option and options exercised are set out in the Directors' Report.

## **Accountability and Audit**

### ***Principle 10 – Accountability***

The Board takes the responsibility of providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports and reports to regulators (if required).

The shareholders are provided with detailed analysis, explanation and assessment of the Group's financial position and prospects via the issuance of annual reports and quarterly announcements of results. Results for the first three quarters are released to shareholders within 45 days from the end of each quarter. The full year results are released within 60 days from the financial year end. Financial and other price sensitive information are disseminated to shareholders through announcements and press releases via SGXNet.

The Management provides the Group's financial results to all members of the Board for their review and approval on a quarterly basis. Presentations on the Groups' business and activities are also provided to the Board throughout the financial year by the Management. In addition, the Directors are provided with the names and contact details of the Company's Senior Management to facilitate direct communication.

# CORPORATE GOVERNANCE (CONT'D)

## ***Principle 11 – Risk Management and Internal Controls***

As the Company does not have a risk management committee, the Board, the AC and the Management assume the responsibility of the risk management function. The Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management also reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The internal audit system and internal control provides the Company with a reasonable assurance against material financial loss and keeps the Company in compliance with the applicable policies, law and regulations. On 3 April 2013, the Company has also, in consultation with the AC, appointed a certified public accounting firm to carry out an exercise to review and update existing policies which will help to formalise key procedures and practices with a view to further strengthen the Group's internal controls and systems.

During the year, the Board reviews with the assistance of the Management and external auditors on the effectiveness of the Company's internal controls and risk management systems. The Board and the Management have reviewed and implemented stringent internal controls to safeguard shareholders' interest and the Company's assets. The Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing the financial, operational and compliance risks of the Company, were adequate to meet the needs of the Group in its current business environment. This is in turn supported by assurance from the CEO and the Financial Controller that:

- (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the company's operations and finances and are in accordance with the relevant accounting standards; and
- (b) they have evaluated the effectiveness of the Company's internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

# CORPORATE GOVERNANCE (CONT'D)

## Principle 12 – Audit Committee

The Audit Committee (“AC”) is guided by written terms of reference, which clearly set out its authority and duties. The AC comprises entirely of independent non-executive Directors. As at the date of this report, the AC comprises the following members:

Mr Wong Shiu Wah Williamson – Chairman  
Mr Chan Chun Tat Ray  
Mr Chew Ban Chuan Victor Mark

The Board has reviewed and is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The AC meets on a quarterly basis to review the quarterly and annual financial statements, including key significant financial reporting issues and assessments, to safeguard the integrity of the financial statements. The AC has also met with the external auditors and internal auditors without the presence of the Management.

The AC’s key terms of reference are as follows:

- review the internal audit plans, the scope and results of internal audit procedures;
- assess the independence and objectivity of the external auditors;
- review with the external auditors the effectiveness of the Group’s material internal controls, including financial, operational and compliance controls and risk management;
- review the scope and results of the audit undertaken by the external auditors, its cost effectiveness;
- review the Group’s financial results and statements prior to submission to the Board for approval;
- review the assistance given by the Company’s management to the external auditors;
- review the nature and extent of non-audit services performed by the external auditors (if any);
- recommend to the Board on the appointment or re-appointment of external auditors;
- review interested person transactions; and
- conduct investigation into any matter within the AC’s scope of responsibility and review any significant findings of investigations.

During the year, the AC conducted an annual review of the nature and extent of all non-audit services performed by the external auditors and has confirmed that such services would not affect the independence and objectivity of the external auditors. The AC also reviews the remuneration and terms of engagement of the external auditors. In this regard, the AC reviewed and is satisfied with the aggregate amount of audit fees paid to its auditors.

The Company has also complied with Rules 712, 715, 716 of the Listing Manual in relation to the appointment of Mazars LLP as the external auditors of the Company and its subsidiaries.

In addition, updates on changes in accounting standards are communicated to the AC by the external auditors.

# CORPORATE GOVERNANCE (CONT'D)

## *Whistle-Blowing Policy*

The Group has in place a Whistle-Blowing Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees in confidence and in good faith, without fear of reprisal. Details of this policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken. The AC ensures that independent investigations and any appropriate follow-up actions are carried out.

## **Principle 13 – Internal Audit**

The Board recognises the importance of maintaining a system of sound internal controls processes for a good corporate governance framework. The Board affirms its overall responsibility for the Group's systems of internal controls, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Company has engaged a certified public accounting firm to perform the internal audit function, with the purpose to examine and evaluate the internal control systems of the Group and hence maximise effectiveness and efficiency. The appointed internal auditors would review the process in accordance to the audit plan approved by the AC. The finalised internal audit report would be presented to the AC for review, which would highlight any issues that requires attention. The AC would oversee the process and evaluates the adequacy of the internal audit function.

On an annual basis, the AC reviews the internal audit program of the Group so as to align it to the changing needs and risk profile of the Group's activities.

For the internal audit works carried out in FY2013, the engaging internal auditors are guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

## **Communications with Shareholders**

### **Principle 14 – Shareholder Rights**

At the general meeting, the shareholders have the opportunity to participate and vote on the resolutions. A notice, agenda and circulars to shareholders (where appropriate) are sent to the shareholders as well as releasing on the SGXNet prior to the meetings. Shareholders may appoint up to two proxies to attend the meeting.

# CORPORATE GOVERNANCE (CONT'D)

## ***Principle 15 – Communication with Shareholders***

The Company takes a serious view of maintaining full and adequate disclosure, in a timely manner, of material events and matters concerning its business. Price sensitive information, results of the Company and other necessary disclosures are disseminated via announcements to SGX-ST, which are released via SGXNet. The Company sends its annual report and notice of Annual General Meeting (“AGM”) to all shareholders.

The Company’s website at [www.abterra.com.sg](http://www.abterra.com.sg) also provides up-to-date information on the Group and its businesses.

The Company has a team of investor relations personnel who focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group’s corporate developments and financial performance. When necessary and appropriate, the Chairman and CEO will meet analysts and fund managers who like to seek a better understanding of the Group’s operations.

While the Group does not have a fixed dividend policy, it is the Group’s intention to evaluate its resources and distribute dividends as appropriate. Any such dividends payout are dependent on the financial performance, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors that the Board may deem appropriate. Taking into consideration the abovementioned factors, the Group has not declared any dividends for FY2013.

## ***Principle 16 – Conduct of Shareholder Meetings***

The AGM of the Company is the principal forum for dialogue and interaction with all shareholders. All shareholders will receive the notice of AGM, which is also advertised on the newspapers and issued via SGXNet. The Board welcomes questions and comments relating to the Group’s business or performance from shareholders at AGMs. Shareholders are given the opportunity to air their views and direct questions to the Board on matters affecting the Group.

The Company does not practise bundling of resolutions at general meetings. Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Directors, including the chairman of the Board Committees are present at all general meetings to address shareholders’ queries. External auditors are also present at such meeting to assist the Directors to address any relevant queries from the shareholders.

The Company prepares minutes of all general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management. These minutes will be available to shareholders upon their request.

The Company conducts the voting of all its resolutions by poll at all its AGM and extraordinary general meetings. The detailed voting results of each resolutions tabled are announced at the meetings and in an announcement released after the meeting via SGXNet. Shareholders can vote in person or by appointing up to two proxies to attend and vote in his/her stead.

# CORPORATE GOVERNANCE (CONT'D)

## Dealing in Securities

(Listing Manual Rule 1207(19))

The Company has adopted an internal code on dealings in securities to govern dealings in its shares by the Directors and the key employees of the Group. The Directors and employees are not allowed to deal in the Company's shares during the period commencing two weeks before the date of announcement of results for each of the first three quarters of the Company's financial results and one month before the date of announcement of the full year results, and ending on the date of announcements of the relevant results, and at any time while in possession of price sensitive information. Further, Directors and officers are advised not to deal in the Company's securities on short-term considerations.

The Company has complied with the SGX-ST's Listing Rules on best practices on dealings in the Company's securities.

## Material Contracts

Material contracts was entered into by Abterra Ltd. or any of its subsidiaries involving the interests of the controlling shareholder, either still subsisting at the end of the financial period, or if not then subsisting, entered into since the end of the previous financial year. The details are as below:-

Description	Details	
Names of the lender and the borrower	Borrower:	Abterra Macao Commercial Offshore Ltd
	Lender:	General Nice Resources (H.K.) Ltd
Relationship between the lender and the borrower and whether the director or controlling shareholder is the lender or borrower	Controlling shareholder of holding company	
Amount of the loan	S\$7,500,000	
Interest rate	9%	
Terms as to payment of interest and repayment of principal	2 years	
Security Provided	Not applicable	

# CORPORATE GOVERNANCE (CONT'D)

## Interested Person Transactions

During FY2013, interested person transactions carried out during the financial year which fall under Chapter 9 of Listing Manual of the Singapore Exchange Security Trading Limited are as follows:

Name of interested person	Aggregate value of all interested person transactions during the year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)
<b>Interest payable:</b> – General Nice Resources (Hong Kong) Limited	S\$676,420	Nil

Singapore, 28 March 2014

# REPORT OF THE DIRECTORS

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2013 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2013.

## 1. DIRECTORS

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

Cai Sui Xin  
 Lin Xizhong  
 Lau Yu  
 Chew Ban Chuan Victor Mark  
 Wong Shiu Wah Williamson  
 Chan Chun Tat Ray

## 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## 3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), the directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Shareholdings registered in name of director		Shareholdings in which a director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<b>The Company</b> <b>Abterra Ltd.</b> (Ordinary shares)				
Cai Sui Xin	–	–	81,404,976	83,804,976
Lin Xizhong	250,000	250,000	–	–

# REPORT OF THE DIRECTORS (CONT'D)

## 3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<b>The Company</b>				
<b>Abterra Ltd.</b>				
(Share options)				
Lin Xizhong	200,000	–	–	–
Lau Yu	400,000	–	–	–
<b>The Immediate Holding Company</b>				
<b>General Nice Resources (Hong Kong) Limited</b>				
(Ordinary shares of HK\$1 each)				
Cai Sui Xin	–	–	159,999,200	159,999,200
Lau Yu	39,999,800	39,999,800	–	–
<b>The Intermediate Holding Company</b>				
<b>General Nice Development Limited</b>				
(Ordinary shares of HK\$1 each)				
Cai Sui Xin	5,000,000	5,000,000	50,000,000	50,000,000
<b>The Intermediate Holding Company</b>				
<b>General Nice Investment (China) Limited</b>				
(Ordinary shares of HK\$1 each)				
Cai Sui Xin	2,500	2,500	25,000	25,000
<b>The Ultimate Holding Company</b>				
<b>General Nice Group Holdings Limited</b>				
(Ordinary shares of US\$1 each)				
Cai Sui Xin	50,000	50,000	–	–

By virtue of Section 7 of the Act, Cai Sui Xin is deemed to have an interest in all related corporations of the Company.

The directors' interests as at 21 January 2014 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2013.

# REPORT OF THE DIRECTORS (CONT'D)

## 4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the 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. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

## 5. SHARE OPTIONS

The Abterra Employee Share Option Scheme (the "Scheme") was adopted on 20 August 2010.

The Scheme is administered by the Employee Share Option Scheme Committee ("ESOS Committee"), whose members are:

Chew Ban Chuan Victor Mark (Chairman)  
Wong Shiu Wah Williamson  
Chan Chun Tat Ray

Under the Scheme, the grant of share options to the executive directors of the Company, employees of the Group and the controlling shareholders of their associates is subject to certain conditions. The exercise price of the share options may either be:

- (i) the average of closing prices of the shares ("Market Price") on the Singapore Exchange Securities Trading Limited for the five consecutive market days immediately preceding the date of grant; or
- (ii) at a discount to the Market Price, so long as the maximum discount shall not exceed 20 percent of the Market Price and the shareholders have authorised the making of offers and grant of share options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

The aggregate number of shares over which the ESOS Committee may grant options under the Scheme shall not exceed 15% of the issued share capital of the Company on the date preceding the grant of options.

The share options may be exercised in whole or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price, at any time during the exercisable period. The share options granted with the exercise price set at Market Price may be exercised on and from the first anniversary of the date of grant and before the second anniversary of the date of grant. The share options granted with the exercise price set at a discount to the Market Price may be exercised after the second anniversary of the date of grant and before the third anniversary of the date of grant.

No share options have been granted for the financial year under review.

The number of share options to take up unissued shares in the Company are as follows:

Number of unissued ordinary shares of the Company							
Date of grant of option	Balance at 1.1.2013	Granted during the year	Exercised	Cancelled/Lapsed	Balance at 31.12.2013	Exercise price per share	Exercisable period
25.03.2011	1,831,000	–	–	(1,831,000)	–	\$1.24	25.03.2012 to 24.03.2013
Total	<u>1,831,000</u>	<u>–</u>	<u>–</u>	<u>(1,831,000)</u>	<u>–</u>		

# REPORT OF THE DIRECTORS (CONT'D)

## 5. SHARE OPTIONS (CONTINUED)

The persons to whom the share options have been granted have no right to participate by virtue of the options in any share issues of any other company. No employee or employee of related corporations has received 5% or more of the total options available under this Scheme.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

Particulars of share options granted to directors during the financial year are as follows:

Name of Directors	Aggregate options granted since commencement of the Scheme to the beginning of financial year	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Lin Xizhong	200,000	–	–	–	(200,000)	–
Lau Yu	400,000	–	–	–	(400,000)	–

## 6. AUDIT COMMITTEE

The audit committee of the Company comprises three non-executive directors and at the date of this report are:

Wong Shiu Wah Williamson (Chairman)  
Chew Ban Chuan Victor Mark  
Chan Chun Tat Ray

The audit committee has convened six meetings during the financial year with key management and the external auditors of the Company.

The audit committee carried out its duties which included the following:

- (i) Review of the audit plan and results of the external audit, including the review of internal controls and the independence and objectivity of the external auditors, the extent of non-audit services provided by the external auditors to the Group;
- (ii) Review of the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
- (iii) Review of the Group's annual financial statements and the auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
- (iv) Review of the quarterly, half-yearly and full year results of the Group and of the Company;
- (v) Review of the adequacy of the Group's risk management processes;

# REPORT OF THE DIRECTORS (CONT'D)

## 6. AUDIT COMMITTEE (CONTINUED)

- (vi) Review of the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (vii) Review of interested person transactions in accordance with SGX listing rules;
- (viii) Nomination of external auditors and review of their compensation; and
- (ix) Submission of report of actions to the board of directors with any recommendations as the audit committee deems appropriate.

The audit committee has full access to and has the co-operation of the Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

## 7. AUDITORS

Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

---

**Cai Sui Xin**  
Director

---

**Lau Yu**  
Director

Singapore  
Date: 28 March 2014

# STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Group and the statement of financial position of the Company 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 31 December 2013, and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

---

**Cai Sui Xin**  
Director

---

**Lau Yu**  
Director

Singapore  
Date: 28 March 2014

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ABTERRA LTD.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Abterra Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information from pages 42 to 107.

### 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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of the Group and the statements of financial position and 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 of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial 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 by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

### MAZARS LLP

Public Accountants and  
Chartered Accountants

Singapore  
28 March 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$'000	2012 \$'000
<b>Revenue</b>	3	17,113	12,334
Cost of sales		<u>(15,770)</u>	<u>(11,533)</u>
<b>Gross profit</b>		1,343	801
Other operating income	4	18,808	4,175
Administrative expenses	5	(7,088)	(6,827)
Other operating expenses	6	(4,935)	(7,613)
Finance costs	8	(2,003)	(1,901)
Share of (loss)/profit of associates	9	<u>(1,754)</u>	<u>2,284</u>
<b>Profit/(Loss) before income tax</b>		4,371	(9,081)
Income tax expense	10	<u>(55)</u>	<u>(187)</u>
<b>Profit/(Loss) for the year</b>		4,316	(9,268)
<b>Other comprehensive income/(loss):</b> Item that may be reclassified subsequently to profit and loss			
Currency translation differences arising from consolidation		<u>6,803</u>	<u>(3,876)</u>
<b>Total comprehensive income/(loss) for the financial year</b>		<u>11,119</u>	<u>(13,144)</u>
<b>Profit/(Loss) attributable to:</b>			
Equity holders of the Company		5,422	(8,391)
Non-controlling interests		<u>(1,106)</u>	<u>(877)</u>
<b>Total</b>		<u>4,316</u>	<u>(9,268)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		10,495	(10,655)
Non-controlling interests		<u>624</u>	<u>(2,489)</u>
<b>Total</b>		<u>11,119</u>	<u>(13,144)</u>
<b>Profit/(Loss) per share for profit/(loss) attributable to equity holders of the Company (cents)</b>			
Basic	11	2.20	(3.42)
Diluted	11	2.20	(3.42)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	12,826	13,410	12,072	12,266
Subsidiaries	13	–	–	31,146	31,146
Associates	9	79,726	80,441	2,149	2,149
Available-for-sale financial assets	14	12,345	12,345	12,345	12,345
Derivative financial asset	15	1,948	3,156	1,948	3,156
Intangible asset	16	4,244	5,531	–	–
Investment properties	17	26,000	24,900	26,000	24,900
Other receivables	19	50,954	–	50,954	–
<b>Total non-current assets</b>		<u>188,043</u>	<u>139,783</u>	<u>136,614</u>	<u>85,962</u>
<b>Current assets</b>					
Inventories		2,896	256	–	–
Trade receivables	18	2,455	5,676	–	–
Other receivables, deposits and prepayments	19	60,794	90,694	104,344	134,748
Tax recoverable		11	–	42	–
Other financial asset at fair value through profit or loss	20	36,217	35,081	36,217	35,081
Cash and cash equivalents	21	2,035	1,026	1,494	572
<b>Total current assets</b>		<u>104,408</u>	<u>132,733</u>	<u>142,097</u>	<u>170,401</u>
<b>TOTAL ASSETS</b>		<u>292,451</u>	<u>272,516</u>	<u>278,711</u>	<u>256,363</u>
<b>EQUITY</b>					
<b>Capital and reserves and non-controlling interest</b>					
Share capital	22	250,805	254,664	250,805	254,664
Share options reserve	23	1,683	1,683	1,683	1,683
Foreign currency translation reserve	24	2,732	(2,341)	–	–
Accumulated losses		(75,765)	(81,187)	(81,313)	(101,037)
Equity attributable to owners of the Company		179,455	172,819	171,175	155,310
Non-controlling interests		25,393	24,769	–	–
<b>Total equity</b>		<u>204,848</u>	<u>197,588</u>	<u>171,175</u>	<u>155,310</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2013

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	25	2,139	110	-	-
Other payables and accruals	26	39,611	27,795	61,702	54,050
Income tax payable		-	80	-	80
Term loans	27	45,043	46,319	45,043	46,319
<b>Total current liabilities</b>		<u>86,793</u>	<u>74,304</u>	<u>106,745</u>	<u>100,449</u>
<b>Non-current liabilities</b>					
Employee benefits obligation		19	20	-	-
Deferred tax liabilities	28	791	604	791	604
<b>Total non-current liabilities</b>		<u>810</u>	<u>624</u>	<u>791</u>	<u>604</u>
<b>Total liabilities</b>		<u>87,603</u>	<u>74,928</u>	<u>107,536</u>	<u>101,053</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>292,451</u>	<u>272,516</u>	<u>278,711</u>	<u>256,363</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Group	Attributable to the equity holders of the Company						Total equity \$'000
	Share capital \$'000	Share options reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non- controlling interests \$'000	
At 1 January 2012	252,187	1,455	(77)	(72,796)	180,769	27,258	208,027
Issue of ordinary shares	2,482	-	-	-	2,482	-	2,482
Share issue expenses	(5)	-	-	-	(5)	-	(5)
Recognition of share based payments	-	228	-	-	228	-	228
Total comprehensive loss for the year	-	-	(2,264)	(8,391)	(10,655)	(2,489)	(13,144)
At 31 December 2012	254,664	1,683	(2,341)	(81,187)	172,819	24,769	197,588
Cancellation of shares	(3,859)	-	-	-	(3,859)	-	(3,859)
Total comprehensive income for the year	-	-	5,073	5,422	10,495	624	11,119
At 31 December 2013	250,805	1,683	2,732	(75,765)	179,455	25,393	204,848

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

<b>Company</b>	<b>Share capital \$'000</b>	<b>Share options reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
At 1 January 2012	252,187	1,455	(96,547)	157,095
Issue of ordinary shares	2,482	-	-	2,482
Share issue expenses	(5)	-	-	(5)
Recognition of share based payments	-	228	-	228
Total comprehensive loss for the year	-	-	(4,490)	(4,490)
At 31 December 2012	254,664	1,683	(101,037)	155,310
Cancellation of shares	(3,859)	-	-	(3,859)
Total comprehensive income for the year	-	-	19,724	19,724
At 31 December 2013	250,805	1,683	(81,313)	171,175

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before income tax		4,371	(9,081)
Adjustments for:			
Amortisation of intangible asset	16	766	534
Depreciation of property, plant and equipment	12	644	672
Fair value (gain)/loss on financial assets at fair value through profit or loss	20	(1,136)	1,165
Fair value loss/(gain) on forward foreign exchange contract	6	1,208	(1,728)
Fair value gain on investment properties	17	(1,100)	(737)
Property, plant and equipment written off	12	43	–
Interest expense		1,997	1,867
Interest income		(8)	(17)
Interest arising from termination of proposed acquisition	4	(9,916)	–
Gain from cancellation of shares previously issued under HKI scheme	4	(3,859)	–
Reversal of provision for legal claim	4	–	(518)
Employee benefits obligation		(1)	–
Share options expenses		–	228
Share of loss/(profit) of associates	9	1,754	(2,284)
Unrealised exchange loss		2,444	6,591
		<hr/>	<hr/>
Operating loss before working capital changes		(2,793)	(3,308)
Movements in working capital:			
Inventories		(2,639)	(256)
Trade receivables		3,221	(3,634)
Other receivables, deposits and prepayments		(7,423)	5,649
Trade payables		2,029	(212)
Other payables and accruals		3,709	506
		<hr/>	<hr/>
Cash used in operations		(3,896)	(1,255)
Interest income received		8	17
Interest expense paid		(1,997)	(1,867)
Dividends received		363	–
Income tax refunded/(paid)		41	(563)
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(5,481)</b>	<b>(3,668)</b>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	<b>Note</b>	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(338)	(3)
Security deposit		—	49
<b>Net cash (used in)/generated from investing activities</b>		<u>(338)</u>	<u>46</u>
<b>Cash flows from financing activities</b>			
Advance from/(Repayment to) immediate holding company		8,105	(1,393)
Repayment of borrowings		(1,277)	(1,280)
Share issue expenses	22	—	(5)
<b>Net cash generated from/(used in) financing activities</b>		<u>6,828</u>	<u>(2,678)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of financial year		<u>1,009</u>	<u>(6,300)</u>
		<u>1,026</u>	<u>7,326</u>
<b>Cash and cash equivalents at the end of the financial year</b>	21	<u><u>2,035</u></u>	<u><u>1,026</u></u>

*The accompanying notes form an integral part of and should be read in conjunction with these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. DOMICILE AND ACTIVITIES

Abterra Ltd. (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and is listed on the mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of Abterra Ltd. is located at 7 Temasek Boulevard, #11-05, Singapore 038987.

The Company's immediate holding company is General Nice Resources (Hong Kong) Limited, a company incorporated in Hong Kong, Special Administrative Region (the "Hong Kong"). The Company's intermediate holding company are General Nice Development Limited and General Nice Investment (China) Limited, companies which are incorporated in Hong Kong. The Company's ultimate holding company is General Nice Group Holdings Limited, a company incorporated in British Virgin Islands.

The principal activities of the Company are trading, investment holding and the provision of management services to its subsidiary companies. The principal activities of the subsidiary companies and associated companies are as shown in Note 33 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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 31 December 2013 were authorised for issue by Board of Directors on 28 March 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and the Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on historical cost basis, except as disclosed in the financial statement.

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 consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("S\$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("S\$'000"), unless otherwise indicated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

#### Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified.

### 2.3 New accounting standards and FRS interpretations

At the date of authorisation of these statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective:

		<b>Effective date (annual periods beginning on or after)</b>
FRS 27	Separate financial statements	1 January 2014
FRS 28	Investments in associates and joint ventures	1 January 2014
FRS 32	Amendments to FRS 32 – Offsetting of financial assets and financial liabilities	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 39	Amendments to FRS 39: Novation of derivatives and continuation of hedge accounting	1 January 2014
FRS 110	Consolidated financial statements	1 January 2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28	Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory effective date	1 January 2014
FRS 110, FRS 111 & FRS 112	Amendments to FRS 110, FRS 111 and FRS 112: Transition guidance	1 January 2014
FRS 111	Joint arrangements	1 January 2014
FRS 110, FRS 112 and FRS 27	Amendments to FRS 110, FRS 112 and FRS 27: Investment entities	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014
INT FRS 121	Levies	1 January 2014

\* and for interim periods within these annual periods

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 New accounting standards and FRS interpretations (Continued)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except as disclosed below:

#### ***FRS 112 Disclosure of interests in other entities***

FRS 112 is a new standard on disclosure requirements for all forms of interests in entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. Under FRS 112, the Group is required to disclose information to enable the users of its financial statements to better evaluate the nature and risks associated with its interests in other entities and the effects of such interests on its financial statements. The adoption of FRS 112 will not have any impact to the financial position and financial performance of the Group.

### 2.4 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Group has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances, transactions, income and expenses are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation (Continued)

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries and associates are carried at cost less any impairment loss that has been recognised in profit or loss.

### 2.5 Business Combinations

#### Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current 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, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Business Combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being 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 previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net 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.

#### Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Associates

An associate is an entity over which the Group has significant influence, but not control, and generally accompanying a shareholding of between 20% and 50% of the voting rights.

The results and assets and liabilities of an associate 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 at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Losses in 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.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

### 2.7 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost, less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged so as to write off the cost of assets, using the straight-line method, on the following bases:

- Leasehold Buildings 50 years
- Furniture and equipment 5 years
- Motor vehicles 10 years
- Leasehold improvements 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Impairment of non-financial tangible and intangible assets, excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of 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.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount 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.

### 2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the profit or loss when the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Intangible assets (Continued)

#### Supplier contract

Supplier contract acquired arising from consolidation based on valuation report is amortised based on the quantities consumed during the period over the total quantities of 400,000 metric ton available under the supplier contract.

### 2.10 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value and changes in the fair value are included in profit or loss for the year in which they arise.

Costs of major renovations and improvements to the investment property to the investment property are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss.

### 2.11 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

#### Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments (Continued)

#### Financial assets (Continued)

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

#### Financial asset at fair value through profit or loss (FVTPL)

A financial asset is classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Gains or losses arising from changes in the fair value are recognised in profit or loss. The net gain or loss incorporates any dividend or interest earned on the financial asset.

#### Loans and receivables

The Group's loans and receivables comprise trade and other receivables, deposits and bank balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### Available-for-sale financial assets (AFS)

Certain equity instruments and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments (Continued)

#### Financial assets (Continued)

##### 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 of the financial asset 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 receivables.

##### Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. 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 investment 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 amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in 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 investment 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, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

#### Financial liabilities and equity instruments

##### Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial instruments (Continued)

#### Financial liabilities and equity instruments (Continued)

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

##### Other financial liabilities

##### *Trade and other payables*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

##### *Borrowings*

Interest-bearing bank loans and overdrafts 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 Groups accounting policy for borrowing costs (see below).

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

##### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk such as foreign exchange forward contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each financial year. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Inventories

Inventories pertain to the coal held for sale. 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 First-in, First-Out 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. During the year, the cost of inventories recognised as an expense was \$Nil (2012: \$2,096,094).

### 2.13 Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents comprise cash on hand and bank balances which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### 2.14 Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised costs using the effective interest method. Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

### 2.15 Leases

#### Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised 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 the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (please see above).

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Leases (Continued)

#### Operating leases

##### As lessee

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.

##### As lessor

Rental income from operating leases is recognised 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 user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the 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 financial year, 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.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 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 at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23 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. At the end of the reporting period, the Group reviews its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

### 2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and 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 entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

#### Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

### 2.19 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Retirement benefit costs

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, 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.

### 2.21 Employee leave entitlements

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 financial year.

### 2.22 Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as an offset against staff costs.

### 2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

### 2.24 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

### 2.25 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 profit or loss 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 subsidiaries operate by the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Income tax (Continued)

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, 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.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 period 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 financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.26 Foreign currency transactions and translations

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. 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 directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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 at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, 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 classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.27 Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 Critical accounting estimates, judgments and key sources of estimation

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

#### Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the Company's investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2013 was \$31,146,000 (2012: \$31,146,000) (Note 13).

#### Estimated impairment of investment in associates

The Group has substantial investments in associates which involved in the exploration and evaluation assets for its mining operation in China whereby the carrying amount of the exploration assets is dependent on the successful development and commercial exploitation.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine the technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. In making this judgment, the Group evaluates the recoverable amount using the value-in-use based on the third party valuation report which was performed by the professional valuer. At 31 December 2013, the Group's and Company's carrying amount of the investment in associates amounted to approximately \$79,726,000 and \$2,149,000 (2012: \$80,441,000 and \$2,149,000) respectively.

#### Estimated impairment of financial assets and available-for-sale

The Group assesses impairment of the above-mentioned assets wherever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value-in-use) of the assets is estimated to determine the impairment loss. In making this judgment, the Group evaluates the recoverable amount using the value-in-use based on the third party valuation report which was performed by the professional valuer. At 31 December 2013, the Group's and Company's carrying amount of the available-for-sale financial assets amounted to approximately \$12,345,000 (2012: \$12,345,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 Critical accounting estimates, judgments and key sources of estimation (Continued)

#### Estimated fair value of investment properties

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest and best-use basis. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

Fair value gain of the investment properties amounting to approximately \$1,100,000 (2012: \$737,000) is recognised during the year as disclosed in Note 17 to the financial statements. At 31 December 2013, the Group's and Company's carrying amount of investment properties amounted to approximately \$26,000,000 (2012: \$24,900,000).

#### Impairment and collectability of trade and other receivables

The Group follows the guidance of FRS 39 to determine when trade and other receivables are impaired. This determination requires certain level of judgement. The Group first assesses whether objective evidence of impairment exists for individually significant debtors and collectively for debtors which are not individually significant. The Group evaluates, among other factors, financial status of the debtors, any changes in the collection status and changes in industry conditions that affect the debtors. Trade and other receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics.

The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Impairment loss of the Group's and Company's trade and other receivables amounted to approximately \$Nil and \$10,113,000 (2012: \$Nil and \$9,772,000) respectively are made during the year as disclosed in Note 18 and 19 to the financial statements respectively. The carrying amount of trade and other receivables of the Group and Company as at 31 December 2013 are approximately \$63,249,000 and \$104,344,000 (2012: \$96,370,000 and \$134,748,000) respectively.

#### Income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the group-wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The income tax liabilities of the Group and Company as at 31 December 2013 are approximately \$Nil and \$Nil (2012: \$80,000 and \$80,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 Critical accounting estimates, judgments and key sources of estimation (Continued)

#### Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these assets to be within 2 to 50 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 12 to the financial statements.

#### Impairment of property, plant and equipment and intangible assets

The Group has commenced its iron ore trading operation since May 2011, in which the Group has been utilising a portion of the plant and equipment and the intangible assets to generate revenue. Based on the cash flow forecast prepared by the management for the next five years for the Indonesia and Australia operation, the net present value expected to generate from this operation exceeds the carrying amount of the plant and equipment and the intangible assets. The cash flows forecast prepared by management was based on the pre-tax discount rate of 10.09% and annual output of 400,000 metric ton of iron ore. As a result, no impairment was made as at 31 December 2013.

#### Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the principal economic environment in which the entities operate and the respective entities' process of determining sales prices.

## 3. REVENUE

	Group	
	2013	2012
	\$'000	\$'000
Sale of goods		
– Coke and coal	–	3,867
– Iron Ore	17,113	8,467
Total	17,113	12,334

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 4. OTHER OPERATING INCOME

	Group	
	2013	2012
	\$'000	\$'000
Interest arising from termination of a proposed acquisition	9,916	–
Gain on cancellation of shares	3,859	–
Foreign currency exchange gain	1,203	–
Fair value gain on other financial asset at fair value through profit or loss (Note 20)	1,136	–
Fair value gain on forward foreign exchange contract (Note 15)	–	1,728
Fair value gain on investment properties (Note 17)	1,100	737
Interest income	8	17
Rental income (Note 17)	879	487
Reversal of provision for legal claims	–	518
Others	707	688
	<u>18,808</u>	<u>4,175</u>
Total	<u>18,808</u>	<u>4,175</u>

## 5. ADMINISTRATIVE EXPENSES

	Group	
	2013	2012
	\$'000	\$'000
Entertainment expenses	47	113
Operating lease expenses		
– office premises	268	250
Personnel expenses (Note 7)	3,516	3,736
Audit fees paid to auditors of the Company	454	454
Non-audit fees paid to auditors of the Company	2	10
Professional fees	1,069	1,111
Transportation and travelling expenses	278	281
Others	1,454	872
	<u>7,088</u>	<u>6,827</u>
Total	<u>7,088</u>	<u>6,827</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 6. OTHER OPERATING EXPENSES

	Group	
	2013	2012
	\$'000	\$'000
Amortisation of intangible asset (Note 16)	766	534
Depreciation of property, plant and equipment (Note 12)	644	672
Foreign exchange loss, net	–	5,014
Fair value loss on forward foreign exchange contract at fair value through profit or loss (Note 15)	1,208	–
Fair value loss on other financial asset at fair value through profit or loss (Note 20)	–	1,165
Storage fee for coal trading	2,053	–
Property, plant and equipment written off	43	–
Share options expenses (Note 23)	–	228
Others	221	–
Total	<u>4,935</u>	<u>7,613</u>

## 7. PERSONNEL EXPENSES

	Group	
	2013	2012
	\$'000	\$'000
Central Provident Fund contributions	77	73
Total wages, salaries and bonuses, including directors' remuneration	3,234	3,569
Other personnel expenses	205	94
Total	<u>3,516</u>	<u>3,736</u>

Key management's compensation included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and where the Group did not incur any costs, the value of the benefit is included. The key management's remuneration is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Central Provident Fund contributions	16	24
Directors' fee	163	129
Directors' remuneration of the Company	575	707
Total wages, salaries and bonuses	238	291
Other personnel expenses	–	10
Total	<u>992</u>	<u>1,161</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 8. FINANCE COSTS

	Group	
	2013	2012
	\$'000	\$'000
Bank charges	6	34
Interest expense:		
– bank loans	1,180	1,172
– loan from immediate holding company	676	667
– letter of credit	141	28
Total	<u>2,003</u>	<u>1,901</u>

## 9. ASSOCIATES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Unquoted equity investments, at costs	182,648	182,648	20,423	20,423
Impairment loss	(78,430)	(78,430)	(18,274)	(18,274)
Dividend declared	(4,327)	(249)	–	–
Translation difference	332	(4,785)	–	–
Share of post-acquisition results	(20,497)	(18,743)	–	–
	<u>79,726</u>	<u>80,441</u>	<u>2,149</u>	<u>2,149</u>

Movement in impairment loss of investment in associated companies are as follows:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
At beginning and end of financial year	<u>78,430</u>	<u>78,430</u>	<u>18,274</u>	<u>18,274</u>

As part of the Company's impairment assessment, the recoverable amount of the investment has been determined on the basis of its fair value less costs to sell which was determined with reference to the net asset value of the associate. Accordingly, management concluded that the investment in associate is impaired and an impairment loss of \$78,430,000 has been recorded in 2010.

The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Assets	532,580	455,669
Liabilities	(418,716)	(318,689)
Revenue	220,701	130,376
Net loss	<u>(25,166)</u>	<u>(32,393)</u>

Details of the associated companies are disclosed in Note 33 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 10. INCOME TAX EXPENSE

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Income tax expense attributable to loss is made up of:		
Current income tax		
– Singapore	23	119
– Over provision in prior years	(155)	–
Deferred tax (Note 28)		
– Singapore	187	68
Tax expenses	<u>55</u>	<u>187</u>

The reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory rates is as follows:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(Loss) before income tax	<u>4,371</u>	<u>(9,081)</u>
Tax at the applicable rate of 17%	743	(1,544)
Effects of different tax rates in other countries	(327)	(56)
Expenses not deductible for tax purposes	1,043	1,077
Income not subject to tax	(380)	(507)
Deferred tax assets not recognised	–	974
Utilisation of previously unrecognised deferred tax assets	(974)	–
Over provision in prior years	(155)	–
Others	105	243
Tax expenses	<u>55</u>	<u>187</u>

At the end of the reporting period, the Group has tax losses of approximately S\$Nil (2012: S\$5,729,000) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax asset of S\$Nil (2012: S\$974,000) has not been recognised in respect of such losses due to uncertainty of its recoverability.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 11. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share		
Profit/(Loss) attributable to shareholders of the Company	<u>5,422</u>	<u>(8,391)</u>
	<b>2013</b>	<b>2012</b>
<b>Number of shares</b>		
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	246,424,953	245,539,122
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>246,424,953</u>	<u>245,539,122</u>
	<b>2013</b>	<b>2012</b>
<b>Earnings/(Loss) per share (cents)</b>		
Basic	2.20	(3.42)
Diluted	<u>2.20</u>	<u>(3.42)</u>

In 2012, the conversion of potential dilutive ordinary shares were not included in the computation of dilutive earnings per share as they are antidilutive.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings \$'000	Furniture and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2012	13,176	2,135	139	34	15,484
Additions	–	3	–	–	3
Transfer from investment property	10,600	–	–	–	10,600
Transfer to investment property	(11,236)	–	–	–	(11,236)
Translation differences	–	(124)	(2)	–	(126)
At 31 December 2012	12,540	2,014	137	34	14,725
Additions	–	116	–	222	338
Written off	–	(307)	–	(34)	(341)
Translation differences	–	(371)	(6)	–	(377)
At 31 December 2013	12,540	1,452	131	222	14,345
<b>Accumulated depreciation</b>					
At 1 January 2012	927	637	58	23	1,645
Charge during the year	418	233	14	7	672
Transfer to investment property	(973)	–	–	–	(973)
Translation differences	–	(28)	(1)	–	(29)
At 31 December 2012	372	842	71	30	1,315
Charge during the year	406	181	13	44	644
Written off	–	(268)	–	(30)	(298)
Translation differences	–	(140)	(2)	–	(142)
At 31 December 2013	778	615	82	44	1,519
<b>Net carrying amount</b>					
At 31 December 2013	11,762	837	49	178	12,826
At 31 December 2012	12,168	1,172	66	4	13,410

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold buildings \$'000	Furniture and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2012	13,176	384	110	34	13,704
Transfer from investment property	10,600	–	–	–	10,600
Transfer to investment property	(11,236)	–	–	–	(11,236)
Additions	–	1	–	–	1
At 31 December 2012	12,540	385	110	34	13,069
Additions	–	116	–	222	338
Written off	–	(307)	–	(34)	(341)
At 31 December 2013	<u>12,540</u>	<u>194</u>	<u>110</u>	<u>222</u>	<u>13,066</u>
<b>Accumulated depreciation</b>					
At 1 January 2012	927	275	51	23	1,276
Transfer to investment property	(973)	–	–	–	(973)
Charge during the year	418	64	11	7	500
At 31 December 2012	372	339	62	30	803
Written off	–	(268)	–	(30)	(298)
Charge during the year	406	28	11	44	489
At 31 December 2013	<u>778</u>	<u>99</u>	<u>73</u>	<u>44</u>	<u>994</u>
<b>Net carrying amount</b>					
At 31 December 2013	<u>11,762</u>	<u>95</u>	<u>37</u>	<u>178</u>	<u>12,072</u>
At 31 December 2012	<u>12,168</u>	<u>46</u>	<u>48</u>	<u>4</u>	<u>12,266</u>

Leasehold buildings of the Group and of the Company with a carrying amount of approximately \$11,762,000 (2012: \$12,168,000) have been pledged to a bank for banking facilities (Note 27).

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 13. SUBSIDIARIES

	Company	
	2013	2012
	\$'000	\$'000
Unquoted equity shares, at cost	109,926	109,926
Less: impairment loss	(78,780)	(78,780)
Net	<u>31,146</u>	<u>31,146</u>

Movement in impairment loss of investment in subsidiaries is as follows:

At beginning and end of financial year	<u>78,780</u>	<u>78,780</u>
--	---------------	---------------

Information relating to subsidiaries is disclosed in Note 33 to the financial statements.

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2013	2012
	\$'000	\$'000
At beginning and end of financial year	<u>12,345</u>	<u>12,345</u>

The available-for-sale financial assets represent cost of unquoted investment in 15% equity stake in Zuoquan Yongxing Coal Company Limited (左权永兴煤化有限责任公司) ("Yongxing"), a company incorporated in The People's Republic of China ("China") and engaged in the coal mining and coking coal processing business.

## 15. DERIVATIVE FINANCIAL ASSET

	Group and Company	
	2013	2012
	\$'000	\$'000
Forward foreign exchange contract	<u>1,948</u>	<u>3,156</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 15. DERIVATIVE FINANCIAL ASSET (CONTINUED)

### Forward foreign exchange contract

The Group and Company utilise currency derivatives to hedge significant future transactions and cash flows pertaining to the foreign currency denominated financial assets at fair value through profit or loss.

At the end of the financial year, the total notional amount of outstanding forward foreign exchange contract to which the Group and Company are committed is as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
Forward foreign exchange contract	35,000	35,000

The above arrangement is designed to address significant foreign currency exchange exposures from 23 July 2008 to 4 August 2014 of the financial assets at fair value through profit or loss.

At 31 December 2013, the fair value of the Group's and Company's foreign currency derivative is estimated to be approximately \$1,948,000 (2012: \$3,156,000). The fair values are measured using quoted forward exchange rates by a financial institution.

Changes in the fair value of currency derivative amounting to \$1,208,000 (2012: \$1,728,000) has been debited (2012: credited) to profit or loss in the financial year.

The following table details the forward foreign currency contract outstanding as at the end of the reporting period.

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2013	2012	2013	2012	2013	2012	2013	2012
			US'000	US'000	\$'000	\$'000	\$'000	\$'000
<b>Group and Company</b>								
Sell US dollars more than a year	1.27	1.22	26,080	26,080	35,000	35,000	1,948	3,156

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 16. INTANGIBLE ASSET

	Group	
	2013	2012
	\$'000	\$'000
<b>Cost</b>		
At 1 January	6,875	7,046
Translation differences	(544)	(171)
At 31 December	<u>6,331</u>	<u>6,875</u>
<b>Accumulated amortisation</b>		
At 1 January	1,344	810
Charge for the year	766	534
Translation differences	(23)	-
At 31 December	<u>2,087</u>	<u>1,344</u>
<b>Net carrying amount</b>		
At 31 December	<u>4,244</u>	<u>5,531</u>

The intangible assets relate to the following items:

- i) Supplier contract of Iron Ore Fines or Lumps relate to the fair value recognised during the business combination in 2009 with a cost and carrying amount of \$2,069,000 and \$326,000 (2012: \$2,069,000 and \$725,000), respectively.
- ii) Mining right of an iron ore mine located in Australia with a cost and carrying amount of \$4,262,000 and \$3,918,000 (2012: \$4,806,000 and \$4,806,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 17. INVESTMENT PROPERTIES

	Group and Company	
	2013 \$'000	2012 \$'000
<b>Statement of financial position</b>		
Balance at beginning of year	24,900	24,500
Add: Transfer from property, plant and equipment	–	10,263
Less: Transfer to property, plant and equipment	–	(10,600)
Net gains from fair value change	1,100	737
	<u>26,000</u>	<u>24,900</u>
<b>Statement of comprehensive income</b>		
Rental income from investment properties	<u>879</u>	<u>487</u>
<b>Direct operating expenses arising from:</b>		
– Rental generating properties	(74)	(78)
– Non-rental generating properties	<u>(37)</u>	<u>(39)</u>

The investment properties are carried at fair values at the end of the reporting period based on an independent appraisal by a firm of professional valuers dated 7 January 2014 (2012: 18 January 2013). The valuation has been carried out on the basis of the direct comparison and income method.

Investment properties are leased to non-related parties under operating leases.

The investment properties are mortgaged to a bank as security for a term loan (Note 27).

## 18. TRADE RECEIVABLES

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Outside parties	<u>2,455</u>	<u>5,676</u>	<u>–</u>	<u>–</u>
At end of financial year	<u>2,455</u>	<u>5,676</u>	<u>–</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Classified as Current Assets</b>				
Deposits	41,981	85,869	40,917	85,808
Interest receivable from Manfu	9,916	–	9,916	–
Amount due from immediate holding company	4,000	4,000	–	–
Prepayments	582	617	25	313
Subsidiaries	–	–	59,872	58,377
Sundry debtors	600	208	12	22
Dividends receivable	3,715	–	3,715	–
Less: Allowance for doubtful debts	–	–	(10,113)	(9,772)
Net	<u>60,794</u>	<u>90,694</u>	<u>104,344</u>	<u>134,748</u>
<b>Classified as Non-Current Assets</b>				
Deposits	<u>50,954</u>	<u>–</u>	<u>50,954</u>	<u>–</u>

Movements in allowance for doubtful non-trade receivables during the financial year are as follows:

	Company	
	2013 \$'000	2012 \$'000
Balance at beginning of financial year	9,772	10,282
Provision for the year	341	–
Doubtful debts recovered	–	(510)
Balance at end of financial year	<u>10,113</u>	<u>9,772</u>

Amount due from immediate holding company and subsidiaries are non-trade related, unsecured, repayable on demand and interest free except for an amount due from subsidiaries which bears interest ranging from Nil% to 0.5% (2012: Nil% to 0.5%) per annum.

### Deposits

Included in the deposits is an amount paid to a third party ("Manfu") for the proposed acquisition of the 54.42% of equity interest of Xinrui amounting to \$91,861,000 (2012: \$85,793,000). However, the deal was terminated during the year. Manfu has agreed to refund the deposit over 5 installments commencing on January 2014 with the last installment on September 2015. This deposit is directly secured over Manfu's 65% of equity shares in a company which indirectly owns a manganese mine located on Farm Buchansvale No. 61 in the Carletonville area of Gauteng, South Africa. This deposit bears a fixed interest rate of 4% (2012: Nil) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 20. OTHER FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2013	2012
	\$'000	\$'000
At fair value:		
Balance at beginning of financial year	35,081	36,246
Fair value gain/(loss)	1,136	(1,165)
Balance at end of financial year	36,217	35,081

The asset is an unquoted Index-linked structured deposit with a tenure of 4 years commencing from 25 August 2010 and is used as a security in favour to the bank for the term loan granted to the Group and the Company.

## 21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	2,035	1,026	1,494	572

## 22. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of ordinary shares	\$'000	Number of ordinary shares	\$'000
Issued and paid up:				
At the beginning of the year	246,999,994	254,664	245,246,947	252,187
Cancellation of shares	(2,725,844)	(3,859)	-	-
Issue of new shares	-	-	1,753,047	2,482
Share issue expenses	-	-	-	(5)
At the end of the financial year	244,274,150	250,805	246,999,994	254,664

In 2013, the Company cancelled 2,725,844 shares (2012: Nil) previously issued under HKI scheme.

In 2012, the Company issued 1,753,047 new ordinary shares at the issue price of \$1.416. These new ordinary shares were issued directly to the Scheme Administrator as settlement of claim (Note 28). All new shares issued rank *pari-passu* with the existing shares.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 22. SHARE CAPITAL (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

As at 31 December 2012, option holders held options over 1,831,000 ordinary shares (of which 1,831,000 are unvested) in aggregate. Share options granted under the Abterra Employee Share Option Scheme (the "Scheme") carry no rights to dividends and no voting rights. All share option expired during the year. Accordingly, there are no share option as at 31 December 2013.

## 23. SHARE OPTIONS RESERVE

### Equity Settled Share option scheme

The Company has adopted the Scheme for the executive directors of the Company, employees of the Group and the controlling shareholders of their associates. The scheme is administered by the Employee Share Option Scheme Committee. Options are exercisable at a price either at the average of closing prices for the shares ("Market Price") of the Company on the Singapore Exchange Securities Trading Limited for the five consecutive market days immediately preceding the date of grant or at a discount to the Market Price, so long as the maximum discount shall not exceed 20 percent of the Market Price and the shareholders have authorised the making of offers and grant of share options under the Scheme at a discount not exceeding the maximum discount as aforesaid. The vesting period is 1 year. If the options remain unexercised after a period of 2 years from the date of grant, the options will expire. Options are forfeited if the option holder leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	Group and Company	
	Number of	Weighted
	share options	average
		exercise price
Outstanding at 1 January 2012	3,031,000	1.25
Expired during year 2012	(1,200,000)	1.27
Outstanding at 31 December 2012	1,831,000	1.24
Expired during year 2013	(1,831,000)	(1.24)
Outstanding at 31 December 2013	—	—
Exercisable at the end of the financial year	—	—

In 2012, the options outstanding at the end of the year have a weighted average remaining contractual life of 1.2 years.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 23. SHARE OPTIONS RESERVE (CONTINUED)

### Equity Settled Share option scheme (Continued)

These fair value of share options granted during the financial year ended 31 December 2011 were calculated using the Binomial pricing model. The inputs into the model were as follows:

	<u>2011</u>
Expected dividend yield	Nil
Expected life	2 years
Expected volatility	77.73%
Expected forfeiture yield	Nil
Interest rate	0.36%
Suboptimal exercise factor	2.50
Weighted average exercise price	\$1.24
Weighted average share price	\$1.22

Expected volatility was determined by calculating the historical volatility of the Company's share price over the period after the share consolidation on 7 September 2010. The expected life used in the model has not been adjusted for the effects of non transferability, exercise restrictions or behavioural considerations.

In 2012, the Group and the Company recognised total expenses of \$228,000 related to equity-settled share-based payment transactions during the financial year.

## 24. FOREIGN CURRENCY TRANSLATION RESERVES

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from those of the Group's presentation currency.

## 25. TRADE PAYABLES

The average credit period of the trade payables is 30 days. No interest is charged on the trade payables.

## 26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Accrued operating expenses	5,355	3,507	2,684	2,778
Amount due to immediate holding company	22,824	14,719	487	470
Amount due to intermediate holding company	551	541	–	–
Sundry creditors	10,881	9,028	308	123
Amount due to a subsidiary	–	–	58,223	50,679
Total	<u>39,611</u>	<u>27,795</u>	<u>61,702</u>	<u>54,050</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 26. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Amounts due to immediate and intermediate holding companies are non-trade related, unsecured, interest-free and repayable on demand except for an amount due to immediate holding company of \$15,270,000 (2012: \$11,328,000) which bears an interest of 9% per annum.

At 31 December 2013, included in sundry creditors is an amount of approximately \$8,901,000 (2012: \$8,581,000) being the remaining assumed liability due to vendor upon acquisition of a subsidiary which is recoverable from the vendor.

The amount due to subsidiary is non-interest bearing and repayable on demand.

## 27. TERM LOANS

	Group and Company	
	2013	2012
	\$'000	\$'000
Secured:		
Loan 1	17,043	18,319
Loan 2	28,000	28,000
Total term loans	45,043	46,319
Due within one year (current)	45,043	46,319

The secured term loans of the Group and the Company consist of:

Loan 1 is secured by pledge of leasehold building with carrying amount of \$11,762,000 (Note 12) and investment properties with carrying amount of \$26,000,000 (Note 17) of the Group and of the Company and bears a fixed interest rate at 4.98% (2012: 4.98%) per annum. This loan is repayable at monthly installment payment ranging from approximately \$175,000 to \$186,000 over period of 15 years commencing on October 2008. However, the Group and Company is required to repay the loan in full upon the request of the bank.

Loan 2 is secured over a 100% principal-protected structured deposit (Note 20) and bears variable interest rates ranging from 0.64% to 0.9% (2012: 0.64% to 0.9%) and is renewable quarterly.

## 28. DEFERRED TAX LIABILITIES

	Group and Company	
	2013	2012
	\$'000	\$'000
Deferred tax liabilities:		
– Fair value changes on investment properties	791	604

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 28. DEFERRED TAX LIABILITIES (CONTINUED)

Movement in provision for deferred tax:

	Group and Company	
	2013	2012
	\$'000	\$'000
Balance at beginning of financial year	604	536
Charge during the year (Note 10)	187	68
Balance at end of financial year	791	604

## 29. RELATED PARTY TRANSACTIONS

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Advances from immediate holding company	8,105	-	-	-
Advances from subsidiaries	-	-	4,287	5,470
Advances to subsidiaries	-	-	-	60
Interest expenses charged by an immediate holding company	676	667	-	-

## 30. COMMITMENTS

(a) Non-cancellable operating lease commitments – where the Group is a lessee

The Group has operating lease agreements for office premises and office equipment. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2013	2012
	\$'000	\$'000
Future minimum lease payments:		
Not later than 1 year	85	102
1 to 5 years	34	41
Total	119	143

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 30. COMMITMENTS (CONTINUED)

(b) Non-cancellable operating lease commitments – where the Group is a lessor

The Group and Company lease out office space to non-related parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group and Company	
	2013	2012
	\$'000	\$'000
Future minimum lease payments:		
Not later than 1 year	964	–
1 to 5 years	990	–
Total	1,954	–

## 31. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer, the Financial Controller, and the department heads of each business within each geographic segment.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the five geographic areas: Singapore, China, Macau, Indonesia and Australia.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Exco. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group was organised into two main operating divisions, namely:

- (i) Iron ore trading
- (ii) Coke and coal trading

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 31. SEGMENT INFORMATION (CONTINUED)

	Iron Ore Trading \$'000	Coke and Coal Trading \$'000	Total \$'000
<b>For the 12 months ended 31 December 2013</b>			
<b>Revenue</b>	17,113	–	17,113
<b>Segment results</b>	1,343	–	1,343
Other operating income			18,808
Unallocated costs			(12,023)
Finance costs			(2,003)
Share of loss of associates			(1,754)
Profit before income tax			4,371
Income tax			(55)
Non-controlling interests			1,106
<b>Profit attributable to equity holders of the Company</b>			<b>5,422</b>
Non-cash items:			
Amortisation of intangible asset			766
Depreciation of property, plant and equipment			644
Fair value gain on other financial asset at fair value through profit or loss			(1,136)
Fair value loss on forward foreign exchange contract			1,208
Fair value gain on investment properties			(1,100)
Gain on cancellation of shares previously issued under HKI scheme			(3,859)
Interest arising from termination of proposed acquisition			(9,916)
Unrealised exchange gain			(1,180)
Loss on disposal of property, plant and equipment			43
Employee benefits obligation			(1)
<b>At 31 December 2013</b>			
Segment assets	2,287	3,043	5,330
Associates			79,726
Unallocated assets			207,395
Consolidated total assets			292,451
Segment liabilities	2,139	–	2,139
Unallocated liabilities			85,464
Consolidated total liabilities			87,603

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 31. SEGMENT INFORMATION (CONTINUED)

	Iron Ore Trading \$'000	Coke and Coal Trading \$'000	Total \$'000
<b>For the 12 months ended 31 December 2012</b>			
<b>Revenue</b>	8,467	3,867	12,334
<b>Segment results</b>	673	128	801
Other operating income			4,175
Unallocated costs			(14,440)
Finance costs			(1,901)
Share of profit of associates			2,284
Loss before income tax			(9,081)
Income tax			(187)
Non-controlling interests			877
<b>Loss attributable to equity holders of the Company</b>			(8,391)
Non-cash items:			
Amortisation of intangible asset			534
Depreciation of property, plant and equipment			672
Fair value loss on other financial asset at fair value through profit or loss			1,165
Fair value gain on forward foreign exchange contract			(1,728)
Fair value gain on investment properties			(737)
Unrealised exchange loss			765
Share option expense			228
<b>At 31 December 2012</b>			
Segment assets	1,617	3,949	5,566
Associates			80,441
Unallocated assets			186,509
Consolidated total assets			272,516
Segment liabilities	110	-	110
Unallocated liabilities			74,818
Consolidated total liabilities			74,928

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 31. SEGMENT INFORMATION (CONTINUED)

The Group's two business segments operate in five main geographic areas. Revenue and non-current assets are based on the location of the business operations.

### Singapore

The Company is headquartered and has operations in Singapore. The operations in this area are principally the iron ore and coal trading and the investment holding.

### China

The operations in this area are principally the coal mining and provision of logistics services.

### Macau

The operations in this area are principally the iron ore and coal trading.

### Indonesia

The operations in this area are principally iron ore and coal mining and trading.

### Australia

The entity is established to hold the right, title and interest in the mine and property upon the completion of the proposed acquisition.

	Group's revenue	
	2013	2012
	\$'000	\$'000
Macau	17,113	8,467
Indonesia	–	3,867
Total	17,113	12,334

	Group's non-current assets	
	2013	2012
	\$'000	\$'000
Singapore	90,976	38,754
Macau	–	–
Australia	3,931	6,393
China	92,071	92,786
Indonesia	1,065	1,850
Total	188,043	139,783

Non-current assets information presented above consists of property, plants and equipment, investment in associated companies, available-for-sale financial assets, derivative financial asset, intangible asset, investment properties and deposits.

Revenue of approximately \$17,113,000 (2012: \$8,467,000) is derived from 2 major customers.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT

### Financial risk management objectives and policies

The Group's activities expose itself to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (which comprises foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by Board of Directors in accordance with prevailing economic and operating conditions.

#### (a) *Market risk*

##### (i) Foreign exchange risk

Foreign exchange risk arises from a change in foreign currency exchange rate, which is expected to have adverse effect on the Group in the current reporting period and in future years.

The Group's main foreign exchange risk arises from foreign currency denominated sales and purchases, and operating expenses. The exposure is managed by natural hedges that arise from offsetting between sales receipts and purchases, and operating expenses disbursement that are denominated in foreign currencies and the utilization of forward foreign exchange contracts to hedge the Company's foreign currency exposures. Further details on the forward exchange contracts can be found in Note 15 to the financial statements.

Companies within the Group, including the Group's associates maintain their books in their respective functional currencies. Profits and net assets of overseas companies are translated into Singapore dollar, the Group's reporting currency for consolidation purposes. Fluctuations in the exchange rate between the functional currencies and Singapore dollar will have an impact on the Group.

The Group also maintains foreign currency bank accounts for operating purposes.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

At the end of the reporting period, the carrying amounts of the monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Singapore dollar \$'000	United States dollar \$'000	Chinese Renminbi \$'000	Others* \$'000	Total \$'000
<b>Group</b>					
<b>As at 31 December 2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,117	728	38	152	2,035
Trade receivables	–	2,308	–	147	2,455
Other receivables	13,928	10	96,173	1,055	111,166
Available-for-sale financial assets	12,345	–	–	–	12,345
Other financial asset at fair value through profit or loss	–	36,217	–	–	36,217
Derivative financial asset	1,948	–	–	–	1,948
<b>Total</b>	<u>29,338</u>	<u>39,263</u>	<u>96,211</u>	<u>1,354</u>	<u>166,166</u>
<b>Financial liabilities</b>					
Trade payables	–	2,139	–	–	2,139
Other payables and accruals	3,217	23,435	10,443	2,516	39,611
Term loans	45,043	–	–	–	45,043
<b>Total</b>	<u>48,260</u>	<u>25,574</u>	<u>10,443</u>	<u>2,516</u>	<u>86,793</u>

\* Others mainly include Macau Pataca, Hong Kong dollar, Indian Rupee, Australian dollar and Indonesian Rupiah.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

	Singapore dollar \$'000	United States dollar \$'000	Chinese Renminbi \$'000	Others*	Total \$'000
<b>Group</b>					
<b>As at 31 December 2012</b>					
<b>Financial assets</b>					
Cash and cash equivalents	436	398	19	173	1,026
Trade receivables	–	5,309	–	367	5,676
Other receivables	4,034	12	85,969	62	90,077
Available-for-sale financial assets	12,345	–	–	–	12,345
Other financial asset at fair value through profit or loss	–	35,081	–	–	35,081
Derivative financial asset	3,156	–	–	–	3,156
<b>Total</b>	<u>19,971</u>	<u>40,800</u>	<u>85,988</u>	<u>602</u>	<u>147,361</u>
<b>Financial liabilities</b>					
Trade payables	–	110	–	–	110
Other payables and accruals	3,249	15,036	8,419	1,091	27,795
Term loans	46,319	–	–	–	46,319
<b>Total</b>	<u>49,568</u>	<u>15,146</u>	<u>8,419</u>	<u>1,091</u>	<u>74,224</u>

\* Others mainly include Macau Pataca, Hong Kong dollar, Indian Rupee, Australian dollar and Indonesian Rupiah.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

Company	Singapore dollar \$'000	United States dollar \$'000	Chinese Renminbi \$'000	Others* \$'000	Total \$'000
<b>As at 31 December 2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	998	494	–	2	1,494
Other receivables	59,687	–	95,586	–	155,273
Available-for-sale financial assets	12,345	–	–	–	12,345
Other financial asset at fair value through profit or loss	–	36,217	–	–	36,217
Derivative financial asset	1,948	–	–	–	1,948
Total	<u>74,978</u>	<u>36,711</u>	<u>95,586</u>	<u>2</u>	<u>207,277</u>
<b>Financial liabilities</b>					
Other payables and accruals	61,441	10	20	231	61,702
Term loans	45,043	–	–	–	45,043
Total	<u>106,484</u>	<u>10</u>	<u>20</u>	<u>231</u>	<u>106,745</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

Company	Singapore dollar \$'000	United States dollar \$'000	Chinese Renminbi \$'000	Others*	Total \$'000
<b>As at 31 December 2012</b>					
<b>Financial assets</b>					
Cash and cash equivalents	410	160	–	2	572
Other receivables	42,832	420	85,794	5,389	134,435
Available-for-sale financial assets	12,345	–	–	–	12,345
Other financial asset at fair value through profit or loss	–	35,081	–	–	35,081
Derivative financial asset	3,156	–	–	–	3,156
<b>Total</b>	<b>58,743</b>	<b>35,661</b>	<b>85,794</b>	<b>5,391</b>	<b>185,589</b>
<b>Financial liabilities</b>					
Other payables and accruals	349	53,582	–	119	54,050
Term loans	46,319	–	–	–	46,319
<b>Total</b>	<b>46,668</b>	<b>53,582</b>	<b>–</b>	<b>119</b>	<b>100,369</b>

\* Others mainly include Macau Pataca, Hong Kong dollar, Indian Rupee and Indonesian Rupiah.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

##### Foreign exchange risk sensitivity

The following table details the sensitivity to a 2% increase and decrease in the functional currency of the respective companies against the relevant foreign currencies. 2% 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 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the Singapore dollar strengthens/weakened by 2% against the relevant foreign currencies, statement of comprehensive income and other equity will increase/(decrease) by:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
	<u>Increase/(Decrease)</u>		<u>Increase/(Decrease)</u>	
United States dollar against Singapore dollar				
– strengthened	274	513	734	(358)
– weakened	(274)	(513)	(734)	358
Renminbi against Singapore dollars				
– strengthened	1,715	1,551	1,911	1,715
– weakened	(1,715)	(1,551)	(1,911)	(1,715)
Others currencies against Singapore dollars				
– strengthened	(23)	(10)	(5)	105
– weakened	<u>23</u>	<u>10</u>	<u>5</u>	<u>(105)</u>

##### (ii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from financial institutions in Singapore. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (a) Market risk (Continued)

##### (ii) Interest rate risk (Continued)

The Group has adequate credit facilities to ensure necessary liquidity as provided from the consolidated statement of financial position.

The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms.

##### Interest rate risk sensitivity

The financial assets and liabilities of the Group are non-interest bearing except for cash and cash equivalents and borrowings as set out in the table below, categorised by the earlier of contractual repricing or maturity dates.

	Rate	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Assets</b>					
Cash and cash equivalents	Floating	2,035	1,026	1,494	572
<b>Liabilities</b>					
Term loans	Floating	28,000	28,000	28,000	28,000
Term loans	Fixed	<u>17,043</u>	<u>18,319</u>	<u>17,043</u>	<u>18,319</u>

The Group and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated in USD. If the interest rates increase or decrease by 0.50% (2012: 0.50%) with all other variables including tax rate being held constant, the Group and Company's profit/(loss) after income tax will be lower or higher by \$108,000 and \$110,000 respectively (2012: \$112,000 and \$114,000 respectively) as a result of higher or lower interest expense on these borrowings.

#### (b) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail 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.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (b) Liquidity risk (Continued)

Group	Less than 1 year \$'000	Over 1 year \$'000	Total \$'000
<b>Financial Assets</b>			
<i>At 31 December 2013</i>			
Cash and cash equivalents	2,035	–	2,035
Trade receivables	2,455	–	2,455
Other receivables and deposits	60,212	50,954	111,166
Available-for-sale financial assets	–	12,345	12,345
Other financial asset at fair value through profit or loss	36,217	1,948	38,165
Total	<u>100,919</u>	<u>65,247</u>	<u>166,166</u>
<i>At 31 December 2012</i>			
Cash and cash equivalents	1,026	–	1,026
Trade receivables	5,676	–	5,676
Other receivables and deposits	90,077	–	90,077
Available-for-sale financial assets	–	12,345	12,345
Other financial asset at fair value through profit or loss	35,081	3,156	38,237
Total	<u>131,860</u>	<u>15,501</u>	<u>147,361</u>
<b>Financial liabilities</b>			
<i>At 31 December 2013</i>			
Trade payables	2,139	–	2,139
Other payables and accruals	39,611	–	39,611
Term loans	45,043	–	45,043
Total	<u>86,793</u>	<u>–</u>	<u>86,793</u>
<i>At 31 December 2012</i>			
Trade payables	110	–	110
Other payables and accruals	27,795	–	27,795
Term loans	46,319	–	46,319
Total	<u>74,224</u>	<u>–</u>	<u>74,224</u>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (b) Liquidity risk (Continued)

<b>Company</b>	<b>Less than 1 year \$'000</b>	<b>Over 1 year \$'000</b>	<b>Total \$'000</b>
<b>Financial Assets</b>			
<i>At 31 December 2013</i>			
Cash and cash equivalents	1,494	–	1,494
Other receivables and deposits	104,319	50,954	155,273
Available-for-sale financial assets	–	12,345	12,345
Other financial asset at fair value through profit or loss	36,217	1,948	38,165
<b>Total</b>	<b>142,030</b>	<b>65,247</b>	<b>207,277</b>
<i>At 31 December 2012</i>			
Cash and cash equivalents	572	–	572
Other receivables and deposits	134,435	–	134,435
Available-for-sale financial assets	–	12,345	12,345
Other financial asset at fair value through profit or loss	35,081	3,156	38,237
<b>Total</b>	<b>170,088</b>	<b>15,501</b>	<b>185,589</b>
<b>Financial Liabilities</b>			
<i>At 31 December 2013</i>			
Other payables and accruals	61,702	–	61,702
Term loans	45,043	–	45,043
<b>Total</b>	<b>106,745</b>	<b>–</b>	<b>106,745</b>
<i>At 31 December 2012</i>			
Other payables and accruals	54,050	–	54,050
Term loans	46,319	–	46,319
<b>Total</b>	<b>100,369</b>	<b>–</b>	<b>100,369</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (c) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risks by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and cash equivalents with creditworthy institutions.

Trade receivables are generally on 90 days to 120 days term. As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<u>By geographical areas:</u>				
Singapore	20	20	-	-
Macau	2,288	1,617	-	-
Indonesia	147	3,692	-	-
Australia	-	347	-	-
Total	<u>2,455</u>	<u>5,676</u>	<u>-</u>	<u>-</u>

The carrying amounts of cash and cash equivalents, trade and other receivables, including amount due from related parties, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and cash equivalents are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the statement of financial position are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (c) Credit risk (Continued)

The age analysis of trade receivables is as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Not past due and not impaired	2,288	4,039	-	-
<u>Past due but not impaired:</u>				
Past due 3 to 6 months	-	-	-	-
Past due over 6 months	167	1,637	-	-
Gross trade receivables	<u>2,455</u>	<u>5,676</u>	<u>-</u>	<u>-</u>

At the end of the reporting period, 100% (2012: 100%) of the Group's trade receivables were due from 1 major outside party customer (2012: 1 major outside party in China).

#### (d) Fair values of assets and liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables and amount due from subsidiaries are reasonable approximation of fair values due to the relatively short-term maturity of these financial instruments.

The fair values of applicable financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets that the Group can access at the measurement date markets are determined with reference to quoted market prices (unadjusted) (Level 1 of fair value hierarchy);
- in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy).
- in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivatives instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).
- the fair value of derivative instruments are calculated using quoted prices (Level 1 of fair value hierarchy). Where such prices are unavailable, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives (Level 3 of fair hierarchy).

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (d) Fair values of assets and liabilities (Continued)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Group and Company			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2013</b>				
<b>Financial assets</b>				
<i>Derivative financial assets</i>				
Forward foreign exchange contract	-	1,948	-	1,948
Other financial asset at fair value through profit or loss	-	36,217	-	36,217
	-	38,165	-	38,165
<b>Non-financial assets</b>				
<i>Investment property</i>				
- Commercial	-	-	26,000	26,000
<b>At 31 December 2012</b>				
<b>Financial assets</b>				
<i>Derivative financial assets</i>				
Forward foreign exchange contract	-	3,156	-	3,156
Other financial asset at fair value through profit or loss	-	35,081	-	35,081
	-	38,237	-	38,237
<b>Non-financial assets</b>				
<i>Investment property</i>				
- Commercial	-	-	24,900	24,900

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (d) Fair values of assets and liabilities (Continued)

##### Level 2

Valuation techniques are used for the determination of the fair values of foreign currency forward contracts and interest rate swaps. The fair value of foreign currency forward contracts is determined using quoted forward currency rates at the reporting date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

##### Level 3

The table below states the information about fair value measurements using significant unobservable inputs:

Description	Fair value at 31 December 2013 \$'000	Valuation technique	Unobservable input
Investment properties:			
Commercial	26,000	Direct comparison and income method	Yield adjustments based on management's assumptions

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

Description	31 December 2013 Effect of reasonably possible alternative assumptions		
	Carrying amount \$'000	Profit or loss \$'000	Other comprehensive income \$'000
Recurring fair value measurements			
Investment property:			
Commercial	26,000	260	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For commercial investment properties, the Group adjusted the yield adjustments based on management's assumptions by increasing and decreasing the adjustments by 1% depending on nature, location or condition of the specific property.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### *Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	<b>2013</b> <b>Investment</b> <b>properties</b> <b>\$'000</b>
Balance at beginning of year	24,900
Net gains from fair value change	1,100
Balance at end of year	<u>26,000</u>

#### *Valuation policies and procedures*

The Group's Financial Controller ("FC") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures and reports to the Group's Audit Committee.

It is the Group's policy to engage external valuation experts to perform all significant financial reporting valuations using valuation models and significant unobservable inputs. The FC is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance. He also reviews the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

At least on an annual basis, the FC evaluates all significant changes in fair value measurements for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources, if necessary and appropriate.

The analysis and results of the external valuations are then reported to the Audit Committee on a quarterly basis who then performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

During the financial year, there is no change in the valuation technique of the various classes of financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### (e) *Capital risk management policies and objectives*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2012.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debts.

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net debt	84,777	73,218	105,251	99,797
Total equity	204,848	197,588	171,175	155,310
Total capital	289,625	270,806	276,426	255,107
Gearing ratio	29%	27%	38%	39%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2013 and 2012.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 33. SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES

List of the entities in the Group

Name of entity	Principal activities	Country of incorporation and place of business	Percentage of effective interest held by the Group	
			2013 %	2012 %
<b>Subsidiaries</b>				
<u>Held by the Company</u>				
Abterra Resources Pte. Ltd. <sup>(1)</sup>	General trading	Singapore	100	100
Abterra Macao Commercial Offshore Ltd <sup>(2)</sup>	General trading	Macau	100	100
Abterra Mineral Resources India Private Limited <sup>(3)</sup>	Stockpile and trading of iron ore, coal and coke	India	100	100
Abterra Australia Pty. Ltd. <sup>(2)</sup>	Mining	Australia	100	100
PT. Abterra Resources Indonesia <sup>(4)</sup>	General trading and mining contractor	Indonesia	95	95
Max Harvest Enterprise Limited <sup>(5)</sup>	Investment holding	Hong Kong	100	100
Sunny Energy Limited <sup>(5)</sup>	Investment holding	Hong Kong	61	61
Tian Yi Investment Pte. Ltd. <sup>(3)</sup>	General trading	Singapore	100	100
Tian Yi Power Co. Pte. Ltd. <sup>(3)</sup>	General trading	Singapore	100	100
World Spa Industries (M) Sdn. Bhd. <sup>(7)</sup>	Investment holding	Malaysia	60	60
<u>Held through Abterra Resources Pte. Ltd.</u>				
PT. Abterra Resources Indonesia <sup>(4)</sup>	General trading and mining contractor	Indonesia	5	5
<u>Held through Max Harvest Enterprise Limited</u>				
Tianjin Kaitemei Trading Co., Ltd. <sup>(5)</sup> (天津凯特美贸易有限公司)	Investment holding	China	100	100
<u>Held through Sunny Energy Limited</u>				
Shenzhen Manxin Trading Co., Ltd. <sup>(5)</sup> (深圳市满鑫贸易有限公司)	Investment holding	China	61	61
Shenzhen Chuangrongxin Trading Co., Ltd. <sup>(5)</sup> (深圳市创融新贸易有限公司)	Investment holding	China	61	61

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

## 33. SIGNIFICANT SUBSIDIARIES AND ASSOCIATED COMPANIES (CONTINUED)

List of the entities in the Group (Continued)

Name of entity	Principal activities	Country of incorporation and place of business	Percentage of effective interest held by the Group	
			2013 %	2012 %
<b>Associates</b>				
<u>Held by the Company</u>				
Tianjin Lant Development Co., Ltd. <sup>(6)</sup> (天津蓝塔发展有限公司)	Logistics business	China	45	45
<u>Held through Tianjin Kaitemei Trading Co., Ltd.</u>				
Zuoquan Xinrui Metallurgy Mine Co., Limited <sup>(5)</sup> (左权鑫瑞冶金矿山有限公司)	Iron ore mining	China	23	23
<u>Held through Shenzhen Chuangrongxin Trading Co., Ltd.</u>				
Shanxi Fenxi Ruitai Zhengzhong Coal Limited <sup>(5)</sup> (山西汾西瑞泰正中煤业有限责任公司)	Coal mining	China	24	24

(1) Audited by Mazars LLP, Singapore.

(2) Not required to be audited by law in its country of incorporation. The unaudited management accounts have been reviewed by Mazars LLP, Singapore for consolidation purposes, as they are material to the Group's financial statements.

(3) Not required to be audited by law in its country of incorporation. The unaudited management accounts have been used for consolidation purposes as they are not material to the Group's financial statements.

(4) Audited by Parker Randall, Indonesia, and reviewed by Mazars LLP, Singapore for group consolidation purposes.

(5) Audited by Mazars CPA Limited, Hong Kong, and reviewed by Mazars LLP, Singapore for group consolidation purposes.

(6) Reviewed by Mazars CPA Limited, Hong Kong, for group consolidation purposes.

(7) In the process of winding up.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2014

ISSUED AND FULLY PAID-UP CAPITAL	:	S\$248,977,243
NUMBER OF SHARES ISSUED	:	244,274,150
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHT	:	1 VOTE PER SHARE

## DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	1,521	45.58	463,456	0.19
1,000 – 10,000	1,561	46.78	5,484,432	2.25
10,001 – 1,000,000	246	7.37	9,287,232	3.80
1,000,000 & Above	9	0.27	229,039,030	93.76
Total	3,337	100.00	244,274,150	100.00

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Phillip Securities Pte Ltd	75,248,720	30.81
2	DMG & Partners Securities Pte Ltd	42,792,000	17.52
3	DBS Vickers Securities (S) Pte Ltd	39,165,664	16.03
4	Bank of Singapore Nominees Pte Ltd	30,912,330	12.65
5	HSBC (Singapore) Nominees Pte Ltd	19,958,646	8.17
6	Maybank Kim Eng Securities Pte Ltd	10,630,560	4.35
7	Raffles Nominees (Pte) Ltd	7,582,600	3.10
8	Citibank Nominees Singapore Pte Ltd	1,529,070	0.63
9	UOB Kay Hian Pte Ltd	1,219,440	0.50
10	American Home Assurance Company	838,716	0.34
11	DBS Nominees Pte Ltd	558,300	0.23
12	OCBC Securities Private Ltd	555,909	0.23
13	United Overseas Bank Nominees Pte Ltd	341,490	0.14
14	ABN Amro Nominees Singapore Pte Ltd	317,840	0.13
15	Seck Kew Mary	146,000	0.06
16	Kelvin Tang Zhi Tian	144,000	0.06
17	Xiang Tao	142,000	0.06
18	Zheng Chuanlong	134,000	0.06
19	Baey Geok Kwee Joyce	129,000	0.05
20	OCBC Nominees Singapore Pte Ltd	124,120	0.05
	Total:	232,470,405	95.17

# STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 17 MARCH 2014

Based on the information available to the Company, approximately 65.68% of the Company's equity securities are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of a listed issuer's equity securities to be held by the public.

Pursuant to Rule 1207(9)(f) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company does not hold any treasury shares.

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Note	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
General Nice Resources (Hong Kong) Limited		83,804,976	34.31		
General Nice Development Limited	[1]			83,804,976	34.31
General Nice Investment (China) Limited	[2]			83,804,976	34.31
General Nice Group Holdings Limited	[3]			83,804,976	34.31
Cai Sui Xin	[4]			83,804,976	34.31
Tsoi Ming Chi	[5]			83,804,976	34.31

[1] General Nice Development Limited ("GNDL") has a deemed interest in shares in the Company held by General Nice Resources (Hong Kong) Limited ("GNR") by virtue of Section 7 of the Companies Act, Cap. 50 (the "Act") as GNDL is the beneficial owner of more than 20% interest in GNR.

[2] General Nice Investment (China) Limited ("GNI") has a deemed interest in shares in the Company held by GNR by virtue of Section 7 of the Companies Act, as GNI is the beneficial owner of more than 20% interest in GNR.

[3] General Nice Group Holdings Limited ("GNG") has a deemed interest in shares in the Company held by GNR by virtue of Section 7 of the Companies Act, as (i) GNG is the legal and beneficial owner of more than 20% interest in GNDL, and GNI respectively, and (ii) each of GNDL and GNI is the beneficial owner of more than 20% interest in GNR.

[4] Cai Sui Xin ("Cai") has a deemed interest in shares in the Company held by GNR by virtue of Section 7 of the Companies Act, as (i) Cai is the legal and beneficial owner of the entire issued share capital of GNG; (ii) GNG is the legal and beneficial owner of more than 20% interest in GNDL and GNI respectively, and (iii) each of GNDL and GNI is the beneficial owner of more than 20% interest in GNR.

[5] Tsoi Ming Chi ("Tsoi") has a deemed interest in shares in the Company held by GNR by virtue of Section 7 of the Companies Act, as (i) Tsoi is the legal and beneficial owner of more than 20% interest in GNDL and GNI respectively, and (ii) each of GNDL and GNI is the beneficial owner of more than 20% interest in the GNR.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at 7 Temasek Boulevard, #11-05 Suntec Tower 1, Singapore 038987, on Tuesday, 22 April 2014 at 10.00 a.m., for the purpose of transacting the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2013 and the Report of the Directors and the Auditors' Report thereon. Resolution 1
2. To approve Directors' fees of S\$163,450 for financial year ended 31 December 2013. (2012: S\$128,800) Resolution 2
3. To re-elect the following Directors retiring by rotation pursuant to Article 91 of the Company's Articles of Association:
  - (i) Mr Lau Yu; and Resolution 3(i)
  - (ii) Mr Chan Chun Tat Ray. (See Explanatory Note) Resolution 3(ii)
4. To re-appoint Messrs Mazars LLP as Auditors and to authorise the Directors to fix their remuneration. Resolution 4

## SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:

5. THAT pursuant to Section 161 of the Act and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors to: Resolution 5
  - (a)
    - (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
    - (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,  
  
at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion, deem fit; and
  - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

**PROVIDED THAT:**

- (1) 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 fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuant of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue or consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

*(See Explanatory Note)*

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

6. That authority be and is hereby given to the Directors to: Resolution 6

- (a) offer and grant options in accordance with the provisions of the Abterra Employee Share Option Scheme (the "**ESOS Scheme**"); and
- (b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOS Scheme,

**PROVIDED THAT** the aggregate number of ordinary shares to be issued pursuant to the ESOS Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company on the day preceding the relevant dates of grant of the option. *(See Explanatory Note)*

7. To transact any other business that may be properly transacted at the Annual General Meeting of the Company.

BY ORDER OF THE BOARD

**CHEW BEE LENG**  
Company Secretary

Singapore  
7 April 2014

# NOTICE OF ANNUAL GENERAL MEETING

## (CONT'D)

### 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. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
- (2) The instrument appointing the proxy must be deposited at the registered office of the Company at 7 Temasek Boulevard, #11-05 Suntec Tower 1, Singapore 038987, not less than 48 hours before the time appointed for the holding of the meeting.

### Explanatory Notes:

#### Resolution 3(ii)

Mr Chan Chun Tat Ray will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and ESOS Committee, and he will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

#### Resolution 5

Resolution no. 5, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time the resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

#### Resolution 6

Resolution no. 6, if passed, will empower the Directors of the Company to offer and grant options and/or to issue shares in the capital of the Company pursuant to the Abterra Employee Share Option Scheme (the "**ESOS Scheme**") provided that the aggregate number of shares issued pursuant to the ESOS Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

This page has been intentionally left blank

# ABTERRA LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199903007C)

## PROXY FORM – SIXTEENTH ANNUAL GENERAL MEETING

### IMPORTANT

1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Abterra Ltd., this 2013 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely 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.

I/We, \_\_\_\_\_ NRIC/Passport/Co. Reg. No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of ABTERRA LTD. (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or failing him/her (delete as appropriate)

--	--	--	--

or failing him/her, the Chairman of the Sixteenth Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 7 Temasek Boulevard #11-05 Suntec Tower 1 Singapore 038987, on Tuesday, 22 April 2014 at 10.00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

	Ordinary Resolutions	For	Against
	<b>Ordinary Business</b>		
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2013 and the Report of the Directors and the Auditors' Report thereon		
2.	To approve Directors' fees of S\$163,450 for financial year ended 31 December 2013 (2012: S\$128,800)		
3(i).	To re-elect Mr Lau Yu retiring by rotation pursuant to Article 91 of the Company's Articles of Association		
3(ii).	To re-elect Mr Chan Chun Tat Ray retiring by rotation pursuant to Article 91 of the Company's Articles of Association		
4.	To re-appoint Messrs Mazars LLP as Auditors and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
5.	To authorise the Directors to allot/issue new shares		
6.	To authorise the Directors to offer/grant options and allot and issue shares pursuant to the Abterra Employee Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

\_\_\_\_\_  
Signature(s) or Common Seal of Member

Total number of Shares Held
-----------------------------



**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of members.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 7 Temasek Boulevard #11-05 Suntec Tower 1 Singapore 038987, not less than 48 hours before the time appointed for the holding of the meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be either under its seal or under the hand of its attorney duly authorised. Where the instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. 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 on the instrument appointing a proxy or proxies. In addition, in the case of members 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 meeting, as certified by The Central Depository (Pte) Limited to the Company.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Chairman

Mr Cai Sui Xin

### Executive Vice-Chairman

Mr Lin Xizhong

### Chief Executive Officer

Mr Lau Yu

### Independent Directors

Mr Wong Shiu Wah Williamson  
Mr Chew Ban Chuan Victor Mark  
Mr Chan Chun Tat Ray

### Company Secretary

Ms Chew Bee Leng

### Audit Committee

Mr Wong Shiu Wah Williamson  
Mr Chew Ban Chuan Victor Mark  
Mr Chan Chun Tat Ray

### Nominating Committee

Mr Chan Chun Tat Ray  
Mr Wong Shiu Wah Williamson  
Mr Chew Ban Chuan Victor Mark

### Remuneration Committee

Mr Chew Ban Chuan Victor Mark  
Mr Wong Shiu Wah Williamson  
Mr Chan Chun Tat Ray

### Employee Share Option Scheme Committee

Mr Chew Ban Chuan Victor Mark  
Mr Wong Shiu Wah Williamson  
Mr Chan Chun Tat Ray

### Auditors

Mazars LLP  
Public Accountants and  
Certified Public Accountants  
133 Cecil Street  
#15-02 Keck Seng Tower  
Singapore 069535

### Audit Partner

Mr Chan Hock Leong  
with effect from 17 February 2012

### Principal Bankers

Standard Chartered Bank

### Registrar

B.A.C.S. Private Limited  
63 Cantonment Road, Singapore 089758

### Investor Relations

Email: [ir@abterra.com.sg](mailto:ir@abterra.com.sg)  
Website: [www.abterra.com.sg](http://www.abterra.com.sg)

### Company Registration No.

199903007C

### Registered Office

7 Temasek Boulevard  
#11-05 Suntec Tower 1  
Singapore 038987  
Tel: (65) 6885 9800  
Fax: (65) 6885 9829  
Email: [info@abterra.com.sg](mailto:info@abterra.com.sg)  
Website: [www.abterra.com.sg](http://www.abterra.com.sg)



7 Temasek Boulevard, #11-05, Suntec Tower 1, Singapore 038987

Tel : (65) 6885 9800

Fax : (65) 6885 9829

Email : [info@abterra.com.sg](mailto:info@abterra.com.sg)

[www.abterra.com.sg](http://www.abterra.com.sg)