


Full Year Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	ASIA WATER TECHNOLOGY LTD.
Company Registration No.	200210042R
Announcement submitted on behalf of	ASIA WATER TECHNOLOGY LTD.
Announcement is submitted with respect to *	ASIA WATER TECHNOLOGY LTD.
Announcement is submitted by *	Liu Yujie
Designation *	Executive Director
Date & Time of Broadcast	01-Mar-2011 23:38:08
Announcement No.	00284

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2010
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Attachments

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ASIA WATER TECHNOLOGY LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200210042R)

Unaudited Financial Statements and Dividend Announcement for the Fourth Quarter and Financial Year ended 31 December 2010

1 March 2011

"This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Huang Wei Beng (Tel: 65-6221 5590) at 79 Anson Road #15-03 Singapore 079906."

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(Incorporated in the Republic of Singapore)
(Company Registration No. 200210042R)

Fourth Quarter and Financial Year FY2010 Financial Statements And Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE FOURTH QUARTER (“4QFY2010”) AND FINANCIAL YEAR ENDED 31 DECEMBER 2010 (“FY2010”)

	Note	Group					
		3 Months Ended		Changes	12 Months Ended		Changes
		31.12.10	31.12.09		31.12.10	31.12.09	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Continuing operations							
Revenue		76,098	81,187	(6.3)%	282,394	319,276	(11.6)%
Cost of sales		(41,545)	(73,937)	(43.8)%	(205,016)	(264,089)	(22.4)%
Gross profit		34,553	7,250	>100%	77,378	55,187	40.2%
Other operating income	(i)	3,425	3,157	8.5%	8,614	7,210	19.5%
Selling and distribution expenses		(5,294)	(3,821)	38.6%	(14,000)	(11,397)	22.8%
Administrative expenses		(4,618)	(31,593)	(85.4)%	(38,579)	(79,398)	(51.4)%
Profit/(loss) from operations		28,066	(25,007)	N.M.	33,413	(28,398)	N.M.
Financial income	(ii)	(8,348)	7,152	N.M.	21,470	23,222	(7.5)%
Financial expenses	(iii)	(8,659)	(10,370)	(16.5)%	(39,351)	(146,463)	(73.1)%
Other expenses	(iv)	11,502	(34,624)	N.M.	(23,076)	(34,624)	(33.4)%
Other income	(iv)	274	(4)	N.M.	31,208	7,293	>100%
Share of profits of associate		(1,425)	2,835	N.M.	8,465	9,977	(15.2)%
Profit/(loss) before tax from continuing operations	(v)	21,410	(60,018)	N.M.	32,129	(168,993)	N.M.
Tax expense		(5,928)	(4,818)	23.0%	(12,246)	(11,855)	3.3%
Profit/(loss) from continuing operations, net of tax		15,482	(64,836)	N.M.	19,883	(180,848)	N.M.
Profit from discontinued operations, net of tax	(vi)	2,535	522	>100%	1,091	338	>100%
Profit/(loss) for the period/year		18,017	(64,314)	N.M.	20,974	(180,510)	N.M.
Other comprehensive income:							
Foreign currency translation represents other comprehensive income for the period, net of tax		-	210	N.M.	-	951	N.M.
Total comprehensive income for the period/year		18,017	(64,104)	N.M.	20,974	(179,559)	N.M.
Profit/(loss) for the period/year attributable to:							
Owners of the company		18,952	(63,756)	N.M.	23,191	(179,470)	N.M.
Non-controlling interests		(935)	(558)	67.6%	(2,217)	(1,040)	>100%
		18,017	(64,314)	N.M.	20,974	(180,510)	N.M.
Total comprehensive income attributable to:							
Owners of the company		18,952	(63,546)	N.M.	23,191	(178,519)	N.M.
Non-controlling interests		(935)	(558)	67.6%	(2,217)	(1,040)	>100%
		18,017	(64,104)	N.M.	20,974	(179,559)	N.M.

N.M. – Not Meaningful

Notes:

1(a)(i) Other operating income includes the following:

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of government grant	-	-	-	90
Installation of water meters and repair and maintenance work	2,727	1,485	8,428	4,810
Compensation from the relevant PRC authorities in respect of early completion of certain water treatment plants and environmental checks	-	556	-	1,499
Others	698	1,116	186	811
	3,425	3,157	8,614	7,210

1(a)(ii) Financial income includes the following:

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income				
- bank balance	96	(72)	605	1,343
- loan to associate	177	1,023	1,736	2,028
- finance income from service concession arrangements	(8,688)	5,943	18,633	19,585
- amortisation of retention monies	67	244	496	244
- others	-	14	-	22
	(8,348)	7,152	21,470	23,222

1(a)(iii) Financial expenses include the following:

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expense				
- interest-bearing loans and borrowings	8,567	3,529	35,220	24,656
- amortisation of other receivables / retention monies	-	-	-	6,842
- amortisation of bonds and coupon payment	74	6,841	3,743	112,126
- Others	18	-	388	2,839
	8,659	10,370	39,351	146,463

Notes:

1(a)(iv) Other (expenses) / income include the following:

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value changes – derivative financial instrument	-	(4)	-	7,293
Waiver of Redemption Premium of Series 1 Senior Bonds and Series 1 Junior Bonds	-	-	30,924	-
Other income	274	-	284	-
	274	(4)	31,208	7,293
Fair value changes – derivative financial instrument	14,110	-	(21,453)	-
Impairment loss on goodwill on consolidation	(1,524)	(10,624)	(1,524)	(10,624)
Impairment loss on intangible assets	-	(24,000)	-	(24,000)
Other expense	(1,084)	-	(99)	-
	11,502	(34,624)	(23,076)	(34,624)

1(a)(v) Profit/(loss) before tax is arrived at after charging/(crediting) the following:

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of intangible assets	2,408	1,213	13,646	12,860
Depreciation of property, plant and equipment	849	1,126	3,726	3,748
Loss / (gain) on disposal of property, plant and equipment	185	(1,426)	272	(73)
Loss on disposal of intangibles	258	-	258	-
Foreign exchange loss, net	1,552	203	114	61
(Write-back) / Allowance of doubtful receivables (trade)	(9,457)	7,456	(15,407)	25,082
Allowance of doubtful receivables (non trade)	56	299	76	119
Write-back of allowance for stock obsolescence	(379)	-	(379)	-

1(a)(vi) Profit from discontinued operations

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,300	470	2,942	2,613
Cost of sales	(404)	(1,034)	(2,548)	(3,037)
Gross Profit	896	(564)	394	(424)
Other operating income	1,367	1,191	1,367	1,191
Selling and distribution expenses	(35)	(1)	(120)	(6)
General and administrative expenses	(229)	(49)	(1,026)	(305)
Profit from operations	1,999	577	615	456
Financial income	968	-	978	2
Financial expenses	-	-	-	(2)
Other income	1	-	(1)	-
Other expenses	-	-	(5)	-
Profit before tax	2,968	577	1,587	456
Tax expense	(433)	(55)	(496)	(118)
Profit after tax	2,535	522	1,091	338

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

	Group		Company	
	As At 31.12.10	As At 31.12.09	As At 31.12.10	As At 31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets:				
Property, plant and equipment	35,391	45,492	992	88
Intangible assets/land use rights	483,880	476,636	-	-
Financial receivables	357,764	287,613	-	-
Investment in subsidiaries	-	-	445,705	446,233
Investment in associate	40,243	41,923	40,408	40,456
Deferred tax assets	829	255	-	-
Goodwill on consolidation	13,592	13,592	-	-
Retention monies	1,405	6,118	-	-
	933,104	871,629	487,105	486,777
Current assets:				
Inventories, at cost	7,215	8,353	-	-
Work-in-progress, in excess of progress billings	22,483	94,944	-	-
Financial receivables	4,666	4,785	-	-
Trade receivables	59,781	64,831	-	-
Bills receivables	5,540	600	-	-
Other receivables, prepayments and other current assets	130,462	142,369	1,116	427
Due from subsidiaries (non-trade)	-	-	-	1,150
Due from associate (trade)	69,335	44,035	-	-
Due from associate (non-trade)	-	76,238	-	-
Bank deposits pledged	17,910	33,185	-	-
Cash and cash equivalents	157,323	81,554	22,118	1,776
	474,715	550,894	23,234	3,353
Assets of disposal group classified as held for sale	31,630	-	-	-
	506,345	550,894	23,234	3,353
Current liabilities:				
Trade payables	108,954	180,521	-	-
Other payables, accruals and provisions	185,492	203,073	8,938	6,092
Progress billings in excess of work-in-progress	32,008	19,197	-	-
Due to subsidiaries (non-trade)	-	-	39,234	49,587
Bills payable to banks (secured)	24,951	33,218	-	-
Interest-bearing loans and borrowings	222,564	422,493	-	232,593
Derivative financial instruments	51,019	-	51,019	-
Provision for income tax	5,907	8,473	-	-
	630,895	866,975	99,191	288,272
Liabilities directly associated with disposal group classified as held for sale	2,666	-	-	-
	633,561	866,975	99,191	288,272
Net current liabilities	(127,216)	(316,081)	(75,957)	(284,919)
Non-current liabilities:				
Interest-bearing loans and borrowings	355,493	323,674	31,017	-
Deferred tax liabilities	14,992	5,738	1,354	1,356
	370,485	329,412	32,371	1,356
Net Assets	435,403	226,136	378,777	200,502
Equity attributable to owners of the Company				
Share capital	415,455	204,503	415,455	204,503
Warrant reserve	-	1,178	-	1,178
Equity component of convertible bonds	-	17,461	-	17,461
Share option reserve	12,727	12,774	12,727	12,774
General reserve	39,368	33,183	-	-
Translation reserve	-	(4,397)	-	(20,405)
Accumulated losses	(61,505)	(70,331)	(49,405)	(15,009)
	406,045	194,371	378,777	200,502
Non-controlling interests	29,358	31,765	-	-
Total equity	435,403	226,136	378,777	200,502

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, please specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31.12.10 RMB'000		As at 31.12.09 RMB'000	
Secured	Unsecured	Secured	Unsecured
94,515	153,000	368,711	87,000

Amount repayable after one year

As at 31.12.10 RMB'000		As at 31.12.09 RMB'000	
Secured	Unsecured	Secured	Unsecured
275,493	80,000	323,674	-

On 18 February 2010, the Company has completed the following:

- (i) Triumph subscription and issuance of Bonds 2012 to Triumph Power Limited ("Triumph") of S\$39.7 million;
- (ii) Litebay Pte Ltd ("Litebay") subscription of S\$3.9 million;
- (iii) Issuance of Repayment Bonds (Bonds 2012A) of US\$2.0 million to Lucky Six Limited ("Lucky Six"); and
- (iv) Repayment of an aggregate sum of US\$27.5 million to the bondholders in accordance to the Settlement Agreement.

The net proceeds after repayment to the bondholders have been used for working capital purposes.

Details of any collaterals

The Group's secured borrowings comprise bills payable to banks, interest-bearing loans and borrowings.

Bills payable to banks are secured by certain bank deposits placed with the respective issuing banks.

The interest-bearing loans and borrowings are secured on:

- (i) concessionary agreements;
- (ii) guarantees by subsidiary companies;
- (iii) mortgage on an office building;
- (iv) debentures on assets of subsidiary companies; and
- (v) joint corporate guarantee by subsidiary companies.

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

	Group		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Profit/(loss) before tax from continuing operations	21,410	(60,018)	32,129	(168,993)
Profit before tax from discontinued operations	2,968	577	1,587	456
Profit before tax, total	24,378	(59,441)	33,716	(168,537)
Adjustments for:				
Allowance/(write back) for receivables (trade)	(9,415)	7,456	(15,365)	25,082
Allowance/(write back) for receivables (non-trade)	56	299	76	119
Bad debts written off	13	-	13	-
Amortisation of government grants	-	(90)	-	(90)
Amortisation of intangible assets	2,378	1,213	13,646	12,900
Depreciation of property, plant and equipment	1,025	1,126	4,335	4,316
Fair value loss/(gain) on derivative financial instruments	(14,110)	-	21,453	(7,293)
Financial expenses	8,659	10,370	39,351	146,465
Financial income	7,380	(7,152)	(22,448)	(23,224)
(Loss)/gain on disposal of property, plant and equipment	608	(1,426)	695	(73)
Fixed assets written off	51	-	51	-
Loss on disposal of intangibles	258	-	258	-
Goodwill impairment	1,524	10,624	1,524	10,624
Intangible assets impairment	-	24,000	-	24,000
Inventories written off	-	466	-	466
Share of (profit)/loss of associate	1,425	(2,835)	(8,465)	(9,977)
Waiver of redemption premium for Series 1 Senior Bonds/Junior Bonds	-	-	(30,924)	-
Unrealised profit arising from sale to/interest income from an associate	1,135	3,124	10,516	10,743
Translation difference	(279)	(1,859)	(952)	45
Operating cash flow before working capital changes	25,086	(14,125)	47,480	25,566
(Increase)/decrease in:				
Inventories	1,815	2,275	1,036	791
Work-in-progress, net	(6,089)	(22,471)	85,272	(58,832)
Trade receivables	37,288	41,918	24,967	24,107
Bills receivables	(5,470)	(600)	(4,940)	(600)
Other receivables, prepayments and other current assets	(1,857)	88,117	15,552	75,380
Financial receivables	(16,569)	(4,472)	(70,032)	(14,815)
Due from associate (trade)	5,630	(11,155)	(24,460)	(20,465)
Due from associate (non-trade)	69,843	5,412	75,398	(6,643)
Increase/(decrease) in:				
Trade payables	(22,306)	(99,968)	(71,511)	(104,824)
Other payables and accruals	(2,903)	31,187	(14,542)	78,292
Due to associate (non-trade)	-	(1,635)	-	(5,000)
Bills payable to banks	(17,932)	(42,198)	(8,637)	(39,474)
Cash generated from/(used in) operating activities	66,536	(27,715)	55,583	(46,517)
Government grant received	-	90	-	90
Interest income received	7,077	19,024	34,354	15,702
Interest expense paid	(8,600)	(1,342)	(35,206)	(40,312)
Income tax paid – net	(129)	(16,369)	(6,060)	(4,968)
Net cash generated from/(used in) operating activities	64,884	(26,312)	48,671	(76,005)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,342)	(628)	(3,842)	(2,206)
Purchase of intangible assets/land use rights	(8,157)	(8,665)	(21,865)	(39,722)
Proceeds from disposal of property, plant and equipment	(160)	1,148	111	1,443
Net cash outflow on acquisition of a subsidiary (Note A)	-	-	(18,108)	-
Return of capital to non-controlling interests upon deregistration of subsidiary	-	-	(190)	-
Net cash used in investing activities	(9,659)	(8,145)	(43,894)	(40,485)

	Group		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities:				
Proceeds from loans and borrowings	13,687	79,000	294,482	367,000
Repayment of loans and borrowings	(43,801)	(37,519)	(419,420)	(289,910)
Proceeds from issuance of shares for cash	-	-	179,459	-
Proceeds from rights issue	-	-	9,622	-
Proceeds from warrants exercised	7,753	-	12,494	-
Decrease/(increase) in deposits pledged to banks	6,739	(2,466)	15,275	(237)
Capital contribution from non-controlling interests	-	-	-	200
Net cash generated from/(used in) financing activities	(15,622)	39,015	91,912	77,053
Net increase/(decrease) in cash and cash equivalents	39,603	4,558	96,689	(39,437)
Cash and cash equivalents at beginning of period/year	138,640	76,996	81,554	120,991
Cash and cash equivalents at end of period/year	178,243	81,554	178,243	81,554

Cash and cash equivalents at the end of Period/Year:				
Cash and bank balances				
- Continuing operations	175,233	114,739	175,233	114,739
- Discontinued operations	20,920	-	20,920	-
Less: Bank deposits pledged	(17,910)	(33,185)	(17,910)	(33,185)
Cash and cash equivalents	178,243	81,554	178,243	81,554

Note A: Acquisition of a subsidiary

On 11 May 2010, the Group acquired 100% interest in Wuhan Caidian Huancheng Waste Water Treatment Co. Ltd. for a total consideration of RMB21.1 million. The subsidiary has been disposed subsequent to year end. The goodwill of RMB1.5 million has been written off.

	Amount
	RMB'000
Cash and cash equivalents	3,022
Other receivables	16,603
Fixed assets	17
Other payables	(36)
	19,606
Goodwill on consolidation	1,524
Less: Cash and cash equivalents	(3,022)
Net cash outflow on acquisition of a subsidiary	18,108

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

GROUP	Equity, Total	Attributable to owners of the Company									Non-controlling interests
		Equity attributable to owners of the Company	Share capital	Retained earnings/ Accumulated losses	Other reserves, total	Equity component of Series 1 Senior Bonds	General reserve	Warrant reserve	Share option reserve	Translation reserve	
Balance at 1.1.09	405,495	372,890	204,503	111,106	57,281	17,461	31,216	1,178	12,774	(5,348)	32,605
Total comprehensive loss for the period	(14,591)	(14,387)	-	(13,292)	(1,095)	-	-	-	-	(1,095)	(204)
Transfer to general reserve	-	-	-	(1,240)	1,240	-	1,240	-	-	-	-
Capital contributions from a non-controlling interests in a subsidiary	200	-	-	-	-	-	-	-	-	-	200
Balance at 31.03.09	391,104	358,503	204,503	96,574	57,426	17,461	32,456	1,178	12,774	(6,443)	32,601
Total comprehensive loss for the period	(19,629)	(19,539)	-	(20,596)	1,057	-	-	-	-	1,057	(90)
Transfer to general reserve	-	-	-	601	(601)	-	(601)	-	-	-	-
Balance at 30.06.09	371,475	338,964	204,503	76,579	57,882	17,461	31,855	1,178	12,774	(5,386)	32,511
Total comprehensive loss for the period	(81,235)	(81,047)	-	(81,826)	779	-	-	-	-	779	(188)
Transfer to general reserve	-	-	-	(761)	761	-	761	-	-	-	-
Balance at 30.09.09	290,240	257,917	204,503	(6,008)	59,422	17,461	32,616	1,178	12,774	(4,607)	32,323
Total comprehensive loss for the period	(64,104)	(63,546)	-	(63,756)	210	-	-	-	-	210	(558)
Transfer to general reserve	-	-	-	(567)	567	-	567	-	-	-	-
Balance at 31.12.09	226,136	194,371	204,503	(70,331)	60,199	17,461	33,183	1,178	12,774	(4,397)	31,765

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

COMPANY	Equity, total	Share capital	Accumul-ated losses	Other reserves, total	Equity component of Series 1 Senior Bonds	Warrant reserve	Share option reserve	Translation reserve
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.01.10	200,502	204,503	(15,009)	11,008	17,461	1,178	12,774	(20,405)
Effect of change in functional currency of the Company and a subsidiary	(238)	(11,994)	(7,544)	19,300	(1,133)	75	(47)	20,405
Issuance of free warrants	(33,639)	-	(33,639)	-	-	-	-	-
Total comprehensive loss for the period	(2,032)	-	(2,032)	-	-	-	-	-
Settlement of Series 1 Senior Bonds	-	-	16,328	(16,328)	(16,328)	-	-	-
Issue of shares for settlement of bonds	179,459	179,459	-	-	-	-	-	-
Rights Issue	9,622	9,622	-	-	-	-	-	-
Conversion of Repayment Bonds (Bonds 2012A)	1,519	1,519	-	-	-	-	-	-
Warrant conversion	2,315	2,316	-	(1)	-	(1)	-	-
Balance at 31.03.10	357,508	385,425	(41,896)	13,979	-	1,252	12,727	-
Total comprehensive loss for the period	(9,619)	-	(9,619)	-	-	-	-	-
Conversion of Repayment Bonds (Bonds 2012A)	2,126	2,126	-	-	-	-	-	-
Warrant conversion	6,418	6,422	-	(4)	-	(4)	-	-
Balance at 30.06.10	356,433	393,973	(51,515)	13,975	-	1,248	12,727	-
Total comprehensive loss for the period	(8,222)	-	(8,222)	-	-	-	-	-
Warrant conversion	2,133	2,308	-	(175)	-	(175)	-	-
Balance at 30.09.10	350,344	396,281	(59,737)	13,800	-	1,073	12,727	-
Total comprehensive income for the period	10,228	-	10,228	-	-	-	-	-
Warrant conversion	18,205	19,174	-	(969)	-	(969)	-	-
Expiry warrants	-	-	104	(104)	-	(104)	-	-
Balance at 31.12.10	378,777	415,455	(49,405)	12,727	-	-	12,727	-
Balance at 1.01.09	343,471	204,503	127,201	11,767	17,461	1,178	12,774	(19,646)
Total comprehensive loss for the period	(8,398)	-	(7,992)	(406)	-	-	-	(406)
Balance at 31.03.09	335,073	204,503	119,209	11,361	17,461	1,178	12,774	(20,052)
Total comprehensive loss for the period	(13,895)	-	(13,848)	(47)	-	-	-	(47)
Balance at 30.06.09	321,178	204,503	105,361	11,314	17,461	1,178	12,774	(20,099)
Total comprehensive loss for the period	(89,689)	-	(89,418)	(271)	-	-	-	(271)
Balance at 30.09.09	231,489	204,503	15,943	11,043	17,461	1,178	12,774	(20,370)
Total comprehensive loss for the period	(30,987)	-	(30,952)	(35)	-	-	-	(35)
Balance at 31.12.09	200,502	204,503	(15,009)	11,008	17,461	1,178	12,774	(20,405)

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital	Number of ordinary shares	Share Capital
	'000	RMB'000
As at 1 January 2010: 196,918,959 ordinary shares	196,919	204,503
Effect of change in functional currency of the Company	-	(11,994)
Shares issued for settlement of bonds: 1,860,910,521 ordinary shares	1,860,911	179,459
Rights Issue: 98,463,979 ordinary shares at S\$0.02 each	98,464	9,622
Repayment Bonds (Bonds 2012A) conversion: 12,280,000 ordinary shares at S\$0.045 each	12,280	3,645
Exercise of 11,146,123 2005 Warrants at S\$0.025 each	11,146	2,563
Exercise of 81,006,362 2010 Warrants Tranche 1 at S\$0.02 each	81,006	23,395
Exercise of 12,800,745 2010 Warrants Tranche 2 at S\$0.045 each	12,801	4,262
As at 31 December 2010: 2,273,526,689 ordinary shares	2,273,527	415,455

As at 31 December 2010, there were nil; nil and 85,556,527 (31 December 2009: 9,146,249; nil and nil) unissued ordinary shares under 2005 Warrants, 2010 Warrants Tranche 1 and Tranche 2 respectively.

Summary of outstanding Convertible Securities		As at 31 December 2010		As at 31 December 2009	
	Note	Number of outstanding convertible securities	Percentage of the Company's existing issued share capital of 2,273,526,689 ordinary shares	Number of outstanding convertible securities	Percentage of the Company's issued share capital of 196,918,959 ordinary shares
2005 Warrants	A	-	-	9,146,249	5%
2010 Warrants Tranche 1	B	-	-	-	-
2010 Warrants Tranche 2	B	85,556,527	4%	-	-
Senior Bond warrants ("SB Warrants")	C	-	-	11,400,480	6%
Series 1 Junior Bonds	C	-	-	40,090,909	20%
Bonds 2012	D	138,150,000	6%	-	-
Repayment Bonds (Bonds 2012A)	D	49,120,000	2%	-	-
ESOS Options	E	19,356,083	1%	18,410,000	9%
Total		292,182,610	13%	79,047,638	40%

1(d)(ii) – cont'd**Note A**

These refer to the 33,247,175 **2005 Warrants** issued in FY2005 at an issue price of S\$0.04 per warrant, which have expired on 20 December 2010. Pursuant to the new Share Issue to Triumph and Litebay, as well as the Rights Issue, the exercise price and number of warrants were adjusted to S\$0.025 (31 December 2009: S\$0.18) and 13,053,364 respectively (31 December 2009: 9,146,249).

Note B

These refer to the two tranches of 98,357,272 **2010 Warrants** issued for each tranche on 19 February 2010 at an exercise price of S\$0.020 for Tranche 1 and S\$0.045 for Tranche 2 respectively. As at 31 December 2010, there were 85,556,527 **2010 Warrants Tranche 2** which remained unexercised. The **2010 Warrants Tranche 1** expired on 18 November 2010.

Note C

These refer to (i) the issue of 11,400,480 detachable and freely transferable warrants (“SB Warrants”) in connection with the issue of Series 1 Senior Bonds of US\$15,000,000 and (ii) the issue of Series 1 Junior Bonds of US\$15,000,000. Please refer to announcement released over SGXNet on 13 December 2007 for more details on the material terms and conditions. On 18 February 2010, upon completion of the restructuring exercise, the Company repaid an aggregate of US\$27.5 million in cash to bondholders. The Company has also, in full settlement of the aggregate outstanding amount due to Lucky Six, repaid US\$2.0 million to Lucky Six, in the form of new convertible bonds (Repayment Bonds (Bonds 2012A)).

Note D

On 18 February 2010, the Company issued Bonds 2012 of US\$4.5 million to Triumph and the issuance of Repayment Bonds (Bonds 2012A) of US\$2.0 million to Lucky Six with maturity date of 26 months and 24 months after the date of issue respectively. The bondholders have the option to convert the convertible bonds into shares at a conversion price of S\$0.045 for each new share of the Company at any time on and after the date of issue up to the close of business on the date falling 7 days prior to maturity date.

Note E

These refer to options granted to the Group’s directors and staff, in accordance with the terms and conditions of the Asia Water Share Option Scheme (“ESOS”). First Grant of Options were granted on 14 August 2007 with exercise price of S\$0.665. These options are exercisable between the period from 14 August 2008 to 13 August 2012, provided that the employee remains in service for 1 year from the date of grant. The options were fully vested in FY2008. Pursuant to the proposed Share Issue to Triumph and Litebay, as well as the Rights Issue, the exercise price and the number of options have been adjusted to S\$0.09 and 26,300,505 (31 December 2009: S\$0.665 and 18,410,000) respectively. No options have been exercised for the financial year ended 31 December 2010. 6,944,422 share options have been forfeited during the financial year ended 31 December 2010. As at 31 December 2010, there were 19,356,083 (31 December 2009: 18,410,000) unexercised share options.

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

As at 31 December 2010 and 31 December 2009, there were no treasury shares held. Total number of issued shares excluding treasury shares, as at 31 December 2010 was 2,273,526,689 (as at 31 December 2009: 196,918,959).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

The 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 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, consistent with those of the audited financial statements as at 31 December 2009.

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.

Change in functional currencies

On 18 February 2010, the Company and its Singapore incorporated subsidiary, Asia Water Investments Pte. Ltd. changed their functional currencies from USD and SGD respectively to RMB. The change in functional currencies were as a result of increasing influence of RMB over the Company's and its Singapore incorporated subsidiary's economic environment. Pursuant to FRS 21 "The Effects of Changes in Foreign Exchange Rates", the Company and its Singapore incorporated subsidiary changed their measurement currencies from USD and SGD respectively to RMB and the financial information was measured prospectively in RMB with effect from 18 February 2010. The change in functional currencies did not result in any material impact on the financial performance or position of the Group.

Early adoption of Amendment to FRS 32, "Financial Instruments: Presentation"

The Company has elected to early adopt the Amendment to FRS 32, "Financial Instruments: Presentation". With the adoption of this Amendment, the new shares issued pursuant to the rights issue is classified as equity. The early adoption did not result in any material impact on the financial performance of the Group.

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

	3 Months Ended		12 Months Ended	
	31.12.10	31.12.09	31.12.10	31.12.09
	RMB cents	RMB cents	RMB cents	RMB cents
(i) Based on weighted average number of ordinary shares in issue	0.85	(32.38)	1.20	(91.14)
(ii) On a fully diluted basis	0.85	(32.38)	1.20	(91.14)

Basic earnings per share (“EPS”) for the financial year ended 31 December 2010 and 31 December 2009 respectively are computed based on the weighted average number of ordinary shares of 1,931,724,113 and 196,918,959 shares respectively. The basic earnings per share for the 3 months ended 31 December 2010 and 31 December 2009 respectively are computed based on the weighted average number of ordinary shares of 2,240,369,082 and 196,918,959 shares respectively. The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor.

Convertible bonds, warrants and share options as disclosed in Section 1(d)(ii) were not included in the calculation of diluted EPS because they are anti-dilutive for the current financial period and the corresponding period of the immediate preceding financial year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group	Company
	RMB cents	RMB cents
As at 31.12.10	17.86	16.66
As at 31.12.09	98.71	101.82

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,273,526,689 as at 31 December 2010 (31.12.09: 196,918,959).

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 affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

STATEMENT OF COMPREHENSIVE INCOME

Revenue and Gross Profit

4QFY2010 vs 4QFY2009

The Group's revenue for the 4QFY2010 decreased by RMB5.1 million or 6.3%, from RMB81.2 million in the corresponding period in the last financial year ("4QFY2009"), to RMB76.1 million in 4QFY2010.

Decrease in revenue was mainly due to lower revenue generated from EPC projects following the completion of most EPC projects; this was partially offset by the higher revenue generated from the other BOT projects which were undertaken in FY2010.

Higher gross profit of RMB34.6 million was reported in 4QFY2010, as compared to RMB7.3 million in 4QFY2009. Correspondingly, gross profit margin increased from 8.9% in 4QFY2009 to 45.4% in 4QFY2010 due mainly to the additional billings rendered on completed projects in excess of original contract sums, reduction in costs due to negotiations with suppliers for discounts and the effect of adjustments arising from the application of INT FRS112 in 4QFY2010 (further details of which are set out in the "Financial Income" section below).

FY2010 vs FY2009

The Group reported a decrease in revenue of RMB36.9 million or 11.6% from RMB319.3 million in FY2009 to RMB282.4 million in FY2010.

As most of the Group's EPC projects have been substantially completed in FY2009, this accounted for the decrease in revenue. This was mitigated by the higher revenue reported for the Group's BOT projects.

The Group recorded a higher gross profit of RMB77.4 million in FY2010 as compared to RMB55.2 million in FY2009.

Other operating income

The Group's other operating income comprised mainly income from installation of water meters as well as from repair and maintenance works.

4QFY2010 vs 4QFY2009

The higher revenue of RMB3.4 million in 4QFY2010, as compared to RMB3.2 million in 4QFY2009, was due to more installation works being carried out in 4QFY2010.

8. A review of the performance of the group – cont'd.

Other operating income – cont'd

FY2010 vs FY2009

The Group's other operating income increased by RMB1.4 million or 19.5% from RMB7.2 million in FY2009 to RMB8.6 million in FY2010.

The increased income from the installation of water meters from RMB4.8 million in FY2009 to RMB8.4 million in FY2010 was attributable to more installation works being carried out in FY2010, and partially offset by a decrease in the compensation income earned in respect of early completion of certain water treatment plants and environmental checks. There is no such compensation income earned in FY2010.

Selling and distribution expenses

4QFY2010 vs 4QFY2009

The Group incurred higher selling and distribution expenses of RMB5.3 million in 4QFY2010, as compared to RMB3.8 million in 4QFY2009 as the Group increased its efforts in securing of contracts with more bidding activities as compared to 4QFY2009.

FY2010 vs FY2009

The Group's selling and distribution expenses increased by RMB2.6 million or 22.8% from RMB11.4 million in FY2009 to RMB14.0 million in FY2010. The higher expenses incurred reflected the Group's efforts to secure more contracts following the completion of the restructuring process undertaken in FY2009. In addition, cost-cutting measures were implemented in FY2009 to better manage expenses, thus resulting in lower expenses incurred in FY2009.

Administrative expenses

4QFY2010 vs 4QFY2009

The Group's administrative expenses in 4QFY2010 decreased to RMB4.6 million, from RMB31.6 million in 4QFY2009 as there was write-back of allowance for doubtful debts and stock obsolescence amounting to RMB9.8 million and decrease in expenses as a result of cost reduction efforts. Moreover, higher legal and professional fees were incurred in FY2009 as a result of the restructuring process.

FY2010 vs FY2009

The Group's administrative expenses decreased significantly by RMB40.8 million or 51.4% from RMB79.4 million in FY2009 to RMB38.6 million in FY2010.

Improved efforts in the Group's debt collection process resulted in a write-back of allowance for doubtful debts of RMB15.8 million in FY2010, as compared to an allowance for doubtful debts made of RMB25.1 million in FY2009.

Legal and professional fees incurred in FY2009 by the Group for its restructuring process resulted in higher administrative expenses incurred in FY2009.

8. A review of the performance of the group – cont'd.

Financial Income

The Group's financial income relates to interest income from banks and loan to associate as well as finance income recognised on the service concession arrangements.

4QFY2010 vs 4QFY2009

The Group's financial income from service concession arrangements amounted to RMB5.9 million in 4QFY2009, as compared to a reversal of RMB8.7 million in 4QFY2010, due mainly to the effects of evaluation of adjustments arising from the application of INT FRS112 in 4QFY2010. In 4QFY2010, the Group reassessed its accounting policy in relation to the application of INT FRS 112, taking into account the profit margin of the water treatment plants in determining the apportion of payment receivables during the operation phase of the concession period between repayment of financial receivable, interest income and revenue from operating and maintaining of the plants. Accordingly, there was reclassification of financial income to operating income in 4QFY2010.

FY2010 vs FY2009

The Group's financial income decreased by RMB1.7 million or 7.5% from RMB23.2 million in FY2009 to RMB21.5 million in FY2010.

The slightly lower financial income reported was due mainly to lower interest income earned from banks as well as lower financial income from service concession arrangements.

Financial expenses

4QFY2010 vs 4QFY2009

The Group's financial expenses decreased from RMB10.4 million in 4QFY2009 to RMB8.7 million in 4QFY2010 mainly as a result of the settlement of the Series 1 Bonds in early part of FY2010 which was partially offset by an increase in interest expenses in 4QFY2010.

FY2010 vs FY2009

The Group's financial expenses decreased by RMB107.1 million or 73.1% from RMB146.5 million in FY2009 to RMB39.4 million in FY2010. Settlement of the Series 1 Bonds accounted mainly for the significant decrease in the Group's financial expenses in FY2010.

Other Expenses and Other Income

4QFY2010 vs 4QFY2009

The Group's other income (net of other expenses) for 4QFY2010 amounted to RMB11.8 million; while it reported for 4QFY2009, other expenses (net of other income) of RMB34.6 million.

8. A review of the performance of the group – cont'd.

The Group's other expenses in 4QFY2010 shows reversal of fair value changes of its derivative financial instruments, net of impairment of goodwill on acquisition of a subsidiary. In 4QFY2009, the Group recognised impairment losses on goodwill as well as on its intangible assets, amounting to RMB34.6 million. The impairment exercise conducted in 4QFY2009 was to better reflect the recoverable amount of its cash generating units, in light of the then challenging market conditions.

FY2010 vs FY2009

The Group's other income (net of other expenses) for FY2010 amounted to RMB8.1 million, as compared to other expenses (net of other income) of RMB27.3 million in FY2009.

The net other income in FY2010 mainly arose from the waiver of redemption premium of the Series 1 Bonds, which amounted to RMB30.9 million partially offsetted by the fair value changes of the derivative financial instruments and impairment loss on goodwill on consolidation.

The value of the derivative financial instruments is highly sensitive to the changes in the Company's share price between each reporting period. In FY2010, the Group recorded a fair value loss of RMB21.5 million in relation to the changes in the fair value of the embedded derivatives arising from the Bonds 2012, Repayment Bonds (Bonds 2012A) and free warrants (2010 Warrants) issued in February 2010. In FY2009, the Group recorded a fair value gain of RMB7.3 million in connection with the conversion option arising from the Series 1 Junior Bonds.

Impairment loss of RMB24.0 million in relation to the intangible assets from concession rights of the Group's subsidiaries Tianmen Kaidi and Tianmen Xinnong was recognised in FY2009. The impairment loss was charged to better reflect the recoverable amount of the cash generating units in view of the challenging market conditions. No further impairment loss on intangible assets was recognised in FY2010.

Impairment loss on goodwill on consolidation in FY2010 represents the impairment of goodwill on the acquisition of interests in the Group's subsidiary, Wuhan Caidian. The Group disposed off the subsidiary subsequent to year end. In FY2009, the impairment loss was recognised in relation to the goodwill relating to the Power Plant Purification segment, arising on acquisition of the interests in the Group's subsidiary, Wuhan Kaidi Water Services Co., Ltd.

Tax expense

4QFY2010 vs 4QFY2009

The Group's tax expense rose by RMB1.1 million or 23.0% from RMB4.8 million in 4QFY2009 to RMB5.9 million in 4QFY2010. This was largely due to deferred tax accrued for the BOT projects.

FY2010 vs FY2009

The Group's tax expense increased by RMB0.3 million or 3.3% from RMB11.9 million in FY2009 to RMB12.2 million in FY2010. This was largely due to higher taxable profits of

8. A review of the performance of the group – cont'd.

some of the Group's business units, partially offsetted by the reversal of prior year tax expenses recognised by one of the Group's subsidiaries, Wuhan Xincheng, as it obtained full exemption from taxation for the first three years commencing from FY2006 and a 50% relief from the tax rate of 25% for the next three years thereafter, resulting in a tax refund.

STATEMENT OF FINANCIAL POSITION

Intangible Assets/Land Use Rights/Financial Receivables

The Group's intangible assets/land use rights increased by RMB7.3 million or 1.5% from RMB476.6 million as at 31 December 2009 to RMB483.9 million as at 31 December 2010.

The Group's non-current and current financial receivables, as at 31 December 2010, stood at RMB362.4 million (31 December 2009: RMB292.4 million).

The higher balances as at 31 December 2010 were largely due to the recognition of intangible assets and financial receivables arising from new water treatment plants.

Trade receivables/Retention monies

RMB'000	Retention Monies (Non-current assets)	Trade Receivables (Current assets)	Total
As at 31.12.2010	1,405	59,781	61,186
As at 31.12.2009	6,118	64,831	70,949

The lower balance reported as at 31 December 2010, as compared to that reported as at 31 December 2009 was due mainly to improvement in debt collections and expiry of warranty period of certain projects, which resulted in payment of retention monies from customers.

Cash and cash equivalents

The Group's cash and cash equivalents, as at 31 December 2010, increased to RMB157.3 million (31 December 2009: RMB81.6 million) due to improvement in debt collections, cashflows generated from operations and proceeds from issuance of shares, rights issues and warrants exercised. The increase in cash and cash equivalents was partially offset by the repayment of loans and borrowings.

Discontinued operation and disposal group classified as held for sale

Subsequent to year end, the Group disposed off the shareholdings in Wuhan Caidian for a consideration of RMB21.1 million. Separately, the Group intends to dispose its shareholdings in Bengbu Xinya in FY2011. In accordance to FRS 105, the assets and liabilities related to Wuhan Caidian and Bengbu Xinya have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" and their results are presented separately on the statement of comprehensive income as "profit from discontinued operation, net of tax".

8. A review of the performance of the group – cont'd.

Trade payables

The Group's trade payables, as at 31 December 2010, amounted to RMB109.0 million (31 December 2009: RMB180.5 million).

The lower balance reported as at 31 December 2010 was due mainly to lower level of EPC's operating activities in FY2010, as most of the Group's EPC projects have been substantially completed in FY2009.

Derivative financial instruments

The derivative financial instruments arose in connection with the issuance of Bonds 2012 to Triumph and Repayment Bonds (Bonds 2012A) to Lucky Six as well as 2010 Warrants Tranche 1 and 2010 Warrants Tranche 2. In accordance with "FRS 39 - Financial Instruments: Recognition and Measurement", under which the derivative component of the convertible bonds/warrants is required to be recorded at fair value at each reporting period with a corresponding fair value gain/loss to be recognised as 'Non-cash fair value gain/loss - Derivative financial instruments' in the income statement. The value of the derivative financial instruments is highly sensitive to the changes in the Company's share price between each reporting period.

For FY2009, the management has estimated that the fair value of the derivative financial instruments as at 31 December 2009 was immaterial and has accordingly recorded nil balance for the derivative financial instruments that arose in connection with the issuance of Series 1 Junior Bonds.

Provision for income tax

The Group's provision for income tax, as at 31 December 2010, amounted to RMB5.9 million (31 December 2009: RMB8.5 million). Payment of taxes during the year and tax expenses recognised accounted for the movement in the balances. In addition, during the year, the Group reversed the prior year tax provision recognised by one of the Group's subsidiaries, Wuhan Xincheng, as it obtained full exemption from taxation for the first three years from FY2006 and a 50% relief from the tax rate of 25% for the next three years thereafter.

Interest-bearing loans and borrowings

The Group's interest-bearing loans and borrowings were:

RMB'000	As at 31.12.2010	As at 31.12.2009
Non-current	355,493	323,674
Current	222,564	422,493
Total	578,057	746,167

During FY2010, the Group repaid RMB419.4 million of loans while new loans drawdown amounted to RMB294.5 million. Repayment included the settlement of Series 1 Bonds.

8. A review of the performance of the group – cont'd.

Total equity

The Group's total equity as at 31 December 2010 amounted to RMB435.4 million (31 December 2009: RMB226.1 million). The increase was mainly due to approximately RMB189.1 million raised through the issuance of 1,959,374,500 new shares and net profits generated from operations.

Net current liabilities

Net current liabilities decreased from RMB316.1 million to RMB127.2 million as at 31 December 2010 due to the increase in cash and cash equivalents and bank deposits pledged from RMB114.7 million as at 31 December 2009 to RMB175.2 million as at 31 December 2010, partially offset by a decrease in loans and borrowings due to repayment made as well as reduction in trade payables during the year.

STATEMENT OF CASH FLOW

During the 12 months ended 31 December 2010, the Group generated a net cash flow from its operating activities of RMB48.7 million. During the period under review, the Group's investing activities amounted to RMB43.9 million while its financing activities raised RMB91.9 million. RMB179.5 million was raised through the issuance of new shares. Drawdown of loans amounted to RMB294.5 million while repayment of loans and borrowings amounted to RMB419.4 million.

As at 31 December 2010, the Group's cash and cash equivalents stood at RMB157.3 million.

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

Not applicable as no forecast or prospect statement was previously disclosed.

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.

China faces an enormous water crisis; geographic, climatic and demographic changes mean that demand has gushed up to overtake supply.

While the details of 12th Five-Year Plan have yet to be revealed, its key focus is on China's environment protection. It is widely anticipated that investment in waste-water treatment is likely to increase significantly. This is driven by the requirement that all cities and counties need to have higher sewage treatment capacity and construct pipeline networks during the 12th Five-Year Plan period.

This creates significant opportunities for the Chinese water treatment industry. While this poses challenges to the Group, we remain cautious in our outlook and will adopt a prudent approach in our business dealings.

As announced on 31 December 2010, the Company plans to raise additional funds by way of a Proposed Rights Issue. As announced on 31 January 2011, the Company has, on 28

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 – cont'd

January 2011, obtained approval in-principle from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the dealing in, listing and quotation of the Rights Issues on the Catalist Board of the SGX-ST, subject to compliance with the listing requirements of the SGX-ST. For details on these, please refer to the announcements released on 31 December 2010 and on 31 January 2011.

The Proposed Rights Issue is a strategic initiative to strengthen the Group's financial position. The Company intends to utilise the Net Proceeds to finance the Group's business expansion as well as for general working capital of the Group.

The Company will make the necessary announcements as and when deemed appropriate, on its future business expansion plan.

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.

No dividends have been declared or recommended.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and 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.

Analysis by Business Segments RMB'000	Power Plant EPC		Municipal EPC		Consultancy Work		Water Purification Treatment		Waste Water Treatment		Group	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenue	82,749	102,117	100,696	148,715	14,445	16,033	47,849	39,719	36,655	12,692	282,394	319,276
Segment results	(305)	(16,523)	19,235	3,327	12,565	3,066	7,359	(1,050)	11,088	(3,539)	49,942	(14,719)
Unallocated expenses, net											(16,529)	(13,679)
Financial income											21,470	23,222
Financial expenses											(39,351)	(146,463)
Other income											31,208	7,293
Other expenses											(23,076)	(34,624)
Share of profits of associate											8,465	9,977
Tax expense											(12,246)	(11,855)
Profit / (Loss) for the year											19,883	(180,848)
Discontinued Operations											1,091	338
Segment depreciation and amortisation												
Unallocated depreciation and amortisation	1,826	1,532	669	1,428	1,013	534	13,413	12,545	410	541	17,331	16,580
											41	28
Total depreciation and amortisation											17,372	16,608
Segment non-cash income	8,067	1,381	2,913	1,280	4,469	481	653	4	-	-	16,102	3,146
Segment non-cash expenses	12	11,793	2	10,922	3	4,104	430	1,904	-	-	447	28,723
Segment assets	151,374	183,860	48,286	214,157	115,089	64,430	567,230	540,990	489,684	374,700	1,371,663	1,378,137
Investment in associate											40,243	41,923
Unallocated assets											27,543	2,463
Total assets											1,439,449	1,422,523
Segment liabilities	183,652	237,989	127,751	148,219	85,420	31,232	309,025	330,595	205,791	208,213	911,639	956,248
Unallocated liabilities											92,407	240,139
Total liabilities											1,004,046	1,196,387
Segment capital expenditure	725	368	261	341	400	128	23,083	40,746	244	345	24,713	41,928
Unallocated capital expenditure											997	-
Total capital expenditure											25,710	41,928

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. – cont'd**

Analysis by Geographical Segments RMB'000	Revenue*		Assets		Capital Expenditure	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
PRC	282,394	319,276	1,411,903	1,420,060	24,713	41,928
Singapore	-	-	27,546	2,463	997	-

*Excludes amount relating to discontinued operations

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.

15. **A breakdown of sales**

Group	FY2010 [^]	FY2009 [^]	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	124,966	135,469	(7.8)%
Operating profit/(loss) after tax before deducting minority interests reported for first half year	4,514	(34,182)	N.M.
Sales reported for second half year	160,370	186,420	(14.0)%
Operating profit/(loss) after tax before minority interests reported for second half year	16,460	(146,328)	N.M.

[^]Includes amount relating to discontinued operations

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

Total Annual Dividend	FY2010	FY2009
Ordinary	None	None
Preference	None	None
Total	None	None

BY ORDER OF THE BOARD

LIU YUJIE
Executive Director

1 March 2011