

OFFER INFORMATION STATEMENT DATED 9 SEPTEMBER 2009

(Lodged with the Monetary Authority of Singapore on 9 September 2009)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

A copy of this Offer Information Statement (the "**Offer Information Statement**") has been lodged with the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgement of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Placement Shares (as defined herein) being offered for investment.

An application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for the quotation of the Placement Shares on the Official List of the SGX-ST.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement. In-principle approval granted by the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST is not to be taken as an indication of the merits of Sinomem Technology Limited ("**Company**"), its Subsidiaries, its Associated Companies, the Shares or the Placement Shares.

This Offer Information Statement is not for distribution, directly or indirectly, in or into the United States. The Placement Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Placement Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No securities shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgement of this Offer Information Statement.



SINOMEM TECHNOLOGY LIMITED

(Company Registration Number: 200208107G)

(Incorporated in the Republic of Singapore on 18 September 2002)

PROPOSED PLACEMENT OF UP TO 50,000,000 NEW SHARES IN THE CAPITAL OF SINOMEM TECHNOLOGY LIMITED

Placement Agent



CIMB-GK Securities Pte. Ltd.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198701621D)

This Offer Information Statement has been prepared solely in relation to the above transaction and shall not be relied upon by any other person and for any other purpose.

IMPORTANT NOTES

Persons wishing to subscribe for the Placement Shares offered by this Offer Information Statement should, before deciding whether to so subscribe, carefully read this Offer Information Statement in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position and performance and prospects of the Company and the Group (as defined herein) and the rights and liabilities attaching to the Placement Shares. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their accountant, stockbroker, bank manager, solicitor or other professional adviser before deciding whether to acquire the Placement Shares.

No person has been authorised to give any information or to make any representations, other than those contained in this Offer Information Statement, in connection with the Placement or the issue of the Placement Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or the Group. Neither the delivery of this Offer Information Statement nor the issue of the Placement Shares shall, under any circumstances, constitute a continuing representation, or give rise to any implication, that there has been no material change in the affairs of the Company or the Group, or any of the information contained herein since the date hereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. All subscribers of the Placement Shares should take note of any such announcement and, upon the release of such announcement or lodgment of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

The Company is not making any representation to any person regarding the legality of an investment in the Placement Shares or the Shares by such person under any investment or any other laws or regulations. In particular, the Placement Shares have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Placement Shares may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined under Regulation S under the Securities Act). No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice regarding an investment in the Placement Shares and/or the Shares. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice.

This Offer Information Statement has been prepared solely for the purpose of the acceptance and subscription of the Placement Shares pursuant to the Placement, and may not be relied upon by any persons or for any other purpose.

This Offer Information Statement may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation.

The distribution of this Offer Information Statement may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions. Any person having possession of this Offer Information Statement are advised by the Company to keep themselves informed of and observe such prohibitions and restrictions.

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DEFINITIONS

In this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

General

- "1Q" : The financial period between 1 January and 31 March
- "Associated Company" : In relation to an entity, means:
- (a) any corporation, other than a subsidiary of the entity, in which:
 - (i) the entity or one or more of its subsidiaries or subsidiary entities has;
 - (ii) the entity, one or more of its subsidiaries and one or more of its subsidiary entities together have;
 - (iii) the entity and one or more of its subsidiaries together have;
 - (iv) the entity and one or more of its subsidiary entities together have; or
 - (v) one or more of the subsidiaries of the entity and one or more of the subsidiary entities of the entity together have,

a direct interest in voting shares of not less than 20.0 per cent. but not more than 50.0 per cent. of the total votes attached to all voting shares in the corporation; or
 - (b) any corporation, other than a subsidiary of the entity or a corporation which is an associated company of the entity by virtue of paragraph (a), the policies of which:
 - (i) the entity or one or more of its subsidiaries or subsidiary entities;
 - (ii) the entity together with one or more of its subsidiaries and one or more of its subsidiary entities;
 - (iii) the entity together with one or more of its subsidiaries;
 - (iv) the entity together with one or more of its subsidiary entities; or

- (v) one or more of the subsidiaries of the entity together with one or more of the subsidiary entities of the entity,

is or are able to control or influence materially

"Authority"	:	The Monetary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company"	:	Sinomem Technology Limited
"Convertible Loan Notes"	:	The 80 unsecured convertible loan notes convertible at 800,000 shares per S\$1,000,000 loan note due 2011 issued by the Company on 14 December 2006, of which 30 loan notes were redeemed on 24 December 2008
"Directors"	:	The board of directors of the Company as at the date of this Offer Information Statement
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive directors of the Company as at the date of this Offer Information Statement
"FY"	:	Financial year ended or ending 31 December (as the case may be)
"Group"	:	The Company and its Subsidiaries
"HY"	:	The six-month financial period ended or ending 30 June (as the case may be)
"Latest Practicable Date"	:	7 September 2009, being the latest practicable date prior to the lodgement of this Offer Information Statement
"Lenders"	:	Dr Lan Weiguang and Chen Ni, being substantial shareholders and Directors of the Company
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Loan Securities"	:	Up to an aggregate of 50,000,000 existing issued Shares held by the Lenders to be borrowed from the Lenders under the Securities Lending Agreement to facilitate the delivery of the Placement Shares to Subscribers pursuant to the Placement
"Offer Information Statement"	:	This offer information statement issued by the Company in connection with the Placement, which complies as to form and content with the Sixteenth

	Schedule of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 and lodged with the Monetary Authority of Singapore pursuant to Section 277 of the Securities and Futures Act (including, where the context admits, any supplementary or replacement document which may be issued by the Company in connection with the Placement)
"Placement"	: The proposed placement of the Placement Shares by the Placement Agent on a best efforts basis at the Placement Price pursuant to the Placement Agreement
"Placement Agent"	: CIMB-GK Securities Pte. Ltd.
"Placement Agreement"	: The placement agreement dated 9 September 2009 entered into between the Company and the Placement Agent in relation to the Placement
"Placement Price"	: S\$0.62 per Placement Share
"Placement Shares"	: Up to 50,000,000 new Shares to be offered by the Company pursuant to the Placement
"PRC"	: The People's Republic of China, excluding Hong Kong and the Macau Special Administrative Region for the purposes of this Offer Information Statement
"Sale Proceeds"	: The aggregate Placement Price for all the Placement Shares
"Securities Account"	: Securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent)
"Securities and Futures Act"	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"Securities Lending Agreement"	: The securities lending agreement dated 9 September 2009 entered into between the Placement Agent and the Lenders in relation to the Share Loan
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Share Loan"	: The loan of Loan Securities by the Lenders to facilitate the delivery of Placement Shares to Subscribers pursuant to the Placement
"Share Option Scheme"	: Sinomem Employees' Share Option Scheme
"Shares"	: Ordinary shares in the share capital of the Company
"Subscribers"	: The subscribers of the Placement Shares to be procured by the Placement Agent pursuant to the Placement Agreement

"Substantial Shareholder"	:	A person who holds directly and/or indirectly 5.0% or more of the total issued share capital of the Company
"Subsidiary"	:	The meaning ascribed to it in Section 5 of the Companies Act

Currencies, Units and Others

"Euro"	:	Euro, the official currency of 16 of the 27 member states of the European Union
"RMB"	:	Renminbi, the official currency of the PRC
"S\$" and "cents"	:	Singapore dollars and cents respectively
"US\$" and "US cents"	:	United States dollars and cents respectively
"%" or "per cent"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations. Any reference to a time of day and to dates in this Offer Information Statement is made by reference to Singapore time and dates unless otherwise stated.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the Securities and Futures Act or the Listing Manual or such statutory modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any discrepancy in the figures included in this Offer Information Statement between the amounts listed and totals thereof is due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used in this Offer Information Statement in connection with the business of the Group. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

"BOT"	:	Build-Operate-Transfer
"MBR"	:	Membrane Bioreactor, a combination of a membrane process like microfiltration or ultrafiltration with a suspended growth bioreactor
"membrane"	:	Media through which a liquid is passed and refers to the functional filter material
"microfiltration"	:	A pressure-driven process where ideally only suspended solids are rejected, while even proteins pass the membrane freely
"nano-powder"	:	Fine particled powder with a diameter ranging from 1 to 1000 nanometer
"TOT"	:	Transfer-Operate-Transfer
"ultrafiltration"	:	A pressure-driven process in which the high molecular weight components such as protein and suspended solids are rejected while all low molecular weight components pass through the membrane freely

**SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES
(OFFERS OF INVESTMENTS)
(SHARES AND DEBENTURES) REGULATIONS 2005**

PART II: IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

Directors

- 1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.**

Name	Position	Address
Dr Lan Weiguang	Managing Director	17B Berrima Road Singapore 299931
Chen Ni	Executive Director	17B Berrima Road Singapore 299931
Teng Cheong Kwee	Independent Director	16B Margoliouth Road #06-03 Singapore 258542
Hee Theng Fong	Independent Director	16 Greenleaf Grove, Singapore 179491
Kong Tai	Independent Director	Room 301, Building 1, No. 6 Jiangshan Road, Jingjiang city, Jiangsu Province, PRC

Advisers

- 2. Provide the names and addresses of —**
(a) the issue manager to the offer, if any;
(b) the underwriter to the offer, if any; and
(c) the legal adviser for or in relation to the offer, if any.
-

(a) Issue Manager	Not applicable.
(b) Underwriter	Not applicable. See name and address of the Placement Agent.
(c) Legal adviser to the Placement	WongPartnership LLP One George Street #20-01 Singapore 049145

(d) Placement Agent CIMB-GK Securities Pte. Ltd.
50 Raffles Place
#19-00 Singapore Land Tower
Singapore 048623

Registrars and Agents

3. Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

Share Registrar Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street
#11-00 PWC Building
Singapore 048424

Receiving Banker Not applicable.

PART III: OFFER STATISTICS AND TIMETABLE

Offer Statistics

1. For each method of offer, state the number of the securities being offered.

Placement Up to 50,000,000 Placement Shares representing approximately 11.07% of the issued and paid-up share capital of the Company of 451,780,000 Shares (excluding treasury shares) as at the date of lodgement of this Offer Information Statement.

Status of Placement Shares The Placement Shares, will be issued by the Company free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.

Method and Timetable

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to
- (a) the offer procedure; and
 - (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.
-

Please see paragraphs 3 to 7 below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgement of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.
-

Pursuant to the Placement Agreement, the Placement Agent has agreed to use its best efforts to procure subscriptions and payment for up to 50,000,000 Placement Shares at the Placement Price for each Placement Share.

Completion of the Placement is conditional upon:-

- (a) the exemption under Section 277 of the Securities and Futures Act being applicable to the placement of the Placement Shares with this Offer Information Statement being lodged with and accepted by the MAS;
- (b) in-principle approval being obtained from the SGX-ST for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST and such approval not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being acceptable to the Placement Agent and, to the extent that any conditions for such approval are required to be fulfilled on or before completion date, they are so fulfilled;
- (c) the Securities Lending Agreement being duly executed by the parties and being in full force and effect and not having been breached and the Share Loan not having been terminated;
- (d) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority (including the SGX-ST, the Authority and the Securities Industry Council) which is applicable to the Company or the Placement Agent;

- (e) on the completion date, the representations and warranties of the Company herein being true, accurate and correct in all material respects as if made on the completion date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations hereunder to be performed on or before the completion date; and
- (f) the delivery of a completion certificate by the Company to the Placement Agent on completion date.

Pursuant to the Placement Agreement, the Company has undertaken, *inter alia*, that it shall not, without the prior written consent of the Placement Agent (such consent not to be unreasonably withheld), issue at any time on or before the expiry of 90 days after the completion date, any marketable securities of the Company (in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities), declare or distribute any scrip dividend or vary, alter, subdivide or otherwise do anything to its capital structure (issued or otherwise), save for any Shares to be issued pursuant to the exercise of any options granted under the Share Option Scheme and the redemption of the Convertible Loan Note or any options to be granted pursuant to the Share Option Scheme.

Completion of the Placement is to take place on the date falling three business days after the date on which the last in time of the conditions to the completion of the Placement is satisfied (or such other date as the Company and the Placement Agent may agree in writing) but in any event being a date not later than 30 days after the date of the Placement Agreement. In the event that any of the conditions to the completion of the Placement is not satisfied within 30 days after the date of the Placement Agreement or such other date as the Company and the Placement Agent may agree in writing, the Placement Agreement will terminate and neither party shall have any claim against the other.

4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

Completion of the Placement is to take place on the date falling three business days after the date on which the last in time of the conditions to the completion of the Placement is satisfied (or such other date as the Company and the Placement Agent may agree in writing) but in any event being a date not later than 30 days after the date of the Placement Agreement.

On completion of the Placement, the Placement Agent is required to pay and/or procure payment to the Company the aggregate Placement Price of the Placement Shares subscribed, less the commission payable to the Placement Agent and any tax thereon, by bank transfer to such account of the Company with such bank in Singapore as the Company may designate or by cashier's order or bank draft issued by a licensed bank in Singapore made out in favour of the Company.

In the event that any of the conditions to the completion of the Placement is not satisfied within 30 days after the date of the Placement Agreement or such other date as the Company and the Placement Agent may agree in writing, the Placement Agreement will be terminated and neither party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise.

The Placement Shares will be fully paid-up. Accordingly, partial payment is not relevant in the context of the Placement.

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- 5. State, where applicable, the methods of and time limits for**
- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
 - (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**
-

Under the terms of the Placement Agreement, upon the payment by the Placement Agent of the net proceeds of the Placement in the manner described in paragraph 4 of this Part above, the Company shall allot the Placement Shares to the scrip allottee(s) and/or CDP for the account of the subscribers and/or the Lenders and/or their respective nominees as notified by the Placement Agent and deliver the share certificates in respect of the Placement Shares registered in the name of the scrip allottee(s) and/or CDP.

To facilitate the Placement, the Placement Agent has entered into the Securities Lending Agreement with the Lenders. Pursuant to the Securities Lending Agreement, the Lenders have agreed to lend to the Placement Agent up to an aggregate of 50,000,000 Shares (equivalent to an aggregate of approximately 11.07% of the existing issued and paid-up share capital of the Company prior to the issue of the Placement Shares and excluding treasury shares) to facilitate the Placement. None of the Lenders will derive any financial benefit, whether directly or indirectly, from the securities lending arrangement. Upon notification by the Placement Agent, the Lenders shall deliver to the Placement Agent the Loan Securities by either (a) causing the Loan Securities to be credited to such Securities Account(s) as the Placement Agent may determine, and debited from each of the Lenders' Securities Account, or (b) any other method of delivery as may be agreed upon in writing by the parties.

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- 6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**
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There are no pre-emptive rights to subscribe for the Placement Shares.

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- 7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).**
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The Placement Agent will procure Subscribers, on a best efforts basis, pursuant to the Placement Agreement. The Company will announce the completion of the Placement (including the number of Placement Shares for which the Placement Agent has procured subscription) on the SGXNET.

No excess amounts are expected to be received in respect of the Placement Shares.

PART IV: KEY INFORMATION

Use of Proceeds from Offer and Expenses Incurred

1. **In the same section, provide the information set out in paragraphs 2 to 7 of this Part.**
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Please see paragraphs 2 to 7 below.

2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**
-

The estimated net proceeds of the Placement to be received by the Company, after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures Subscribers for all the Placement Shares at the Placement Price, are expected to be approximately S\$30.04 million.

3. **Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount, which in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**
-

The Placement will allow the Company to raise estimated net proceeds (the "**Net Proceeds**") of up to approximately S\$30.04 million (after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures Subscribers for all the Placement Shares).

The Company intends to use the Net Proceeds to expand the Group's water business including further investment into its BOT project(s).

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and financial institutions or invested in short term money markets or debt instruments or for any other purpose on a short-term basis as the Directors of the Company may in their absolute discretion deem fit from time to time.

Pursuant to the Placement Agreement, the Placement Agent has agreed to procure Subscribers for the Placement Shares on a best efforts basis. Accordingly, the Placement is not underwritten on a firm commitment basis.

There is no minimum amount which, in the reasonable opinion of the Directors of the Company, must be raised in the Placement.

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- 4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**
-

The proportion of the net proceeds from the Placement that will be allocated to the principal intended use as set out in Section 3 of this Part IV (Key Information) above, and the estimated amount that will be used to pay for expenses incurred in connection with the Placement (assuming that the Placement Agent procures subscribers for all the 50,000,000 Placement Shares) is set out below:

Intended uses	Approximate amount (S\$ million)	Estimated Amount Allocated for Each S\$
Expansion of water business	30.04	0.969
Estimated expenses	0.96	0.031
Total	<u>31.00</u>	<u>1.000</u>

-
- 5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**
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Not applicable.

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- 6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**
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Not applicable.

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7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.
-

Not applicable.

8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.
-

The commission payable by the Company to the Placement Agent in relation to the Placement is 2.75% (and Goods and Services Tax thereon) of the Sale Proceeds.

Information on the Relevant Entity

- 9a. The address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);
-

Registered office and principal place of business

Address : 10 Ang Mo Kio Street 65
#06-10
Singapore 569059

Tel : (65) 6481 6966

Fax : (65) 6481 6066

- 9b. The nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;
-

The Company was incorporated in Singapore on 18 September 2002 under the Companies Act as a private limited company.

The Company was converted into a public limited company on 12 May 2003 and was listed on the Main Board of the SGX-ST on 18 June 2003.

The Group provides integrated process and engineering solutions for separation, purification and cleaner production purposes for their customers in diverse industries through the use of advanced membrane technology. This includes wastewater treatment/recycling business, upstream activities, such as membrane production, and downstream activities such as production of nutraceutical products applying membrane-based process and engineering solutions.

Membrane Business

The Group conducts its own research to develop advanced membrane materials and enhance processes which complements both its water business and downstream biochemical business. Membrane materials, such as poly membrane and ceramic membrane, are used to improve production processes in various specialised industries, in particular the pharmaceutical, nutraceutical and food and beverage industries, where the products require a more sensitive and environmentally-friendly production process.

Water Business

The Group is currently constructing and operating 17 municipal wastewater treatment/recycling plants across the PRC. The wastewater treatment/recycling business of the Group leverages on its proprietary MBR technologies.

Downstream Nutraceutical Business

With the support of its proprietary membrane based purification/separation technologies, the Group is also a leading producer of certain nutraceuticals such as gibberellins, sorbitol and rosin.

As at the Latest Practicable Date, the Company has the following Subsidiaries and Associated Companies:

Name of Subsidiaries	Country of Incorporation	Effective Equity Held (%)	Principal Activities
<u>Held by the Company</u>			
Suntar Investment Pte Ltd	Singapore	100	Investment holding; purification and distribution of water (including desalination of water).
Suntar Membrane Technology (Singapore) Pte Ltd	Singapore	100	Water treatment, membrane technology and as commission agent.
<u>Held by Subsidiaries</u>			
Chang Tai Suntar Water Treatment Co. Ltd	PRC	100	Waste water treatment.
Dongfeng Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Gongzhuling Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Jiangxi Huaiyushan Suntar Active Carbon Co., Ltd	PRC	100	Active carbon production.
Jiangxi New Reyphon Biochemical Co., Ltd	PRC	52	Production and sale of gibberellins and other fermentation-based biochemical products.

Name of Subsidiaries	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Juye Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Lianyungang Zhongxin Chemical Environment Exploitation Co., Ltd	PRC	60	Chemical industry park, infrastructure development and water treatment.
Meihekou Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Microdyn-Nadir (Xiamen) Co., Ltd	PRC	68	Developing and manufacturing membrane materials and modules.
New Suntar Environmental Engineering (Nanchang) Co., Ltd	PRC	100	Dormant.
Reyphon Agriceutical Limited	Singapore	52	Investment holding.
Rosin Chemical (Wuping) Co., Ltd	PRC	100	Production and sale of rosin-based chemicals.
SCT Suntar Ceramic Technology (Xiamen) Co., Ltd	PRC	50.1	Production, research and development of tubular ceramic membranes.
Sinomem Technology Development (Ji'an) Co., Ltd	PRC	100	Dormant.
Siping Suntar Technology Co., Ltd	PRC	100	Waste water treatment.
Suntar Desalination (Xiamen) Co., Ltd	PRC	100	Dormant.
Suntar Environmental Engineering (Xiamen) Co., Ltd	PRC	100	Engineering design and construction for environment protection and integrated utilisation of resources; technology development, design, fabrication and installation of equipments for environmental protection and integrated utilisation of resource.
Suntar (Lianyungang) Environmental Co., Ltd	PRC	100	Municipal waste water company, waste water treatment; property development and sale; construction; estate management.
Suntar Membrane Technology (Xiamen) Co., Ltd	PRC	100	Development, manufacturing of equipment and parts primarily for membrane filtration technology, sale of manufactured equipment and ancillary parts, provision of installation and commissioning of relevant projects and provision of technical services and consultation.

Name of Subsidiaries	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Suntar Process Technology (Xiamen) Co., Ltd	PRC	100	Development, application and sale of membrane separation and purification technology, provision of commissioning and technical consultation. Development, production and sale of membrane material.
Suntar Technologies Investment (Xiamen) Co., Ltd	PRC	100	Investment holding.
Taonan Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Tongyu Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Wuping Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Xiamen Bostar Enterprise Co., Ltd	PRC	100	Trading of electronic equipment, software and technology.
Xi'an Reyphon Chemicals Co., Ltd	PRC	52	Manufacturing of pharmaceutical ingredients and related products.
Xuchang Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Yicheng Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Yitong Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Yuanda Technology (Dengzhou) Co., Ltd	PRC	100	Waste water treatment.
Yushan Suntar Water Treatment Co., Ltd	PRC	100	Waste water treatment.
Name of Associated Companies	Country of Incorporation	Effective Equity Held (%)	Principal Activities
ITN Membrane Trade (Xiamen) Co., Ltd	PRC	50	Sale of tubular ceramic membrane.
Microdyn-Nadir GmbH	Germany	50	Manufacturing and sale of membrane.
Pharmesis International Ltd	Singapore	24	Manufacturing pharmaceutical products, including western medicine and traditional Chinese medicine.
Shandong Tianli Biochem Co., Ltd	PRC	30	Sorbitol manufacturing.
Sinphon Bioscience (Ji'an) Co., Ltd	PRC	50	Manufacturing and sale of xanthan gum and related products.
Xiamen Northern Suntar Nano Technology Co., Ltd	PRC	50	Research and development, design, manufacturing and sale of water treatment chemicals based on nano-powder materials.

Xinyuan Wastewater (Ji'an) Co., Ltd	PRC	40	Waste water treatment; technology development, engineering design and construction for environment protection and integrated utilisation of resources.
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9c. The general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since

- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
 - (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**
-

General development of the business of the Group over the three most recent completed financial years

FY2006

On 22 March 2006, the Group announced that it had signed a memorandum of understanding, subject to contract, with the National University of Singapore ("**NUS**") and Nanchang University ("**NCU**"). Under the memorandum of understanding, the Group, NUS and NCU agreed to establish joint Sinomem-NUS-NCU research and development centres in NUS and NCU. The joint research and development centres would focus on food science and technology, food process and engineering, nutraceutical product development and applied membrane technology.

In April 2006, a wholly-owned subsidiary, Suntar Membrane Technology (Singapore) Pte Ltd entered into a joint venture agreement with Microdyn-Nadir GmbH, a leading membrane development and manufacturing company, which at that point, was 50.0% owned by the Group, to establish a joint venture company, Microdyn-Nadir Technology (Xiamen) Co., Ltd in Xiamen, PRC. The joint venture was formed pursuant to the acquisition agreement that the Group had entered into with Microdyn-Nadir GmbH and GEP I Holding AG on 1 April 2005. Microdyn-Nadir (Xiamen) Co. Ltd was established with a registered paid up capital of Euro 500,000, in which the Group had a direct interest of 35.0%. Combined with the indirect stake owned through Microdyn-Nadir GmbH, the Group held an effective interest of 67.5% in Microdyn-Nadir (Xiamen) Co. Ltd. The joint venture focuses mainly on developing and manufacturing membrane materials and modules, which are used in liquid and gas separations, with a capacity to produce about 10,000m² of membranes per year.

In August 2006, the Group expanded into the wastewater treatment/recycling business when it secured an industrial and municipal hybrid wastewater BOT in Ji An City, Jiangxi Province, PRC. This expansion allowed the Group to demonstrate the application of the Group's proprietary membrane-based wastewater treatment technologies, in particular, the MBR technology in wastewater treatment.

In September 2006, the Group added rosin products to its downstream product portfolio pursuant to a joint venture agreement between its wholly-owned subsidiary, Suntar Investment Ltd and Fujian Wuping Luzhou Forest Chemical Co., Ltd in relation to the

establishment of a joint venture company, Rosin Chemical (Wuping) Co., Ltd, in Wuping, PRC, which had a registered paid up capital of US\$2.1 million. The Group held 70.0% interest in the joint venture through the injection of US\$1.47 million in cash.

In December 2006, the Group entered into a purchase agreement with Goldman Sachs (Singapore) Pte Ltd in respect of S\$80,000,000 in principal amount of convertible bonds due 2011, convertible into 64,000,000 fully paid Shares at an initial conversion price of S\$1.25 per convertible bond (the "**Convertible Loan Notes**"). The proceeds from the issue of the Convertible Loan Notes was used for the purpose of financing the Group's future business expansion in the downstream nutraceutical/pharmaceutical business and the wastewater treatment/recycling business.

FY2007

In March 2007, the Group expanded its business operations into ceramic membrane production when it entered into a joint venture agreement with ItN Nanovation AG, a German incorporated company listed on the Frankfurt Stock Exchange and specialising in Nano-coating technology development, to establish two joint venture companies in Xiamen, PRC for ceramic membrane development, production and marketing. The Group holds 50.1% interest in the joint venture companies which specialises in product development and production of ceramic membranes and 49.9% in the joint venture company which specialises in the sales and marketing of tubular ceramic membrane. The total investment in production facilities is estimated at Euro 3.0 million.

In the same month, the Group was awarded a 30-year concession to operate a wastewater treatment plant in Siping City, Jilin Province, PRC, and was granted a licence to sell recycled water to industrial users in Siping City. The total investment required was estimated at RMB 150 million with the PRC government guaranteeing a minimum treatment volume of 70,000 tons per day for the first year, 80,000 tons per day for the second year and 90,000 tons per day thereafter. The plant has a designed daily treatment capacity of 90,000m³. When the treatment volume in the existing plant reaches full capacity, the Group will have the option to construct a new plant with an additional 90,000 tons per day treatment capacity and to operate it for a period of 30 years.

On 1 August 2007, the Group's subsidiary, Reyphon Agriceutical Limited, was successfully listed on the Main Board of Singapore Exchange Securities Trading Limited. Following the listing, the Group's effective interest in Reyphon Agriceutical Limited was diluted from 68.0% to 52.0%.

In August 2007, the Group announced that it secured four new wastewater treatment/recycling projects in the PRC with a total treatment capacity of 120,000 tons per day once the second phase of each of the Group's current projects is completed.

In November 2007, the Group secured four new wastewater treatment/recycling concessions in the PRC with a total treatment process capacity of 125,000 tons per day. The total investment required is estimated at RMB 160 million. This brings the total BOT/TOT wastewater treatment capacity secured by the Group to 330,000 tons per day.

In the same month, through its wholly-owned subsidiary, Suntar Investment Pte. Ltd., the Group acquired the remaining 30.0% stake in Rosin Chemical (Wuping) Co., Ltd. ("**Rosin Chemical**") from Fujian Wuping Luzhou Forest Chemical Co., Ltd for a cash consideration of approximately RMB 4.982 million, pursuant to which Rosin Chemical became a wholly-owned subsidiary of the Group.

In addition, the Group entered into an agreement with Guan Nan County Government, Jiangsu Province, PRC to establish a joint venture company in the PRC, in which the Group

holds 60% interest. The joint venture company's principal activity is to provide industrial wastewater treatment services to Lianyungang Chemical Industrial Park ("**LCIP**"), which had attracted investments totalling RMB 7.46 billion from domestic and foreign chemical producers.

FY2008

In January 2008, the Group commenced its production of ceramic membrane and new polymer membrane module.

In February 2008, the Group disposed of 47.93% of the issued share capital of Jiangxi New Ruifeng Biochemical Co. Ltd to an unrelated third party, for a consideration of RMB 27.79 million. Following completion of the sale, the Company had disposed all its interest in Jiangxi New Ruifeng Biochemical Co. Ltd and Jiangxi New Ruifeng Biochemical Co. Ltd ceased to be an Associated Company of the Company.

In August 2008, the Group secured four new BOT wastewater treatment/recycling projects in the PRC. The projects involved concessions to design, build, own and operate wastewater treatment plants with a total phase 1 treatment capacity of 88,000 ton/day. The total investment required in phase 1 of the projects is estimated at RMB 146 million.

In FY2008, the Group's R&D team successfully developed new production process for ceramic membrane, which improved production yield from between 70.0% and 80.0% to more than 90.0%. This would significantly reduce the Group's production cost and would enable the Group to offer competitive selling price in the market. In addition, the Group's R&D team also developed unique ceramic membrane which combines extremely high filtration efficiency and low cost.

Material changes in the affairs of the Group since the end of FY2008 to the Latest Practicable Date

In January 2009, through its wholly-owned subsidiary, Suntar Technology Investment (Xiamen) Co. Ltd ("**STIX**"), the Group entered into a joint venture agreement with Mr. Guo Yongquan and Mr. Chen Yanming to establish a joint venture company, Xiamen Northern Suntar NanoTechnology Co., Ltd ("**SNTC**") in Xiamen, PRC. The Group holds 50% equity interest in SNTC through STIX and the principal activity of SNTC is to conduct R&D, design, manufacture and sale of water treatment chemicals based on nano-powder materials.

In August 2009, the Group secured a wastewater treatment/recycling BOT project from the Baichen City Municipal Government in Baichen City, Jilin Province, PRC, with a treatment capacity of 50,000m³/day and an operating concession period of 30 years. The Group also entered into an investment agreement with the Baichen City Municipal Government pursuant to which the Group paid the Baichen City Municipal Government RMB 30 million for the initial construction work done by the Baichen City Municipal Government and to complete the rest of the construction work. The total investment, including the construction costs, is estimated at RMB 70 million and the construction is expected to be completed in 1Q2010.

9d. The equity capital and the loan capital of the relevant entity as at the latest practicable date, showing

- (i) **in the case of the equity capital, the issued capital; or**
- (ii) **in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;**
-

As at the Latest Practicable Date, the total number of issued Shares (excluding treasury shares) of the Company is 451,780,000. As at the Latest Practicable Date, the Company has 10,000,000 treasury shares.

As at the Latest Practicable Date, the Company had outstanding notes of an aggregate amount of S\$50 million under the Convertible Loan Note due 2011 after the Company had redeemed an aggregate principal amount of S\$30 million notes in December 2008. The outstanding Convertible Loan Notes, if not converted, are redeemable on 14 December 2011 at par. Interest is payable on the settlement date at 30.5% of the principal. The holders of the Convertible Loan Notes have the option to require the Company to redeem all or some of the Convertible Loan Notes on 14 December 2009 with interest payable at 17.3% of the principal.

9e. Where

- (i) **the relevant entity is a corporation, the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or**
- (ii) **the relevant entity is not a corporation, the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;**
-

Based on information in the Register of Substantial Shareholders maintained by the Company under Section 88 of the Companies Act, as at the Latest Practicable Date, the substantial shareholders of the Company and the number of Shares in which they have an interest were as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Dr Lan Weiguang	271,268,960	60.04	10,000,040	2.21 ⁽²⁾
Chen Ni	10,000,040	2.21	271,268,960	60.04 ⁽³⁾

Notes:

- (1) Based on 451,780,000 issued voting Shares (excluding treasury shares) in the capital of the Company as at the Latest Practicable Date.
- (2) Dr Lan Weiguang is deemed to be interested in the 10,000,040 Shares held by his spouse, Mdm Chen Ni.
- (3) Mdm Chen Ni is deemed to be interested in the 271,268,960 Shares held by her spouse, Dr Lan Weiguang.

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- 9f. Any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;**
-

As at the date of this Offer Information Statement, the Directors are not aware of any litigation or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Directors, may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of the Group.

- 9g. Where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date —**
- (i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or**
 - (ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests;**
-

No securities or equity interests of the Company have been issued within the 12 months immediately preceding the Latest Practicable Date.

- 9h. A summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgement of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.**
-

Neither the Company nor its Subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two years preceding the date of lodgement of this Offer Information Statement save for the following:

- (i) the sale and purchase agreement dated 6 December 2007 between Suntar Process Technology (Xiamen) Co., Ltd and Jiangxi Xinrui Industry Co., Ltd in relation to the disposal of the entire interest of 47.93% held by Suntar Process Technology (Xiamen) Co., Ltd in Jiangxi New Ruifeng Biochemical Co. Ltd for a consideration of RMB 27.79 million; and

- (ii) the joint venture agreement in 2008 between Suntar Technology Investment (Xiamen) Co. Ltd, Mr. Guo Yongquan and Mr. Chen Yanming in relation to the setting up of the joint venture company, Xiamen Northern Suntar NanoTechnology Co., Ltd., which has a paid up capital of RMB 10 million. The Group currently holds 50% of the shares of Xiamen Northern Suntar NanoTechnology Co., Ltd. through the injection of RMB 5 million.

PART V: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating Results

1. Provide selected data from
 - (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.
2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
 - (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
 - (b) earnings or loss per share; and
 - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

The audited consolidated profit and loss statements of the Group for FY2006, FY2007 and FY2008 and the unaudited consolidated profit and loss statements of the Group for HY2008 and HY2009 are set out below:

	FY2006 (Audited) S\$'000	FY2007 (Audited) S\$'000	FY2008 (Audited) S\$'000	HY2008 (Unaudited) S\$'000	HY2009 (Unaudited) S\$'000
Revenue	110,190	92,908	107,241	54,158	53,676
Cost of Sales	(72,764)	(68,854)	(78,812)	(39,565)	(36,884)
Gross Profit	37,426	24,054	28,429	14,593	16,792
Other operating income	3,844	17,198	9,425	5,383	4,654

	FY2006 (Audited) S\$'000	FY2007 (Audited) S\$'000	FY2008 (Audited) S\$'000	HY2008 (Unaudited) S\$'000	HY2009 (Unaudited) S\$'000
Gain from dilution of interests in subsidiary	-	12,198	-	-	-
Gain from partial redemption of Convertible Loan Notes	-	-	5,570	-	-
Administrative expenses	(12,813)	(16,343)	(26,980)	(8,548)	(8,351)
Impairment losses	(2,554)	-	(10,407)	-	-
Finance costs	(633)	(5,546)	(6,037)	(2,848)	(1,929)
Share of profits of associates	1,861	2,960	3,255	2,430	1,979
Profit before tax	27,131	34,521	3,255	11,010	13,145
Income tax expense	(704)	(1,399)	(3,994)	(2,141)	(2,435)
Profit for the year / period	26,427	33,122	(739)	8,869	10,710
Attributable to:					
Equity holders of the Company	23,339	30,620	2,910	8,971	10,624
Minority interests	3,088	2,502	(3,649)	(102)	86
	26,427	33,122	(739)	8,869	10,710
Weighted average number of Shares	461,780,000	461,780,000	461,780,000	461,780,000	460,113,333
EPS (cents)	5.05	6.63	0.63	1.94	2.31
Weighted number of Shares adjusted for the Placement	511,780,000	511,780,000	511,780,000	511,780,000	510,113,333
EPS as adjusted for the Placement (cents) ⁽¹⁾	4.56	5.98	0.57	1.75	2.08

	FY2006	FY2007	FY2008	HY2008	HY2009
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Dividend per Share (S\$)	-	-	-	-	-

Note:

- (1) The EPS as adjusted for the Placement are stated on the following assumptions:
- (i) assuming that all the 50,000,000 Placement Shares had been subscribed for;
 - (ii) assuming that the Placement was completed and the 50,000,000 Placement Shares were issued at the beginning of each financial year/period;
 - (iii) do not take into account the effects of the use of proceeds from the Placement; and
 - (iv) on the basis that no adjustment has been made for any change in the weighted average number of Shares in issue during FY2006, FY2007, FY2008, HY2008 and HY2009.

3. In respect of

- (a) **each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and**
- (b) **any subsequent period for which interim financial statements have been published,**

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

Performance review for FY2007 compared to FY2006

Revenue

Revenue decreased by approximately S\$17.3 million or 15.7% from S\$110.2 million in FY2006 to S\$92.9 million in FY2007. This decrease in revenue was mainly a result of lower sales in both the membrane process & engineering business and downstream business, as well as, the lack of contribution from a one-off infrastructure engineering project.

Gross profit

Gross profit decreased by approximately S\$13.4 million or 35.7% from S\$37.4 million in FY2006 to S\$24.1 million in FY2007 due to lower turnover and profit margins as a result of higher raw material cost, higher wages and lower economies of scale.

Other operating income

Other operating income increased by approximately S\$13.4 million or 347.4% from S\$3.8 million in FY2006 to S\$17.2 million in FY2007, mainly attributable to the increase in interest income of approximately S\$2.6 million, an increase in government grants of approximately S\$4.4 million, and an increase from the gain from sale of trading investments of approximately S\$2.6 million.

Administrative expenses

Administrative expenses increased by approximately S\$3.5 million or 27.6% from S\$12.8 million in FY2006 to S\$16.3 million in FY2007 mainly as a result of higher staff costs, an increase in net foreign exchange losses, higher depreciation expenses and offset by a decrease in other administrative expenses.

Finance cost

Finance cost increased by approximately S\$4.9 million or 776.2% from S\$0.6 million in FY2006 to S\$5.5 million in FY2007 due to approximately S\$4.7 million interest expense related to the zero coupon convertible bond.

Share of profits of Associates

Share of profits of Associates increased by approximately S\$1.1 million or 59.1% from S\$1.9 million in FY2006 to S\$3.0 million in FY2007, mainly due to higher contributions from Shandong Tianli Biochem Co., Ltd and Microdyn-Nadir GmbH, and offset by losses incurred at Sinphon Bioscience (Ji'an) Co., Ltd and Xinyuan Wastewater (Ji'an) Co., Ltd.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased by approximately S\$7.3 million or 31.2% from S\$23.3 million in FY2006 to S\$30.6 million in FY2007 and was mainly due to dilution gain arising from the listing of Reyphon Agriceutical Limited, positive contribution from the water business, and an increase in other operating income.

Performance review for FY2008 compared to FY2007

Revenue

Revenue increased by approximately S\$14.3 million or 15.4% from S\$92.9 million in FY2007 to S\$107.2 million in FY2008. The increase in revenue was due mainly to the higher revenue from active carbon business and water business, and partially offset by lower contribution from membrane process & engineering business.

Gross profit

Gross profit increased by approximately S\$4.4 million or 18.2% from S\$24.1 million in FY2007 to S\$28.4 million in FY2008 mainly attributable to higher contribution from the water business.

Other operating income

Other operating income decreased by approximately S\$7.8 million or 45.2% from S\$17.2 million in FY2007 to S\$9.4 million in FY2008, mainly attributable to a decrease in interest income of approximately S\$2.3 million, a decrease in government grants of approximately S\$2.8 million, and a decrease from the gain from sale of trading investments of approximately S\$2.3 million.

Administrative expenses

Administrative expenses increased by approximately S\$10.6 million or 65.1% from S\$16.3 million in FY2007 to S\$27.0 million in FY2008 mainly due to increased marketing activities undertaken for the membrane and active carbon products, an increase in expenses incurred for R&D, depreciation and rental expenses, which was partially offset by increased exchange gains. In addition, provisions amounting to a total of approximately \$8.8 million were made for trade and other receivables.

Impairment losses

A one-off impairment loss of approximately \$10.4 million was made on the Group's investment in its 50%-owned associate, Sinphon Bioscience, and prepaid land rental and plant and equipment in FY2008.

Finance cost

Finance cost increased by approximately S\$0.5 million or 8.9% from S\$5.5 million in FY2007 to S\$6.0 million in FY2008 mainly due to an increase in interest on convertible loan notes of approximately S\$0.6 million, and offset by a reduction of other finance costs of approximately S\$0.1 million.

Share of profits of Associates

Share of profits of Associates increased by approximately S\$0.3 million or 10.0% from S\$3.0 million in FY2007 to S\$3.3 million in FY2008.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by approximately S\$27.7 million or 90.5% from S\$30.6 million in FY2007 to S\$2.9 million in FY2008 and was mainly due to lower profit contribution from associated companies, an increase in allowance for doubtful receivables, and a one-off impairment loss in FY2008. In addition, the Group had benefitted from a dilution gain arisen from the IPO of its subsidiary, Reyphon Agriceutical Limited, in FY2007, which did not recur in FY2008.

Performance review for HY2009 compared to HY2008

Revenue

Revenue decreased by approximately S\$0.5 million or 0.9% from S\$54.2 million in HY2008 to S\$53.7 million in HY2009 mainly due to the lower sales in the downstream business.

Gross profit

Gross profit increased by approximately S\$2.2 million or 15.1% from S\$14.6 million in HY2008 to S\$16.8 million in HY2009 mainly attributable to higher contribution from the Group's water business and membrane process & engineering business.

Other operating income

Other operating income decreased by approximately S\$0.7 million or 13.6% from S\$5.4 million in HY2008 to S\$4.7 million in HY2009, mainly due to the decline in interest income, finance income and investment income, which were mitigated by an increase in rental income.

Administrative expenses

Administrative expenses decreased by approximately S\$0.2 million or 2.3% from S\$8.5 million in HY2008 to S\$8.3 million in HY2009 mainly due to cost management measures which were implemented in 2009.

Finance cost

Finance cost decreased by approximately S\$0.9 million or 32.3% from S\$2.8 million in HY2008 to S\$1.9 million in HY2009 mainly due to less interest payable on the outstanding convertible loan notes.

Share of profits of Associates

Share of profits of Associates decreased by approximately S\$0.5 million or 18.6% from S\$2.4 million in HY2008 to S\$2.0 million in HY2009 mainly attributable to lower profits from Microdyn-Nadir GmbH.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased by approximately S\$1.7 million or 18.4% from S\$9.0 million in HY2008 to S\$10.6 million in HY2009 and was mainly due to lower cost of sales and higher profit margins.

Financial Position

4. **Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of**
 - (a) **the most recent completed financial year for which audited financial statements have been published; or**
 - (b) **if interim financial statements have been published for any subsequent period, that period.**
-
5. **The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:**
 - (a) **number of shares after any adjustment to reflect the sale of new securities;**
 - (b) **net assets or liabilities per share; and**
 - (c) **net assets or liabilities per share after any adjustment to reflect the sale of new securities.**
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The audited consolidated balance sheet of the Group as at 31 December 2008 and the unaudited consolidated balance sheet of the Group as at 30 June 2009 are set out below:

	As at 31 December 2008 (Audited) S\$'000	As at 30 June 2009 (Unaudited) S\$'000
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	67,803	69,947
Pledged fixed deposits	1,552	1,265
Trade receivables	34,591	29,916
Current portion of long-term financial receivables	8,616	12,952
Other receivables and prepayments	33,784	37,875
Prepaid land rental	746	750
Inventories	24,210	25,188
Non-current assets held for sale	419	421
Total current assets	171,721	178,314
Non-current assets:		
Long-term financial receivables	60,917	73,179
Prepaid land rental	27,255	27,045
Subsidiaries	-	-
Associate	28,946	30,925
Available-for-sale investments	577	825
Property, plant and equipment	41,207	41,917
Long-term other receivable	10,980	10,671
Goodwill	240	240
Other intangible asset	374	328
Deferred tax assets	1,557	1,565
Total non-current assets	172,053	186,695
Total assets	343,774	365,009
<u>LIABILITIES AND EQUITY</u>		
Current liabilities:		
Trade payables	30,569	42,368
Other payables and accrued expenses	15,804	14,626
Convertible loan notes	54,346	56,082
Income tax payable	1,293	1,161
Total current liabilities	102,012	114,237
Non-current liabilities:		
Deferred income	855	859
Deferred tax liabilities	3,613	5,555
Total non-current liabilities	4,468	6,414

	As at 31 December 2008 (Audited) S\$'000	As at 30 June 2009 (Unaudited) S\$'000
Capital reserves and Minority interest:		
Share capital	90,727	90,727
Treasury shares	-	(1,704)
Other components of equity	24,710	26,049
Retained earnings	95,893	104,771
Equity attributable to equity holders of the Company	211,330	219,843
Minority interests	25,964	24,515
Total equity	237,294	244,358
Total liabilities and equity	343,774	365,009
Number of Shares in issue	461,780,000	451,780,000
Net asset value per Share (cents) ⁽¹⁾	45.76	48.66
Number of Shares as adjusted for the Placement ⁽²⁾	511,780,000	501,780,000
Net asset value per Share as adjusted for the Placement (cents) ⁽²⁾	47.16	49.80

Note:

- (1) Net asset value per Share is computed based on the net asset value (excluding minority interests) divided by the number of Shares in issue as at end of the relevant financial year/period.
- (2) The net asset value per Share as adjusted for the Placement was computed based on the number of Shares in issue as at end of each of the respective financial year/period and assuming that (i) all the 50,000,000 Placement Shares had been subscribed for; and (ii) the Placement was completed and the Placement Shares were issued at the end of each of the respective financial year/period.

Liquidity and Capital Resources

6. **Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of**
 - (a) **the most recent completed financial year for which financial statements have been published; and**
 - (b) **if interim financial statements have been published for any subsequent period, that period.**

A summary of the audited consolidated cash flow statement of the Group for FY2008 and the unaudited consolidated cash flow statement of the Group for HY2009 is set out below:

	FY2008 (Audited) S\$'000	HY2009 (Unaudited) S\$'000
Net cash generated from operating activities	16,354	23,075
Net cash used in investing activities	(36,381)	(20,034)
Net cash (used in) from financing activities	(31,543)	(1,610)
Net increase (decrease) in cash and cash equivalents	(51,570)	1,431
Net effect of exchange rate changes on the balance of cash held in foreign currency	5,692	713
Cash and cash equivalents at beginning of year / period	113,681	67,803
Cash and cash equivalents at end of year / period	67,803	69,947

FY2008

The Group generated cash inflows from operating activities before working capital changes of approximately S\$19.1 million. This was further decreased due to an increase in working capital requirements of approximately S\$1.1 million and income tax paid of approximately S\$1.6 million, resulting in net cash inflows from operating activities of approximately S\$16.4 million.

The increase in working capital requirements was mainly a result of a decrease in trade receivables of approximately S\$0.8 million, a decrease in inventories of approximately S\$9.7 million, a decrease in other payables of approximately S\$3.2 million and an decrease in deferred income of approximately S\$1.0 million; partially offset by an increase in other receivables and prepayments of approximately S\$8.5 million and an increase in trade payables of approximately S\$5.1 million

The Group incurred cash outflows in investing activities of approximately S\$36.4 million. This was mainly a result of an increase in net financial receivables of approximately S\$31.9 million, purchase of property, plant and equipment of approximately S\$12.7 million, prepayment of land rental of approximately S\$5.6 million and acquisitions of approximately S\$2.6 million; partially offset by interest received of approximately S\$2.0 million, dividends received from an associate of approximately S\$4.1 million and an decrease in loans to third parties of approximately S\$9.3 million.

The Group incurred cash outflows in financing activities of approximately S\$31.5 million. This was mainly a result of repayment of bank loans of approximately S\$9.6 million, partial repayment of partial convertible loan notes of S\$27.0 million, and an increase in fixed deposits pledged to a financial institution of approximately S\$1.5 million; partially offset by advances from a bank of approximately S\$2.7 million, proceeds from loan from non-financial institution of approximately S\$3.6 million and contributions by minority shareholders of subsidiaries of approximately S\$1.3 million.

HY2009

The Group generated cash inflows from operating activities before working capital changes of approximately S\$13.3 million. This was further increased due to a decrease in working capital requirements of approximately S\$10.4 million and offset by income tax paid of approximately S\$0.6 million, resulting in net cash inflows from operating activities of approximately S\$23.1 million.

The decrease in working capital requirements was mainly a result of an increase in trade receivables of approximately S\$4.9 million and an increase in trade payables of approximately S\$11.8 million; partially offset by a decrease in other receivables and prepayments of approximately S\$3.7 million, a decrease in inventories of approximately S\$1.3 million and a decrease in other payables and accrued expenses of approximately S\$1.3 million.

The Group incurred cash outflows in investing activities of approximately S\$20.0 million. This was mainly a result of an increase in net financial receivables of approximately S\$15.0 million, purchase of property, plant and equipment of approximately S\$5.3 million and acquisition of available-for-sale investment of approximately S\$0.2 million; partially offset by interest received of approximately S\$0.5 million.

The Group incurred cash outflows in financing activities of approximately S\$1.6 million. This was mainly a result of purchase of treasury shares of approximately S\$1.7 million and interest paid of approximately S\$0.2 million; partially offset by a decrease in fixed deposits pledged to financial institutions of approximately S\$0.3 million.

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- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgement of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**
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The Directors are of the reasonable opinion that, barring unforeseen circumstances and after taking into consideration the Group's existing cash and cash equivalents, present banking facilities and the Net Proceeds from the Placement, the Group has sufficient working capital as at the date of lodgement of this Offer Information Statement for its present working capital requirements.

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- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide**
- (a) a statement of that fact;**
 - (b) details of the credit arrangement or bank loan; and**
 - (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).**
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As at the Latest Practicable Date, to the best of the Directors' knowledge, the Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's financial position and results or business operations, or the investments by holders of securities in the Company.

Trend Information and Profit Forecast or Profit Estimate

9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.
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Business and financial prospects for the current financial year

While the PRC economy is believed to be recovering from recession, the outlook still remains uncertain. In view of this, the Group intends to focus more on cost management to realign its operations with the current market environment. As at the Latest Practicable Date, the Group expects the demand for its membrane process and engineering products and services to be stable for FY2009 as compared to FY2008.

The PRC government had recently implemented a RMB4.0 trillion economic stimulus package to speed up the economic recovery. A large part of the package is intended for investment in the environmental protection sector, including water and wastewater treatment. As such, the Group expects strong demand for wastewater solutions within the PRC to continue. In addition, 11 of the Group's BOT projects currently under construction will provide a good support to enhance its water business's performance in FY2009.

The Group is also actively exploring opportunities in the water treatment market outside the PRC, especially within India, to capitalise on its technologies in water treatment solutions, in particular, the membrane-based solutions.

The outlook for the Group's downstream nutraceutical business will continue to be challenging for FY2009 due to weak demand as well as management issues at the operating subsidiary level. The Group's management has been taking steps to address such management issues within the operating subsidiary with a view of improving its operating performance.

Barring unforeseen circumstances, the management of the Company expects the Group's performance in FY2009 to be better than FY2008.

Risk Factors

Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding whether to invest in the Shares. The Group could be affected by a number of risks that may relate to the industries in which the Group operates as well as those that may generally arise from, inter alia, economics, business, market and political factors, including the risks set out herein. The risks described below (which may be known or anticipated by the general public but are nevertheless set out herein for information) are not intended to be exhaustive.

There may be additional risks not presently known to the Company, or that the Company may currently deem immaterial, which could affect the Group's net sales or revenues, profitability, liquidity, capital resources, profits, financial condition, results,

business operations and/or prospects and/or any investment in the Shares. If any of the following considerations and uncertainties develops into actual events, the Group could be materially and adversely affected. In that event, the trading price of the Shares could decline and investors may lose all or part of their investment in the Shares.

Risks relating to the Group's business and operations

The Group is dependent on the state of the PRC economy as its business is conducted in the PRC

Most of the Group's customers are located in the PRC and almost all of the Group's business operations are conducted within the PRC. As such, the business of the Group is largely dependent on the state of the PRC economy. Although the PRC economy has enjoyed relatively good growth in the past and it is expected that it will continue to grow in the near future, there is no guarantee that such growth will continue.

In the event that the PRC economy suffers a downturn, the business operations, profits and financial position of the Group will be adversely affected.

The Group is subject to risks associated with technological changes

The Group's principal activities focus on advanced membrane technology, and in order to maintain its customer base and market share, it must ensure that it is able to continually provide relevant solutions to customers that meet their production needs. However, the Group faces rapid technological changes and improvements in membrane technology and equipment, as well as new developments in the applications of membrane technology. In the event that the Group's competitors are able to develop more advanced membrane systems which are better able to meet the needs of customers, the Group may not be able to maintain its competitive edge or its market share, and the profits of the Group will be adversely affected.

The Group is subject to risks relating to BOT projects

The Group has begun to invest capital in BOT projects which are capital intensive in nature and require huge capital outlays before any returns are made by the Company from the projects. The returns of the Group will come in the form of proceeds from the operation of the wastewater treatment facilities after such facilities are completed for the period of the BOT contract. As BOT projects are exposed to risks such as the occurrence of natural disasters and/or other stipulated force majeure events during the construction period, which may result in disruptions to the BOT projects or an increase of the Group's operating costs. The Group's investment returns from these BOT projects may thus be materially affected should any of such risks materialise.

The R&D efforts of the Group may not yield the desired results and low acceptance level of any of the Group's new products will adversely affect its revenue and profitability

The Group places strong emphasis on R&D, in particular, on improving the production yield, production processes and technologies and developing new products. The continuing emphasis on R&D is important for the sustained growth of the Group. However, there can be no assurance that the R&D efforts of the Group will yield the desired results. In addition, there is substantial risk that the Group may have to abandon R&D projects which are no longer viable even if it has invested significant resources in such projects. Furthermore, given the long cycle times involved in R&D, a significant amount of time may have passed before any

related revenue can be realised. This would have an adverse impact on the profitability and prospects of the Group.

The Group is continually researching and developing new products in anticipation of changing market demands. Whilst new products will be produced as long as the Group believes that these new products will have good prospects, there is no assurance that these new products will be accepted by its customers or potential customers. A low level of acceptance of any of the new products developed by the Group may therefore not yield the expected financial results. The profitability of the Group will be adversely affected by the costs incurred and efforts spent on the R&D and the production of such new products without a commensurate increase in revenue.

There is no assurance that the future plans of the Group will be commercially successful or will increase its profitability

Some of the future plans of the Group include the increase and diversification of the application of its membrane systems among various industries. However, the ability of the Group to penetrate or increase its market share in these industries would depend, in part, on its ability to develop new membrane processes and systems. There is no assurance that the Group will be able to develop membrane systems which meet the needs of its customers in these industries. There is also no assurance that the Group's new membrane systems will have a competitive edge over those of its competitors in terms of technology or price.

The Group also intend to expand its business and customer base by penetrating the markets in Southeast Asia. However, to successfully penetrate this new market, the Group would need to increase its sales and marketing activities to develop market awareness and relationships with potential customers in this region. Such activities will consume financial and other resources. There is no assurance that, after having expended these resources, the Group will be successful in increasing its presence in the aforesaid markets and generate profits from these efforts. Failure to do so will result in expenses being incurred, and perhaps losses being suffered, without significant increase in the revenue of the Group.

The Group is reliant on its Managing Director

The success of the Group depends to a great extent on the efforts of its management team and Executive Officers. The Group will be particularly vulnerable to the loss of its Managing Director, Dr Lan Weiguang, who is responsible for formulating its business strategies and supervising the research and development efforts of the Group. The Group currently does not have any specific handover procedures that will ensure that there are suitable replacements in the event of the loss of the services of its Managing Director. The loss of the services of its Managing Director without suitable replacements may lead to the loss or deterioration of important business relations which would have an adverse impact on the financial condition and the future prospects of the Group.

Failure to secure new projects from the Group's customers, or termination or reduction of the scope of existing projects will affect the profitability of the Group

The business of the Group is project-based, and many of the Group's customers are long-term and recurring customers. However, there can be no assurance that these customers will continue to purchase the Group's membrane systems or engage the Group's services for future projects. If the Group fails to secure new projects from its customers, or if they terminate or reduce the scope of existing projects, the revenue of the Group will decline. If major customers terminate, significantly reduce or modify their business relationships with the Group, its business, prospects, financial condition and results of operations could be materially and adversely affected. Termination, reduction or modification by any customer of a

contract for the Group's services could also result in a loss of expected revenues.

The Group is exposed to credit risks of its customers. Defaults in payment by its customers will adversely affect the financial position and profitability of the Group

As at 30 June 2009, trade receivables of S\$29,916,000 accounted for approximately 16.8% of the Group's current assets. Therefore, the financial position and profitability of the Group are dependent on the credit worthiness of its customers. Generally, credit terms provided by the Group are 120 days. Debtors' turnover for FY2008 was 118 days. Defaults in payment by customers will adversely affect the profitability and cashflow of the Group. For the last three financial years ended 31 December 2008, the Group provided for doubtful debts amounting to approximately S\$214,000, S\$297,000 and S\$3.481 million for FY2006, FY2007 and FY2008 respectively. Hence, from the Group's historical financial position, there is a risk of default by customers and there is no assurance that such a risk would not increase in the future, or that the Group will not experience cashflow problems as a result of such defaults. Should the doubtful debts of the Group continue to increase, the operations, profitability and financial condition of the Group will be adversely affected.

The Group does not have patents to protect all its proprietary processes, technology and systems against claims by other parties

The Group has not applied for patents in respect of all the processes, technologies and systems developed by its R&D teams. Such proprietary processes, technologies and systems are important to the Group's business and will allow the Group to maintain its competitive edge over its competitors. In the event that the non-patented processes, technologies and systems developed by the Group are replicated by other parties, it will have no legal recourse to protect such proprietary rights. If competitors are able to replicate the non-patented processes, technologies and systems developed by the Group at lower costs, the Group may lose its competitive edge and profitability of the Group will be adversely affected.

As at the Latest Practicable Date, the Group has not received any claims from third parties in respect of the infringement of any intellectual property rights owned by such third parties. However, there is no assurance that third parties may not assert claims to the non-patented proprietary processes, technologies and systems of the Group. In such an event, the Group may need to acquire licenses to, or to contest the validity of, issued or pending patents or claims of third parties. There is no assurance that any license acquired under such patents would be made available to the Group on acceptable terms, if at all, or that the Group would prevail in any such contest. In addition, the Group would incur substantial costs and spend substantial amounts of time in defending itself in or contesting suits brought against the Group for alleged infringement of another party's patent rights. As such, the operations and business of the Group may be adversely affected by such civil actions.

The Group relies on trade secrets, proprietary technologies and know-how, which it seeks to protect, in part, by confidentiality provisions in contracts with its customers and employees. To the best of the knowledge of the Directors, there have not been any breaches of such confidentiality provisions. However, there is no assurance that these agreements will not be breached, or that the Group will have adequate remedies for any breach, or that other parties may not obtain knowledge of its trade secrets and proprietary processes, technologies and systems. Should these events occur, the business of the Group and hence, its profitability, will be adversely affected.

Mismanagement of projects could have an adverse effect on the profitability and or reputation of the Group

As the business of the Group is project-based, it is important that it manages the projects in terms of time, procurement of materials and allocation of resources. Mismanagement of the projects will result in costs overruns and delays, which will adversely affect the profitability as well as the reputation of the Group among its customers. The Group may also face potential liability from legal suits brought against it by customers who have suffered losses due to any delay in the completion of the projects. This will also affect the Group's profitability and financial position.

The Group is exposed to foreign currency risks

The Group's sales and purchases are predominantly denominated in RMB and US\$ although purchases and sales are also made in S\$ and Euro. As the books of the Group's PRC subsidiaries are prepared in RMB, the Group is therefore exposed to the risks arising from the mismatch of currencies in its receipts and payments, to the extent of such mismatch. Fluctuations in foreign exchange rates would have a material impact on the Group's financial performance. For instance, with a higher proportion of sales than purchases denominated in RMB and US\$, any depreciation of the RMB and US\$ against the S\$ will have an unfavourable impact on the financial results of the Group. The value of the RMB against the S\$, US\$ and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including S\$ and US\$, has been based on rates set by the People's Bank of China. On 21 July 2005, the PRC government changed its policy of pegging the value of the RMB to the US\$. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of foreign currencies. This change in policy has resulted in an appreciation of the RMB against the US\$. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, the shares in foreign currency terms. For example, an appreciation of the RMB against the US\$ or the S\$ would make any new RMB denominated investments or expenditures more costly to us, to the extent that we would need to convert US\$, Euro or S\$ into RMB for such purposes.

Foreign exchange fluctuations will also result in translation gains or losses on consolidation as the financial statements of the Group's overseas subsidiaries are denominated in RMB and S\$ is the reporting currency of the Company.

Currently, the Group does not have a foreign currency hedging policy as its foreign exchange gains and losses over the past three financial years ended 31 December 2008 have been relatively low. The Group will continue to monitor its foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise.

The Group may not be able to compete successfully in the industry that it operates in

The Group operates in a highly competitive industry, and there is no assurance that it will be able to compete successfully in the future. The Group's competitors may have greater access to capital and substantially greater manufacturing, financial, research and development, marketing and other resources than the Group. As a result, these companies may be able to compete more successfully over a longer period of time than the Group. In addition, the Group may face competition from new entrants in the membrane technology industry.

Furthermore, the Group may not be able to offer any price advantages over its competitors because their cost structures may be more competitive due to their geographical locations or nature of services provided. The Group's inability to provide comparable or better services or technology at a lower cost than its competitors will affect its operating results and financial condition adversely.

The Group is vulnerable to increases in the prices of raw materials

The Group is vulnerable to increases in the prices of equipment, such as membranes, housings, automatic control panels, pipes, which are required for the systems developed by the Group. For the BOT projects that the Group is involved in, the contract value of such projects are determined based on cost estimates at the time of the tender for the BOT projects. As such, any increase in the prices of raw materials for the construction of the BOT project would have to be borne by the Group. Further, depending on the terms of each contract, the local government which granted such projects would normally review the operating charges by the Group every 2 or 3 years but there is no assurance that the operating charges would be increased by the relevant local government. In addition, if the Group does not have sufficient amounts of stocks held in inventory, it may not be able to minimise the impact of such increases in prices of the raw materials and the Group's profitability will be adversely affected.

The Group is exposed to risk in respect of outbreaks of Severe Acute Respiratory Syndrome ("SARS"), avian influenza, Influenza A (H1N1), and/or other communicable diseases which, if uncontrolled, could affect the financial performance and prospects of the Group

An outbreak of SARS, avian influenza, Influenza A (H1N1) and/or other communicable diseases, if uncontrolled, could affect the operations of the Group, as well as the operations of its customers and suppliers. Any occurrence of a pandemic, an epidemic or outbreak of other disease may have an adverse effect on the business operations of the Group.

Further, in the event that any of the Group's employees is infected or suspected to be infected with SARS, avian influenza, Influenza A (H1N1) and/or other communicable diseases, the Group may be required to quarantine some of its employees and shut down part of its operations to prevent the spread of the disease. If the outbreak is protracted, it may adversely affect the demand for the Group's advanced membrane technology and thus adversely affect its profitability and financial position. Further, customers' confidence in the Group may be eroded. Should these develop into actual events, the operations and financial performance of the Group would be adversely affected. An outbreak of SARS, avian influenza, Influenza A (H1N1) and/or other communicable diseases could therefore have an adverse impact on the business and operations of the Group.

The Group may be adversely affected by the current disruption in the global credit markets and associated impacts

Since the second half of 2007, disruption in global credit markets, coupled with a repricing of credit risks, and a slowdown in the global economy have created increasingly difficult conditions in the financial markets. These developments have resulted in historic volatility in equity securities markets, tightening of liquidity in credit markets, widening of credit spread and loss of market confidence. Most recently, these developments have resulted in the failure of a number of financial institutions in the United States and unprecedented actions by governmental authorities and central banks around the world. There is a potential for new laws and regulations regarding lending and funding practices and liquidity stands, and governments and bank regulatory agencies are expected to be aggressive in adopting such new measures in response to concerns and identified trends. It is difficult to predict how long these developments and measures will exist and how the markets which the Group operates in and businesses may be affected. These developments may be exacerbated by persisting volatility in the financial sector and the capital markets or concerns about, or a default by, one or more institutions which could lead to significant market wide liquidity problems, losses or defaults by other institutions. Accordingly, these conditions could adversely affect the Group's consolidated financial condition or results of operations in future periods. In addition, the Group may become subject to litigation and regulatory or governmental scrutiny, or may be

subject to changes in applicable regulatory regimes that may be materially adverse to the Group and its prospects. Furthermore, it is not possible to predict what structural and/or regulatory changes may result from the current market conditions or whether such changes may be materially adverse to the Group and its prospects.

The Group's majority control over its SGX-ST listed subsidiary, Reyphon Agriceutical Limited, may not be sufficient to permit the Group to take certain corporate actions or to manage it more effectively

One of the Group's main subsidiaries is Reyphon Agriceutical Limited ("Reyphon"), which is a company listed on the SGX-ST. Reyphon and its subsidiaries (the "Reyphon Group") is one of the key operating subsidiaries of the Group operating the downstream nutraceutical business. Although the Group is able to control the affairs and business of the Reyphon Group through its current interest of 52.0 per cent. of the issue share capital of Reyphon, minority shareholders may be able to prevent it from taking certain actions which require approval of three-quarters of the total votes of shareholders who attend a meeting of shareholders and have voting rights; such as an increase or decrease of capital, changes to Reyphon Agriceutical Limited's objectives, an issuance of debentures, a sale or transfer of the whole or material parts of the business of Reyphon Agriceutical Limited to other persons and a purchase or acceptance of the transfer of business of other private or public companies by Reyphon Agriceutical Limited.

In addition, the Group is aware of certain management issues within the Reyphon Group which appears to have an adverse effect on the downstream business operated by the Reyphon Group. Although the Group is represented on the board of Reyphon, the Group may be unable to fully ensure that the Reyphon Group is being managed properly and effectively due to the differences in board practices, internal policies and governance structure. In the event the business operations and financial performance of the Reyphon Group is adversely affected due to the management issues, it is likely that the business operations and financial performance of the Group will be similarly affected.

RISKS RELATING TO THE PRC

Uncertainty in the PRC legal system may make it difficult for the Group to predict the outcome of any disputes in which it may be involved

The PRC legal system is based on the PRC constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection to whether and how existing laws and regulations would apply to certain events or circumstances.

Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are subject to policy changes and therefore, enforcement of laws in the PRC is uncertain. There is no assurance that the introduction of new laws, changes to existing laws and the interpretation or application thereof or the delays in obtaining approvals from the relevant authorities will not have an adverse impact on the business, financial condition, results of operations and prospects of the Group.

Further, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited, and unlike other common law countries, such as the United States and Singapore, decisions on precedent cases are not binding on lower courts. As such, the outcome of dispute resolutions may not be consistent or predictable as in the other jurisdictions and it may be difficult to obtain the enforcement of a judgment by a court of another jurisdiction in the PRC.

The operations of the Group could be adversely affected if it fails to comply with PRC laws and regulations and the conditions stipulated in the licenses, permits or approvals granted to the Group

The business and operations of the Group in the PRC are subject to PRC government rules and regulations, including safety and health regulations. The Group may not be able to meet the requirements set by the PRC authorities at all times. The Group may also be required to incur higher costs to comply with new PRC regulations if stricter or more onerous laws, rules or regulations are imposed, and the business, financial condition, results of operations and prospects of the Group could be materially and adversely affected.

The Group is required to obtain various licenses, permits and approvals for its operations, including foreign investment approvals, business licenses, tax registration certificates and foreign exchange registration certificates. If the Group fails to obtain and maintain any licenses, permits and approvals necessary to operate its business, there could be a material adverse effect on its business, financial condition, results of operations and prospects.

Breach or non-compliance with these PRC laws and regulations may result in the suspension, withdrawal or termination of the Group's business licenses or permits, or the imposition of penalties, by the relevant authorities. The Group's subsidiaries' business licenses were granted for a finite period and any extension is subject to the approval of the relevant authorities. Any suspension, withdrawal, termination or refusal to extend the business licenses or permits would require the Group to cease its operations, which would adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group is highly susceptible to changes in the PRC's political, economic and social conditions as its revenue is currently mainly derived from operations in the PRC

Most of the Group's operating activities and principal place of business are located in the PRC. Accordingly, the business and future growth of the Group are dependent on the political, economic, regulatory and social conditions of the PRC. Any changes in the policies implemented by the government of the PRC which results in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to the Group's business would materially and adversely affect its financial condition, results of operations and prospects. Unfavourable changes in the social, economic and political conditions of the PRC and in PRC government policies in the future could materially and adversely affect the Group's operations in the PRC which, in turn would have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The business financial condition, results of operations and prospects of the Group could be materially and adversely affected by changes in the PRC's political, economic and social conditions and by changes in policies of the PRC government or changes in laws, regulations or the interpretation or implementation of those laws, rules and regulations.

PRC foreign exchange control may limit the Group's ability to utilise its cash effectively and affect the Company's ability to receive dividends and other payments from its PRC subsidiaries

The Group's PRC subsidiaries are subject to the relevant PRC rules and regulations on currency conversion. In the PRC, the State Administration of Foreign Exchange ("**SAFE**") regulates the conversion of Renminbi into foreign currencies. Certain of the Group's PRC subsidiaries are foreign-invested enterprises and their ability to pay dividends or make other distributions to the Group may be restricted by, among other things, the availability of funds and statutory and other legal restrictions, including PRC foreign exchange control restrictions.

If the ability of the Group's subsidiaries to distribute funds to the Group is restricted, its ability to distribute dividends to shareholders of the Company may be adversely affected.

Changes in tax and other preferential policies may adversely affect the business, financial condition, results of operations and prospects of the Group

The Company is incorporated under the laws of Singapore with substantially all of its operations conducted through its PRC subsidiaries and the PRC subsidiaries are entitled to certain business benefits and incentives. Expiration of, or changes to, these incentives could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group. In particular, tax incentives from local governments may not be consistent with relevant national rules governing tax incentives. If any of the incentives granted by the local governments are repealed by the higher authorities and/or central government, the relevant PRC subsidiaries might lose the tax incentives they currently enjoy and could be required to pay back the tax subsidies or rebates that they have received in the past.

If the dividends payable by members of the Group in the PRC to their overseas holding companies are subject to withholding tax under the new income tax law, the financial performance of the Group will be adversely affected

Under the previous PRC tax laws and regulations, dividends paid by the Group's PRC subsidiaries, which are FIES, to the Company were exempt from PRC withholding tax or income tax. According to the new income tax law implementation regulations issued by the PRC State Council, dividends from PRC entities to their overseas shareholders or holding companies will be subject to a withholding tax at a rate of 10.0%, unless the jurisdiction of incorporation of such overseas shareholders or holding companies has a tax treaty with the PRC that provides for a different withholding arrangement. Singapore, where the Company is incorporated, has a tax treaty with the PRC, which provides for a withholding tax at a rate of 5.0% for such dividend payments if the Company holds an interest of 25.0% or more in those PRC subsidiaries. The new income tax law also provides that dividends received by a qualified PRC tax resident from another PRC tax resident are exempted from enterprise income tax. However, given the short history of the new tax law, it remains unclear as to the detailed qualification requirements for such exemption and whether dividends declared and paid by members of the Group in the PRC to their overseas holding companies will be exempted from enterprise income tax if they are recognised as PRC tax residents. The financial performance of the Group will be adversely affected if such dividends are subject to enterprise income tax.

Save as disclosed in this Offer Information Statement and announced by the Company publicly, the Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Information Statement to be not necessarily indicative of the future operating results or financial condition of the Group.

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- 10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

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- 11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

- 12. Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

- 13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part**

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

- 14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part**

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or

- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.
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Not applicable, as no profit forecast is disclosed in this Offer Information Statement.

Significant Changes

15. Disclose any event that has occurred from the end of
- (a) the most recent completed financial year for which financial statements have been published; or
- (b) if interim financial statements have been published for any subsequent period, that period, to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.
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Save as disclosed in this Offer Information Statement and in all public announcements made by the Company, the Directors are not aware of any event which has occurred since 1 July 2009 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group from that set forth in its unaudited consolidated interim financial statements for HY2009.

Meaning of "published"

16. In this Part, "published" includes publications in a prospectus, in an annual report or on the SGXNET.

PART VI: THE OFFER AND LISTING

Offer and Listing Details

1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgement of the offer information statement, the method by which the offer price is to be determined must be explained.
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Placement Price : S\$0.62 per Placement Share.

A commission of 2.75% of the Placement Price (and Goods and Services Tax thereon, if applicable) is payable by the Company to the Placement Agent for each Placement Share subscribed for.

Subscribers of the Placement Shares may be required to pay a brokerage fee of up to 1.0% of the Placement Price (and Goods and Services Tax thereon, if applicable) to the Placement Agent.

No expense incurred by the Company in respect of the Placement will be specifically charged to the Placement Agent or the Subscribers to be procured by the Placement Agent.

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- 2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**
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Not applicable.

- 3. If**
- (a) any of the relevant entity's shareholders or equity interest-holders have preemptive rights to subscribe for or purchase the securities being offered; and**
 - (b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

Not applicable.

- 4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange**
- (a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities**
 - (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and**

- (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
- (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities
 - (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
 - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
- (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
- (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.

- (a) The highest and lowest market prices of the Shares for each of the 12 calendar months immediately preceding the calendar month in which the Latest Practicable Date falls are as follows:

Month	Price Range		Volume of Shares Traded ('000)
	High (\$)	Low (\$)	
September 2008	0.380	0.050	12,938
October 2008	0.190	0.050	37,220
November 2008	0.150	0.090	28,496
December 2008	0.140	0.090	42,477
January 2009	0.160	0.110	33,203
February 2009	0.120	0.080	10,067
March 2009	0.105	0.065	34,845
April 2009	0.140	0.095	14,115
May 2009	0.200	0.115	54,403
June 2009	0.245	0.165	74,553
July 2009	0.350	0.190	36,342
August 2009	0.605	0.335	137,371
1 September 2009 to the Latest Practicable Date	0.680	0.530	145,639

Source: Bloomberg L.P. ⁽¹⁾

Note:

- (1) Bloomberg L.P. has not consented to the inclusion of the price range of the Shares quoted under this paragraph for the purposes of section 249 of the Securities and Futures Act and is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. The Company has included the above price range in their proper form and context in this Offer Information Statement and has not verified the accuracy of such information.

- (b) Not applicable. The Shares have been listed for quotation on the SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.
- (c) There has not been any significant trading suspension of the Shares that has occurred on the SGX-ST since the listing of the Company on the SGX-ST on 18 June 2003 up to the Latest Practicable Date.
- (d) Please refer to paragraph 4(a) of the section entitled "The Offer and Listing" of this Offer Information Statement for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 September 2009 to the Latest Practicable Date.

5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide

- (a) **a statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or pari passu with the securities being offered.**

Not applicable. The Placement Shares will be sold free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or any other interests whatsoever and will rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.

Plan of Distribution

- 6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**

Pursuant to the Placement Agreement, the Placement Agent has agreed to procure subscriptions and payment for the Placement Shares on a best efforts basis. Under the terms of the Placement Agreement, the Company will pay to the Placement Agent a commission of 2.75% of the Placement Price for each Placement Share subscribed for.

Pursuant to the Placement Agreement, the Placement Agent has undertaken, *inter alia*, that it will not offer the Placement Shares for sale to, or procure subscriptions of or make an invitation for the Placement Shares to any person who (to the best of the Placement Agent's knowledge, information and belief and after having made due and careful enquiries) fall within Rule 812(1) of the Listing Manual unless such subscription is otherwise agreed to by the SGX-ST.

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- 7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**
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Not applicable.

PART VII: ADDITIONAL INFORMATION

Statements by Experts

- 1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**
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No statement or report attributed to an expert is included in this Offer Information Statement.

- 2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert**
- (a) state the date on which the statement was made;**
 - (b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
 - (c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**
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Not applicable.

- 3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**
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Not applicable.

Consents from Issue Managers and Underwriters

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.
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There is no issue manager or underwriter for the Placement. CIMB-GK Securities Pte. Ltd. acts as the Placement Agent to the Placement.

Other Matters

5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule, which could materially affect, directly or indirectly
- (a) the relevant entity's business operations or financial position or results; or
 - (b) investments by holders of securities in the relevant entity.
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Save as disclosed in the above sections of this Offer Information Statement, the Directors are not aware of any other matters which could materially affect, directly or indirectly:

- (a) the Company's business operations or financial position or results; or
 - (b) investments by holders of securities in the Company.
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PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

Not applicable.

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

For and on behalf of **SINOMEM TECHNOLOGY LIMITED**

Dr Lan Weiguang
Managing Director

Chen Ni
Executive Director

Teng Cheong Kwee
Independent Director

Hee Theng Fong
Independent Director

Kong Tai
Independent Director

Dated this 9th day of September 2009