

DEVOTION ENERGY GROUP LIMITED
 (Reg: 200208977M)

Full Year Financial Statement And Dividend Announcement
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
Consolidated income statement for financial year 2008 and 2007

	2008	2007	Changes
	RMB'000	RMB'000	%
Revenue	340,544	307,023	10.9
Cost of sales	(272,343)	(223,732)	21.7
Gross profit	68,201	83,291	-18.1
Other operating income	2,262	6,215	-63.6
Distribution costs	(21,289)	(23,265)	-8.5
Administrative expenses	(24,423)	(23,782)	2.7
Other operating expenses	(6,320)	(2,738)	130.8
Financial cost	(8,984)	(7,056)	27.3
Profit before income tax	9,447	32,665	-71.1
Less: Income tax expense	(2,227)	(2,243)	-0.7
Net profit after tax	7,220	30,422	-76.3
Attributable to:			
Equity holders of the Company	7,710	30,422	-74.7
Minority interests	(490)	-	N.M.
	7,220	30,422	-76.3

N.M.: no meaningful

Profit before income tax is arrived after charging (crediting) the following:

	2008	2007	Change
	RMB'000	RMB'000	%
Depreciation of property, plant and equipment	10,695	6,174	73.2
Amortisation of intangible assets	972	866	12.2
Interest income	(150)	(327)	(54.1)
Interest expense	6,580	6,090	8.0

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**

Balance Sheet as at 31 December 2008 And 31 December 2007

ASSETS	The Group		The Company	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	RMB'000	RMB'000	RMB'000	RMB'000
Non current assets				
Cash and cash equivalents	5,504	12,625	-	-
Investments in subsidiaries	-	-	87,279	92,892
Intangible assets	14,286	15,258	-	-
Property, plant & equipment	96,033	94,402	-	-
Deferred Tax Assets	152	152	-	-
Total non current assets	115,975	122,437	87,279	92,892
Current assets				
Cash and cash equivalents	52,303	44,701	14,923	8,689
Trade and other receivables	96,610	126,526	4,548	7,496
Inventories	66,829	59,305	-	-
Total current assets	215,742	230,532	19,471	16,185
Total assets	331,717	352,969	106,750	109,077
LIABILITIES				
Current liabilities				
Short term borrowings	75,330	87,500	-	-
Trade and other payables	60,852	79,219	11,622	22,220
Current portion of finance lease	-	364	-	-
Current tax payable	504	320	-	-
Total current liabilities	136,686	167,403	11,622	22,220
Total liabilities	136,686	167,403	11,622	22,220
Capital and Reserves				
Share capital	87,131	87,131	87,131	87,131
Other reserves	17,883	13,193	771	5,947
Accumulated profits (losses)	88,645	85,242	7,226	(6,221)
Equity contributable to shareholders of the Company	193,659	185,566	95,128	86,857
Minority interests	1,372	-	-	-
Total equity	195,031	185,566	95,128	86,857
Total liabilities and equity	331,717	352,969	106,750	109,077

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2008		As at 31 Dec 2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
75,330	-	87,500	-

Details of collateral:

Borrowings are secured by personal guarantee from directors, corporate guarantee from fellow subsidiary companies and subsidiary's properties.

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

Consolidated cash flow statement for the financial year ended 31 December 2008

	31 Dec 2008 RMB'000	31 Dec 2007 RMB'000
Profit before income tax	9,447	32,665
Adjustment for:		
Depreciation of property, plant and equipment	10,695	6,174
Amortisation of intangible assets	972	866
Impairment loss of intangible assets	101	-
Written off of property, plant & equipment	8	-
(Gain)/Loss on disposal of property, plant & equipment	(39)	23
Share based compensation	451	1,094
Interest income	(150)	(327)
Interest expense	6,580	6,090
Operating cash flows before working capital changes	28,065	46,585
Cash restricted in use over 3 months	7,122	(3,460)
Trade and other receivables	30,781	(22,596)
Inventories	(6,959)	(18,660)
Trade and other payables	(18,619)	17,381
Cash flows from operations	40,390	19,250
Interest paid	(6,580)	(6,090)
Interest received	150	327
Tax paid	(2,044)	(3,292)
Net cash generated from operating activities	31,916	10,195
Cash flows from investing activities		
Net cash outflow from acquisition of a subsidiary	(278)	-
Purchase of property, plant & equipment& intangibles	(12,165)	(29,611)
Proceeds from disposal of property, plant & equipment	272	275
Net cash flows used in investing activities	(12,171)	(29,336)
Cash flows from financing activities		
Fund raised from finance lease	(364)	(455)
Issuance of share capital	-	562
Net increase /(decrease) of bank borrowings	(12,170)	27,000
Minority interest in acquired subsidiary	460	-
Net cash flows (used in)/from financing activities	(12,074)	27,107
Effect of exchange rate changes in consolidating	(69)	204
Net increase in cash and cash equivalents	7,602	8,170
Cash and cash equivalents at beginning of the year	44,701	36,531
Cash and cash equivalents at end of the year	52,303	44,701

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

	Share Capital	Share Option Reserves	Foreign Exchange Translation Reserves	Accumulated Profits	Statutory Reserves	Minority Interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group							
At 1 January 2008	87,131	2,231	280	85,242	10,682	-	185,566
Exchange differences on translation	-	-	(68)	-	-	-	(68)
Share based compensation	-	451	-	-	-	-	451
Acquisition of a subsidiary	-	-	-	-	-	1,862	1,862
Net profit for the year	-	-	-	7,710	-	(490)	7,220
Transfer to statutory reserves	-	-	-	(4,307)	4,307	-	-
At 31 December 2008	87,131	2,682	212	88,645	14,989	1,372	195,031

	Share Capital	Share Option Reserves	Foreign Exchange Translation Reserve	Accumulated Profits	Statutory Reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
At 1 January 2007	86,569	1,137	75	58,014	7,488	153,283
New issuance of Share Capital	562	-	-	-	-	562
Exchange differences on translation	-	-	205	-	-	205
Share based compensation	-	1,094	-	-	-	1,094
Net profit for the year	-	-	-	30,422	-	30,422
Transfer to statutory reserves	-	-	-	(3,194)	3,194	-
At 31 December 2007	87,131	2,231	280	85,242	10,682	185,566

	Share Capital	Share Option Reserves	Foreign Exchange Translation Reserve	Accumulated Profits/(losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company					
At 1 January 2008	87,131	2,231	3,716	(6,221)	86,857
Exchange difference on translation	-	-	(5,627)	-	(5,627)
Share based compensation	-	451	-	-	451
Net profit for the year	-	-	-	13,447	13,447
At 31 December 2008	87,131	2,682	(1,911)	7,226	95,128

	Share Capital	Share Option Reserves	Foreign Exchange Translation Reserve	Accumulated (Losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company					
At 1 January 2007	86,569	1,137	68	(11,299)	76,475
New issuance of Share Capital	562	-	-	-	562
Exchange difference on translation	-	-	3,648	-	3,648
Share based compensation	-	1,094	-	-	1,094
Net profit for the year	-	-	-	5,078	5,078
At 31 December 2007	87,131	2,231	3,716	(6,221)	86,857

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 or 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 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

As at 31 December 2008, the number of outstanding share options under the Company's Share Option Plan was 6,670,000 (2007: 8,360,000).

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 2008, the total number of issued and paid-up capital of the Company was 195,117,000.(2007: 195,117,000)

1(d)(iv) A statement showing all sales, transfers, disposals, 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed.

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

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2007.

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

Not applicable.

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.

The Group	2008	2007
Earnings per share		
-on a weighted average number of shares(RMB cents)	3.95	15.62
-on a fully diluted basis (RMB cents)	3.95	15.62

Earnings per share is calculated on the Group's profit after income tax expense and minority interest of approximately RMB 7,710,000 (2007: RMB30,422,000) for the year ended 31 December 2008 divided by weighted average number of share of the Company of 195,117,000 (2007:194,818,000).

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 period reported on and (b) immediately preceding financial year

The Group	31 Dec 2008	31 Dec 2007
Net asset value excluding minority interests (RMB'000)	193,659	185,566
Number of ordinary shares	195,117,000	195,117,000
Net asset value per ordinary share (RMB cents)	99.25	95.10
The Company	31 Dec 2008	31 Dec 2007
Net asset value (RMB'000)	95,128	86,857
Number of ordinary shares	195,117,000	195,117,000
Net asset value per ordinary share (RMB cents)	48.75	44.52

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

As at 31 December 2008, Devotion Energy Group Limited has 5 subsidiaries: Guangzhou Devotion Thermal Facility Co., Ltd("GDTF"), Guangzhou Devotion Domestic Boilers Manufacturing Co., Ltd("GDD"), Guangzhou Devotion Energy Technology Co., Ltd("GEDT"), Guangzhou Devotion Engineering Installation Co., Ltd("GDEI") and Shaoxing Aike Electric Co., Ltd("Shaoxing Aike").

Revenue

Group revenue for 2008 grew by RMB 33.5 million or 10.9% to RMB 340.5 million compared to that of RMB 307.0 million in 2007, the growth was contributed by domestic wall hung boiler business and industrial boiler business & LNG, which achieved approximately RMB 196.3 million and RMB 107.7 million in 2008 respectively compared with that of RMB 180.0 million and RMB87.3 million in 2007 respectively.

Cost of Sales & Gross Margin

Gross margin of the Group decreased from 27.1% in 2007 to 20.0% in 2008, the sharp fall in margin was mainly caused by the following factors:

- The rising petroleum coke price and higher depreciation expenses of production facilities of energy projects, which turned energy sector's gross profit margin from 31.8% in 2007 into negative this year.
- Higher steel price, which dropped profit margin of industrial boiler products significantly in 2008.

As a result the Group's gross profit decreased by RMB 15.1 million or 18.1% to RMB 68.2 million compared with that of RMB 83.3 million in 2007.

Distribution, Administrative and Finance expenses

Distribution costs in 2008 decreased by approximately RMB 2.0 million compared with 2007, which was due mainly to reduction in staff cost, for some of salespersons converted into independent sales agents. Administrative expenses relatively unchanged compared with 2007. Finance expenses in 2008 increased RMB 1.9 million compared with that of RMB 7.06 million in 2007, which was due to unrealised exchange loss of RMB 1.32 million and an increase of RMB 0.5 million in bank borrowing interest.

Other Operating Income

Other operating income decreased by RMB 4.0 million compared with 2007, as a Government subsidy of RMB 4.2 million was granted in 2007 to support Group's renewable energy business development.

Other Operating Expense

The increase in other operating expense was due to following factors:

- Additional provision for doubtful debts of RMB 1.9 million;
- Additional provision for slow moving inventory of RMB 1.4 million;
- Breakdown cost of one of EGC plant of RMB 2.5 million, which was due to low production demand.

Minority interests

Minority interests refers to 49% of equity interest in Shaoxing Aike Electric Co., Ltd, which the Company acquired its 51% of equity interest in April 2008 through its wholly owned subsidiary, Guangzhou Devotion Domestic Boiler Manufacturing Co., Ltd (“GDD”).

Balance Sheet

The Group’s receivables in 2008 reduced by RMB 29.9 million compared with that in 2007, which was due mainly to the following:

- Cooperation with more independent sales agents to supplant direct sales in 2008 for industrial boiler and domestic wall hung boiler business, which contributed better payment terms and shorter debt aging;
- Lower order received and sales executed in Quarter 4 of 2008 than that in the same period of 2007 as a result of recent financial crisis.
- There was a subsidy of RMB 4.2 million receivable in 2007 from PRC government for motivation of renewable energy business development.

The Group’s payables in 2008 reduced by RMB 18.4 million compared with that in 2007, which was mainly due to lower level of raw material purchased in Quarter 4 of 2008 as a result of relatively lower sales order in hand compared with the same period in 2007.

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

The results of Group for financial year 2008 are consistent with the announcement made on 12 August 2008.

10. A commentary at the date of the announcement of the 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

Current global financial crisis has direct impact on the Group business, the Group’s export sales of domestic wall hung boilers is expected to slow down, and industrial boiler business will be negatively affected by the slump of current PRC property market. The development of the Group’s energy business will be largely depending on the fuel price and cost of petroleum coke. Despite the aforesaid challenging factors, the Group believes that it will benefit from PRC Government’s strategies of expanding domestic demand. In addition, the Group will continue to exercise tighter management control to weather the economic crisis.

Barring unforeseeable circumstances, the Board expects the Group to be profitable in 2009.

11. Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on?

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (SGD)	0.005
Tax Rate	1 tier tax-exempt

(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

To be announced later.

(d) Books closure date

To be announced later.

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

Not Applicable

**PART 2 - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1,Q2,Q3 or Half Year Results)**

13. Segment 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.

The Group is currently organized into three operating divisions – Industrial Boiler & LNG, Domestic Wall Hung Boiler and Renewable Energy.

<u>2008 (RMB'000)</u>	Industrial Boiler & LNG	Domestic Wall Hung Boiler	Renewable Energy	Total
Segment revenue	107,731	196,353	36,460	340,544
Segment results	8,872	24,030	(7,716)	25,186
<u>2007 (RMB'000)</u>	Industrial Boiler & LNG	Domestic Wall Hung Boiler	Renewable Energy	Total
Segment revenue	87,250	180,034	39,739	307,023
Segment results	12,244	23,239	11,682	47,165

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

Refer to section 8.

15. A breakdown of sales

Group	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)	% Increase /(decrease)
(a) Sales reported for first half year	141,387	114,278	23.7
(b) Net profit after tax reported for first half year	7,205	6,682	7.8
(c) Sales reported for second half year	199,157	192,745	3.3
(d) Net profit after tax reported for second half year	15	23,740	(99.9)

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 (Refer to Para 16 of Appendix 7.2 for the required details)

	31 Dec 2008	31 Dec 2007
	S\$	S\$
Ordinary	975,585	0
Preference	0	0
Total	975,585	0

17. Interested persons transactions disclosure

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Guangzhou Devotion Thermal & Technology Co., Ltd ("GDTT")	RMB 1,420,667	0
Guangzhou Devotion Energy-saving Technology Co. Ltd (Formerly named as: Guangzhou Jiemite Environmental Technology Co., Ltd)	RMB 3,352,587	0

Mr Chang Houchun, Executive Director and substantial shareholder of the Company, owned more than 30% ordinary share of C&T Eco-Energy Group Inc from 1 January 2008 to 4 November 2008, C&T Eco-Energy Group Inc owns 100% equity interest in the share capital of Guangzhou Devotion Energy-saving Technology

Co., Ltd, which owns 96.35% of the equity interest in the share capital of GDTT. During the period from 1 January 2008 to 4 November 2008, the Company incurred the aforesaid transactions with the subsidiary companies of C&T Eco-Energy Group Inc.

Transactions between the Company and GDTT related to the Royalty fee of RMB 15 payable to GDTT by the Company for every 1 tonne 53# EGC manufactured according to Exclusive 53#EGC Proprietary Technology Licence contract signed between the Company and GDTT. In addition, the Company sold GDTT 2 units of thermal equipment and parts with selling price of RMB 1,075,535 (net of VAT) and gross profit margin of 28%. Transactions between the Company and Guangzhou Devotion Energy-saving Technology Co., Ltd related to the purchase of the additives, raw material of 53# EGC.

The Board of directors of the Company is of the view that the above transactions are in the best interest of the Company and are arms length's transactions.

BY ORDER OF THE BOARD

Chang Houchun
Executive Director / Chief Executive Officer
26 February 2009