

FOURTH QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31/12/2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**1(a)(i)
UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2007**

	Group 3 months ended 31/12/2007 \$'000	Group 3 months ended 31/12/2006 \$'000	+ / (-) %	Group 12 months ended 31/12/2007 \$'000	Group 12 months ended 31/12/2006 \$'000	+ / (-) %
Revenue	29,217	40,403	(27.7)	92,908	110,190	(15.7)
Cost of sales	(21,526)	(28,677)	(24.9)	(68,854)	(72,764)	(5.4)
Gross profit	7,691	11,726	(34.4)	24,054	37,426	(35.7)
Other operating income	9,322	2,098	344.3	17,198	3,844	347.4
Gain arising from dilution of interests in subsidiary	-	-	n.m.	12,198	-	n.m.
Selling and distribution expenses	(1,390)	(1,532)	(9.3)	(3,408)	(3,421)	(0.4)
General and administrative expenses	(5,025)	(4,314)	16.5	(12,935)	(9,392)	37.7
Impairment loss on investment in associate	-	(2,554)	n.m.	-	(2,554)	n.m.
Finance cost	(1,488)	(246)	504.9	(5,546)	(633)	776.1
Share of profits of associates	1,216	(27)	n.m.	2,960	1,861	59.1
Profit before income tax	10,326	5,151	100.5	34,521	27,131	27.2
Income tax expense	(1,079)	(325)	232.0	(1,399)	(704)	98.7
Profit for the year	9,247	4,826	91.6	33,122	26,427	25.3
Attributable to:						
Equity holders of the Company	8,463	3,979	112.7	30,620	23,339	31.2
Minority interests	784	847	(7.4)	2,502	3,088	(19.0)
	9,247	4,826	91.6	33,122	26,427	25.3

n.m. denotes not meaningful

1(a)(ii)

	Group 3 months ended 31/12/2007 \$'000	Group 3 months ended 31/12/2006 \$'000	+ / (-) %	Group 12 months ended 31/12/2007 \$'000	Group 12 months ended 31/12/2006 \$'000	+ / (-) %
<u>Other Credits/(Charges)</u>						
Staff costs	(3,321)	(2,445)	35.8	(7,237)	(5,868)	23.3
Research and development	(654)	(1,153)	(43.3)	(1,782)	(1,732)	2.9
Depreciation	(653)	(605)	7.9	(2,262)	(1,874)	20.7
Rental	(585)	(593)	(1.3)	(1,073)	(1,038)	3.4
Net foreign currency exchange loss	(2,504)	(1,359)	84.3	(3,736)	(1,729)	116.1
Interest income	2,404	462	420.3	5,698	1,735	228.4
Interest expense on convertible bonds	(1,183)	(220)	437.7	(4,732)	(220)	n.m.
Government grants	1,715	402	326.6	4,949	574	762.2
Provision for bad debts	(199)	(214)	(7.0)	(202)	(214)	(5.6)

n.m. denotes not meaningful

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

**1(b)(i)
UNAUDITED BALANCE SHEETS**

	Group 31/12/2007 \$'000	Group 31/12/2006 \$'000	Company 31/12/2007 \$'000	Company 31/12/2006 \$'000
<u>NON-CURRENT ASSETS</u>				
Property, plant and equipment	32,548	19,487	-	-
Investment Property	6,432			
Available-for-sale investments	5,963	6,440	-	-
Associates	30,086	32,536	-	-
Subsidiaries	-	-	6,900	6,900
Lease prepayments	21,885	-	-	-
Long-term trade receivables	723	-	-	-
Long term financial receivables	21,302	-	-	-
Long-term other receivable	7,880	-	-	-
Goodwill	446	-	-	-
Total non-current assets	<u>127,265</u>	<u>58,463</u>	<u>6,900</u>	<u>6,900</u>
<u>CURRENT ASSETS</u>				
Trade receivables	34,200	47,948	-	-
Financial receivables	1,396	-	-	-
Other receivables and prepayments	60,012	14,049	166,295	96,629
Lease prepayment	470	-	-	-
Inventories	14,186	10,991	-	-
Cash and cash equivalents	113,681	146,238	3,721	73,695
Pledged bank deposits	71	243	-	-
Total current assets	<u>224,016</u>	<u>219,469</u>	<u>170,016</u>	<u>170,324</u>
<u>CURRENT LIABILITIES</u>				
Trade payables	23,626	15,513	-	-
Other payables	14,303	4,953	217	264
Bank loans	9,594	-	-	-
Income tax payable	634	607	288	96
Total current liabilities	<u>48,157</u>	<u>21,073</u>	<u>505</u>	<u>360</u>
Net current assets	<u>175,859</u>	<u>198,396</u>	<u>169,511</u>	<u>169,964</u>
<u>NON-CURRENT LIABILITIES</u>				
Bank loans	-	9,545	-	-
Convertible loan notes	81,546	76,814	81,546	76,814
Deferred tax liabilities	341	-	-	-
Deferred income	1,778	927	-	-
Total non-current liabilities	<u>83,665</u>	<u>87,286</u>	<u>81,546</u>	<u>76,814</u>
Net assets	<u>219,459</u>	<u>169,573</u>	<u>94,865</u>	<u>100,050</u>

1(b)(i)

UNAUDITED BALANCE SHEETS

	Group 31/12/2007 \$'000	Group 31/12/2006 \$'000	Company 31/12/2007 \$'000	Company 31/12/2006 \$'000
<u>CAPITAL AND RESERVES</u>				
Issued capital	90,727	90,727	90,727	90,727
Reserves	7,617	3,761	1,156	1,156
Retained earnings	94,332	68,193	2,982	8,167
Equity attributable to equity holders of the Company	192,676	162,681	94,865	100,050
Minority interests	26,783	6,892	-	-
Total equity	219,459	169,573	94,865	100,050

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

1(b)(ii)

Amount repayable in one year or less, or on demand

31/12/2007		31/12/2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	9,594	Nil	Nil

Amount repayable after one year

31/12/2007		31/12/2006	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	81,546	3,665	82,694

Details of any collateral

Not applicable

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

1(c)

UNAUDITED CASH FLOW STATEMENTS FOR FULL YEAR ENDED 31 DECEMBER 2007

	Group 31/12/2007 \$'000	Group 31/12/2006 \$'000
Operating activities		
Profit before income tax	34,521	27,131
Adjustments for:		
Share of profits of associates	(2,960)	(1,861)
Impairment loss on available-for-sale investment	-	2,554
Gain from sale of held for trading investment	-	(256)
Gain from dilution of interests in subsidiary	(12,198)	-
Gain from disposal of investment in associate	(80)	-
Depreciation of property, plant and equipment	2,262	1,873
Amortization of lease prepayments	219	-
Loss on disposal of property, plant and equipment	45	9
Allowance for doubtful trade receivables	202	214
Interest expense	5,546	633
Interest income	(5,698)	(1,735)
Operating cash flows before movements in working capital	21,859	28,562
Trade receivables	12,823	(25,972)
Other receivables and prepayments	(53,843)	(5,785)
Inventories	(3,195)	(4,984)
Trade payables	8,113	7,117
Other payables	9,350	(6,214)
Deferred income	851	(406)
Cash used in operations	(4,042)	(7,682)
Income tax paid	(1,031)	(1,161)
Net cash from (used in) operating activities	(5,073)	(8,843)
Investing activities		
Interest received	4,294	1,735
Purchase of property, plant and equipment	(15,290)	(6,028)
Purchase of investment property	(6,512)	-
Lease prepayments	(22,574)	-
Proceeds from disposal of held for trading investment	-	1,517
Dividend received from an associate	-	100
Acquisition of additional equity investment in existing subsidiaries	(2,620)	-
Acquisition of investment in associates	-	(11,281)
Proceeds from disposal of investment in associate	5,490	-
Long-term financial receivables	(21,302)	-
Net cash used in investing activities	(58,514)	(13,957)
Financing activities		
Repayment of bank loans	-	(6,180)
Proceeds from issue of convertible loan notes	-	77,750
Net proceed from IPO of subsidiary	26,641	-
New bank loans raised	-	9,545

1(c)

UNAUDITED CASH FLOW STATEMENTS FOR FULL YEAR ENDED 31 DECEMBER 2007

	Group	Group
	31/12/2007	31/12/2006
	\$'000	\$'000
Dividend paid	-	(4,618)
Dividend to minority shareholders of subsidiaries	(1,980)	-
Contributions to minority shareholders of subsidiaries	7,942	(89)
Fixed deposits pledged to financial institutions	172	602
Interest paid	(677)	(413)
Net cash from financing activities	32,098	76,597
Effect of foreign exchange rate changes	(1,068)	(2,252)
Net increase (decrease) in cash and cash equivalents	(32,557)	51,545
Cash and cash equivalents at beginning of financial period	146,238	94,693
Cash and cash equivalents at end of financial period	113,681	146,238

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

(1)(d)(i)
UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company							Total \$'000	Minority interests \$'000	Total equity \$'000
	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserve \$'000	Legal reserve \$'000	Capital reserve \$'000	Translation reserve \$'000			
Group										
Balance as at 1 January 2007	90,727	-	68,193	1,500	4,284	1,156	(3,179)	162,681	6,892	169,573
Profit for the period	-	-	4,004	-	-	-	-	4,004	256	4,260
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(211)	(211)	231	20
Balance as at 31 March 2007	90,727	-	72,197	1,500	4,284	1,156	(3,390)	166,474	7,379	173,853
Profit for the period	-	-	4,353	-	-	-	-	4,353	1,182	5,535
Transfer to legal reserve	-	-	(1,315)	-	1,315	-	-	-	-	-
Minority interests' share of reserve	-	-	-	-	(410)	-	-	(410)	410	-
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(1,577)	(1,577)
Distribution to minority interests	-	-	-	-	-	-	-	-	(1,710)	(1,710)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	2,867	2,867	10	2,877
Balance as at 30 June 2007	90,727	-	75,235	1,500	5,189	1,156	(523)	173,284	5,694	178,978
Profit for the period	-	-	13,800	-	-	-	-	13,800	280	14,080
Minority interests' share of reserve	-	-	-	-	(116)	-	-	(116)	116	-
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(362)	(362)
Distribution to minority interests	-	-	-	-	-	-	-	-	(1,305)	(1,305)
Contribution from minority interests	-	-	-	-	-	-	-	-	14,193	14,193
Revaluation of available-for-sale investment	-	-	-	2,146	-	-	-	2,146	-	2,146

(1)(d)(i)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company							Total \$'000	Minority interests \$'000	Total equity \$'000
	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserve \$'000	Legal reserve \$'000	Capital reserve \$'000	Translation reserve \$'000			
Group										
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(2,074)	(2,074)	217	(1,857)
Balance as at 30 September 2007	90,727	-	89,035	3,646	5,073	1,156	(2,597)	187,040	18,833	205,873
Profit for the period	-	-	8,463	-	-	-	-	8,463	784	9,247
Transfer to legal reserve	-	-	(3,166)	-	3,166	-	-	-	-	-
Minority interests' share of reserve	-	-	-	-	114	-	-	114	(114)	-
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(41)	(41)
Contribution from minority interests	-	-	-	-	-	-	-	-	7,779	7,779
Revaluation of available-for-sale investment	-	-	-	(2,623)	-	-	-	(2,623)	-	(2,623)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(318)	(318)	(458)	(776)
Balance as at 31 December 2007	90,727	-	94,332	1,023	8,353	1,156	(2,915)	192,676	26,783	219,459

(1)(d)(i)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company									Total equity \$'000
	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserve \$'000	Legal reserve \$'000	Capital reserve \$'000	Translation reserve \$'000	Total \$'000	Minority interests \$'000	
Group										
Balance as at 1 January 2006	9,236	81,491	50,071	1,500	3,889	-	(321)	145,866	3,899	149,765
Transfer from share premium account	81,491	(81,491)	-	-	-	-	-	-	-	-
Profit for the period	-	-	5,516	-	-	-	-	5,516	350	5,866
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(1,403)	(1,403)	(74)	(1,477)
Balance as at 31 March 2006	90,727	-	55,587	1,500	3,889	-	(1,724)	149,979	4,175	154,154
Profit for the period	-	-	5,604	-	-	-	-	5,604	969	6,573
Dividend paid	-	-	(4,618)	-	-	-	-	(4,618)	-	(4,618)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(1,043)	(1,043)	(197)	(1,240)
Balance as at 30 June 2006	90,727	-	56,573	1,500	3,889	-	(2,767)	149,922	4,947	154,869
Profit for the period	-	-	8,240	-	-	-	-	8,240	922	9,162
Transfer to legal reserves	-	-	(599)	-	599	-	-	-	-	-
Payment to minority interests	-	-	-	-	-	-	-	-	(1,627)	(1,627)
Currency translation differences	-	-	-	-	-	-	875	875	249	1,124
Balance as at 30 September 2006	90,727	-	64,214	1,500	4,488	-	(1,892)	159,037	4,491	163,528
Profit for the period	-	-	3,979	-	-	-	-	3,979	847	4,826
Minority interests' share of reserve	-	-	-	-	(204)	-	-	(204)	204	-
Contribution from minority interests	-	-	-	-	-	-	-	-	1,538	1,538
Recognition of equity component of convertible loan notes	-	-	-	-	-	1,156	-	1,156	-	1,156
Currency translation differences	-	-	-	-	-	-	(1,287)	(1,287)	(188)	(1,475)
Balance as at 31 December 2006	90,727	-	68,193	1,500	4,284	1,156	(3,179)	162,681	6,892	169,573

(1)(d)(i)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserve \$'000	Legal reserve \$'000	Capital reserve \$'000	Translation reserve \$'000	Total \$'000
Company								
Balance as at 1 January 2007	90,727	-	8,167	-	-	1,156	-	100,050
Profit for the period	-	-	(758)	-	-	-	-	(758)
Balance as at 31 March 2007	90,727	-	7,409	-	-	1,156	-	99,292
Profit for the period	-	-	(750)	-	-	-	-	(750)
Balance as at 30 June 2007	90,727	-	6,659	-	-	1,156	-	98,542
Profit for the period	-	-	(1,622)	-	-	-	-	(1,622)
Balance as at 30 September 2007	90,727	-	5,037	-	-	1,156	-	96,920
Profit for the period	-	-	(2,055)	-	-	-	-	(2,055)
Balance as at 31 December 2007	90,727	-	2,982	-	-	1,156	-	94,865
Balance as at 1 January 2006	9,236	81,491	8,280	-	-	-	-	99,007
Transfer from share premium account	81,491	(81,491)	-	-	-	-	-	-
Profit for the period	-	-	106	-	-	-	-	106
Balance as at 31 March 2006	90,727	-	8,386	-	-	-	-	99,113
Profit for the period	-	-	163	-	-	-	-	163
Dividend paid	-	-	(4,618)	-	-	-	-	(4,618)
Balance as at 30 June 2006	90,727	-	3,931	-	-	-	-	94,658
Profit for the period	-	-	121	-	-	-	-	121
Balance as at 30 September 2006	90,727	-	4,052	-	-	-	-	94,779
Profit for the period	-	-	4,115	-	-	-	-	4,115
Equity components of convertible bonds	-	-	-	-	-	1,156	-	1,156
Balance as at 31 December 2006	90,727	-	8,167	-	-	1,156	-	100,050

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

Since the last financial year ended 31 December 2006, the issued capital of the group and of the company remained unchanged. No options were granted nor new shares issued pursuant to the employees' share option scheme.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	31/12/2007	31/12/2006
Total number of issued shares	461,780,000	461,780,000
Total number of treasury shares	-	-
Total number of issued shares excluding treasury shares	461,780,000	461,780,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

These figures have not been audited or reviewed by the company's auditors.

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

Not applicable.

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

The accounting policies have been consistently applied by the Group and the Company, and are consistent with those used in the previous financial year, except for those disclosed in Note 5 below.

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

- a) On 1 January 2007, the Group adopted the new and revised Financial Reporting Standards ("FRS") and Interpretation of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been as required, in accordance with the transitional provision in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures

During the financial year, the Group has acquired water plant and wastewater plant for the purpose of lease to third parties. In accordance to FRS 40, the Group's investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured at its cost, including transaction costs, less accumulated depreciation and impairment.

As for the adoption of FRS 107, it does not affect any of the amounts recognized, but will change the disclosures in relation to the Company's and Group's financial statements and the objectives, policies and process for managing capital.

- b) With effect from 1 January 2007, the Group has early adopted INT FRS 112 Service Concession Arrangements.

INT FRS 112 requires the recognition of construction revenue and the corresponding financial receivables and/or intangible asset for public-to private service concession arrangement if:

- the party that grants the service arrangement (the "grantor" controls or regulates the nature of services the entity (the "operator") must provide with the infrastructure asset, the users and the pricing of the services; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure asset at the end of the term of the arrangement.

The Group has concession arrangements with the various governing bodies or agencies of the government of the People's Republic of China (the "grantors") to supply treated water from water treatment plants, and operate water treatment plants. Under the concession arrangements, the Group will construct, and/or operate the plants for concession periods of 30 years and transfer the plants to grantors at the end of the concession periods. Such concession arrangements fall within scope of INT FRS 112.

i) Recognition of financial receivables

The Group recognized a financial receivable if it has a contractual right under the concession agreements to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the plants. The financial receivable is measured on initial recognition at its fair value. Subsequent to initial recognition, the financial receivable is measured at amortised cost using the effective interest method.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial receivable (if any), which will be used to reduce the carrying amount of the financial receivable on its balance sheet, (ii) interest income, which will be recognized as finance income in its income statement and (iii) revenue from operating and maintaining the plants in its income statement.

ii) Recognition of intangible assets

The Group recognizes an intangible asset if it does not have any contractual right under the concession agreements to receive a fixed and determinable amount of payments during the service concession period. The intangible asset is recognized to the extent that the Group has a right to charge fees for the usage of the plants and is amortised over the concession period from commencement of the operations of the plants.

The financial impact on the Group from the early adoption of INT FRS 112 resulted in an increase in revenue of S\$3.6 million and an increase in profit after tax of S\$2.8 million.

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

Earnings Per Share

	Group 31/12/2007 cents	Group 31/12/2006 cents
Earnings per ordinary share after deducting any provision for preference dividends were:		
i) Based on the weighted average number of ordinary shares in issue (see note 6a)	6.63	5.05
ii) On a fully diluted basis (see note 6b)	6.63	5.05

Note:

6a : Earnings per ordinary share have been computed based on the number of shares issued and outstanding during the period of 461,780,000.

6b : The effect of convertible loan notes is anti-dilutive and hence has not been taken into account for the calculation of diluted earnings per share for both periods.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

Net Asset Value

	Group 30/12/2007 Cents	Group 31/12/2006 Cents	Company 30/12/2007 Cents	Company 31/12/2006 Cents
Net asset value per ordinary share based on issued share capital as at the end of the financial period	41.72	35.23	20.54	21.67

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement

3 months ended 31 December 2007

The Group's sales declined by 27.7% year-on-year to S\$29.2 million in 4Q 2007 from S\$40.4 million in 4Q 2006, mainly due to decline in revenue from our membrane process and engineering business and downstream business. 4Q 2007 showed an increase in revenue contributed from water business, but there was no revenue from infrastructure engineering business. The revenue decline in our membrane process and engineering business was mainly due to China's continued tightening of its monetary policy, which caused our customers to scale back capital expenditures. For our downstream business, the decline was mainly due to the shut-down of production lines in 4Q 2007, the production volume was reduced resulting in lower finished products quantity available for sales in 4Q 2007.

Gross profit for 4Q 2007 declined by 34.4% year-on-year to S\$7.7 million due to lower sales and lower margin. Gross profit margin declined from 29.0% in 4Q 2006 to 26.0% in 4Q 2007 mainly due to reduced revenue and higher raw material costs.

Other operating income increased by 344.3% to S\$9.3 million, mainly attributable to the increase in interest income, government grants, and investment income.

Selling and distribution expenses reduced by 9.3% from S\$1.5 million in 4Q 2006 to S\$1.4 million in 4Q 2007 mainly due to decline in revenue.

General and administrative expenses increased by 16.5% year-on-year from S\$4.3 million to S\$5.0 million mainly attributable to higher staff cost and foreign exchange loss incurred.

Finance cost increased from S\$0.2 million in 4Q 2006 to S\$1.5 million in 4Q 2007, mainly due to S\$1.2 million interest expense related to the zero coupon convertible bond.

The Group's share of profits of associated companies to S\$1.2 million in 4Q 2007 compared to a small loss in 4Q 2006, mainly due to higher contribution from Shandong Tian Li and Microdyn Nadir, offset by losses incurred at Siphon Bioscience and Xinyuan Wastewater.

Profit attributable to equity holders of the Company increased 112.7% year-on-year from S\$4.0 million in 4Q 2006 to S\$8.5 million in 4Q 2007 mainly due to profits generated from water business and government grants, and increase in other operating income.

12 months ended 31 December 2007

The Group's sales declined by 15.7% year-on-year from S\$110.2 million in FY 2006 to S\$92.9 million in FY 2007 due to lower sales in both membrane process and engineering business and downstream business, while no infrastructure engineering business was undertaken during the year.

Gross profit in FY 2007 declined 35.7% to S\$ 24.1 million due to lower turnover and profit margins as a result of higher raw material cost, higher wages and lower economy of scale.

Other operating income increased by 347.4% to S\$17.2 million, mainly attributable to the increase in interest income, government grants, and investment income.

Selling and distribution expenses decreased by 0.4% to S\$3.4million mainly due to lower revenue. General and Administrative cost increased by 37.7% to S\$12.9 million mainly due to higher staff cost and foreign exchange loss.

Finance cost increased from S\$0.6 million in FY 2006 to S\$5.5 million in FY 2007 due to S\$4.8 million interest expense related to the zero coupon convertible bond.

The Group's share of profits of associated companies increased to S\$3.0 million from S\$1.9 million in FY 2007, mainly due to higher contributions from Shandong Tian Li and Microdyn Nadir, offset by losses incurred at Sinphon Bioscience and Xinyuan Wastewater.

Profit attributable to equity holders of the company increased by 31.2% to S\$30.6 million was mainly due to dilution gain arising from listing of Reyphon Agriceutical, positive contribution from water business, and increase in other operating income.

Balance Sheet

As at 31 December 2007, Property plant and equipment increased from S\$19.5 million as at 31 December 2006 to S\$32.5 million mainly due to acquisition of assets related to downstream business and water business.

The investment property of S\$6.4 million is related to water and wastewater plants acquired during the year for the purpose of leasing to third parties

Lease prepayments amounted to S\$21.9 million mainly due to prepayments for land use rights in various subsidiaries.

Long term financial receivables of S\$ 21.3 million and current financial receivables of S\$1.4 million were related to assets acquired and investment income realized for water treatment projects recognized in accordance with INT FRS112 as described in Note 5 above.

Compared to 31 December 2006, trade receivables as at 31 December 2007 showed a decline of 28.7% to S\$34.2 million mainly attributable to lower turnover.

The Group's other receivables and prepayments increased from S\$14.0 million to S\$60.0 million mainly due to advance payments made to suppliers for production materials and component; deposits made for assets purchases.

Both increase in trade payables and other payables mainly due to the construction of the water business projects.

Cashflow

Cashflow from operation in FY 2007 showed a decrease in an outflow of S\$5.1 million compared to S\$8.8 million in FY 2006, mainly due to lower trade receivables, higher payables and offset by increased amount of other receivables and prepayments. The cash from investing activities was an outflow of S\$58.5 million, mainly used to acquire fixed assets for downstream business and assets relating to water business. Financing activities generated S\$32.1 million cash due to the listing of Reyphon Agriceutical.

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

There is no material variance.

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

Chinese government is expected to continue to tighten the credit to address rising inflation, which may impact capital investment. This may intensify the competition in membrane process and engineering industry. The Group has developed new membrane based technologies, especially membrane bioreactor ("MBR") technology in water reclamation and wastewater treatment, to grow the business. At the same time, the Group will adopt measures to control costs.

The demand for municipal wastewater treatment service is expected to remain strong in China. The Group will continue to secure new projects in China. More than 200,000 ton/day capacity will be in operation in FY2008. In addition, our wastewater treatment service has for the first time expanded into overseas market, such as Indonesia and India. The Group will continue to secure more water projects in the region around Singapore.

The Group expects downstream business to improve in FY 2008 as Xanthan Gum production started in 1Q 2008 in our 50% owned associate company Sinphon Bioscience.

The production of ceramic and polymer membrane in new plants in Xiamen also started in 1Q 2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

31 December 2007	Membrane Process & Engineering \$'000	Nutraceutical \$'000	Wastewater Project \$'000	Leasing of Water Plant \$'000	Trading \$'000	Eliminations \$'000	Group \$'000
Revenue							
External sales	43,886	36,153	6,326	129	6,414	-	92,908
Inter-segment sales	3,579	-	-	-	-	(3,579)	-
Total revenue	47,465	36,153	6,326	129	6,414	(3,579)	92,908
Result							
Segment results	8,105	8,061	6,858	1,647	238	-	24,909
Gain arising from dilution of interests in subsidiary							12,198
Financial cost							(5,546)
Share of profits of associates							2,960
Income tax expense							(1,399)
Profit for the year							33,122
Balance sheet							
Segment assets	222,382	65,713	41,353	18,496	3,337	-	351,281
Liabilities:							
Segment liabilities	16,242	18,598	15,136	-	300	-	50,276
Unallocated liabilities							81,546
Consolidated total liabilities							131,822
Other information							
Capital expenditure	879	6,265	8,146	6,512	-	-	21,802
Depreciation	1,154	1,064	1	43	-	-	2,262

31 December 2006	Membrane Process & Engineering \$'000	Nutraceutical \$'000	Infrastructure Engineering \$'000	Eliminations \$'000	Group \$'000
Revenue					
External sales	42,917	39,269	28,004	-	110,190
Inter-segment sales	3,572	-	-	(3,572)	-
Total revenue	46,489	39,269	28,004	(3,572)	110,190
Result					
Segment results	10,305	9,959	8,193	-	28,457
Impairment loss on available-for-sale investment					(2,554)
Financial costs					(633)
Share of results of associate					1,861
Income tax expense					(704)
Profit for the year					26,427
Balance sheet					
Segment assets	219,917	30,040	27,975		277,932
Liabilities:					
Segment liabilities	14,566	13,844	3,135		31,545
Unallocated liabilities					76,594
Consolidated total liabilities					108,139
Other information					
Capital expenditure	4,991	1,010	27		6,028
Depreciation	1,245	625	3		1,873

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

Please refer to Paragraph 8 of Part I.

15. A breakdown of sales

		Group 31/12/2007 \$'000	Group 31/12/2006 \$'000	Increase / (Decrease)
(a)	Sales reported for first half year	48,233	41,830	15.3%
(b)	Operating profit reported for first half year	9,795	12,439	(21.3%)
(c)	Sales reported for second half year	44,675	68,361	(34.6%)
(d)	Operating profit reported for second half year	23,327	13,988	66.8%

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

		Latest full year 31/12/2007	Previous full year 31/12/2006
(a)	Ordinary	Nil	Nil
(b)	Preference	Nil	Nil
	Total	Nil	Nil

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary

29 February 2008