

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31/12/2005

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 FULL YEAR ENDED 31 DECEMBER 2005

	Group FY 2005	Group FY2004	% Increase / (Decrease)
	\$'000	\$'000	
Revenue	81,406	52,213	56%
Cost of sales	-48,940	-26,881	82%
Gross profit	32,466	25,332	28%
Other operating income	2,753	2,147	28%
Selling and distribution expenses	-2,160	-2,061	5%
General and administrative expenses	-5,818	-5,083	14%
Operating profit	27,241	20,335	34%
Finance cost	-148	-	n.m
Share of profits of associate company	259	1,415	-82%
Profit before tax	27,352	21,750	26%
Group income tax	-1,739	-284	512%
Profit after tax	25,613	21,466	19%
Attributable to:			
Equity holders of parent	23,851	21,452	11%
Minority interests	1,762	14	12486%
Profit after Tax	25,613	21,466	19%

(1)(a)(ii)

	Group FY2005	Group FY2004	% Increase / (Decrease)
	\$'000	\$'000	
<u>Other Credits/(Charges)</u>			
Staff costs	-4,391	-2,927	50%
Research and development	-1,560	-1,383	13%
Depreciation	-1,979	-821	141%
Rental	-499	-333	50%
Exchange differences	784	-637	n.m
Interest income	940	440	114%

n.m. : 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 31/12/2005 \$'000	Group 31/12/2004 \$'000	Company 31/12/2005 \$'000	Company 31/12/2004 \$'000
Fixed assets	16,157	16,459	-	-
Investment in associate	28,488	8,826	-	-
Investment in subsidiaries	-	-	6,000	6,000
	<u>44,645</u>	<u>25,285</u>	<u>6,000</u>	<u>6,000</u>
Current assets				
Trade receivables	22,190	14,724	-	-
Other receivables	7,863	8,577	59,234	35,934
Inventories	6,007	3,302	-	-
Short term investments	1,261	-	-	-
Cash and bank balances	94,693	61,038	34,043	12,123
Pledged bank depoist	845	3,231	-	-
	<u>132,859</u>	<u>90,872</u>	<u>93,277</u>	<u>48,057</u>
Current liabilities				
Trade payables	8,396	10,343	-	-
Other payables	11,167	14,943	200	145
Short term loans,unsecured	6,180	-	-	-
Income tax payable	1,064	277	70	-
	<u>26,807</u>	<u>25,563</u>	<u>270</u>	<u>145</u>
Net current assets	<u>106,052</u>	<u>65,309</u>	<u>93,007</u>	<u>47,912</u>
Non-current liabilities				
Deferred income	932	1,362	-	-
Deferred tax	-	-	-	-
	<u>932</u>	<u>1,362</u>	<u>-</u>	<u>-</u>
Net assets	<u>149,765</u>	<u>89,232</u>	<u>99,007</u>	<u>53,912</u>
Capital and reserves				
Issued capital	9,236	8,000	9,236	8,000
Share premium	81,491	39,828	81,491	39,828
Reserves	55,139	34,384	8,280	6,084
	<u>145,866</u>	<u>82,212</u>	<u>99,007</u>	<u>53,912</u>
Minority interests	<u>3,899</u>	<u>7,020</u>	<u>-</u>	<u>-</u>
Total capital and reserves	<u>149,765</u>	<u>89,232</u>	<u>99,007</u>	<u>53,912</u>

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

Amount repayable in one year or less, or on demand

As at 31/12/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
Nil	6,180	Nil	Nil

Amount repayable after one year

As at 31/12/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

1(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 THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2005

	Group	
	FY2005	FY2004
	\$'000	\$'000
Cash flow from operating activities:		
Profit before tax	27,352	21,750
Adjustments for:		
Share of profits of associate company	-259	-1,415
Gain arising from dilution of interests in associate company	-	-1,500
Depreciation	1,979	821
Loss arising from disposal of fixed assets	-	29
Allowance for doubtful debts	-282	356
Interest income	-940	-440
Interest expense	148	-
Operating profit before working capital changes	27,998	19,601
Fixed deposits unpledged from financial institutions	2,386	179
Trade receivables	-7,184	-9,379
Other receivables	714	-3,206
Inventories	-2,705	726
Trade payables	-1,947	2,477
Other payables	-2,253	9,141
Amount due to directors	-1,524	1,520
Deferred income	-430	-5
Cash from operations	15,055	21,054
Interest received	940	440
Income tax refund (paid)	-952	-229
Net cash from operating activities	15,043	21,265
Cash flow from investing activities:		
Purchase of fixed assets	-986	-12,203
Consolidation of interests in a subsidiary	-	-2,328
Investments in associate	-19,416	-
Short term investments	-1,261	-
Net cash used in investing activities	-21,663	-14,531
Cash flow from financing activities:		
Proceeds from issue of shares	42,899	-
Contribution by minority interests	-4,951	5,647
Short term loan	6,180	-
Dividend paid	-4,000	-
Interest paid	-148	-
Net cash generated from financing activities	39,980	5,647

Net effect of exchange rate changes in consolidating subsidiaries	295	-717
Net increase in cash and cash equivalents	33,655	11,664
Cash and cash equivalents at beginning of financial period	61,038	49,374
Cash and cash equivalents at end of financial period	94,693	61,038

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	Minority interest	Total equity
	Issued capital	Share premium	Accumulated profits	Other reserves	Legal reserves	Translation reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Group									
Balance as at 1 January 2005	8,000	39,828	30,553	1,500	3,558	-1,226	82,213	7,020	89,233
Profit for the year	-	-	23,850	-	-	-	23,850	1,762	25,612
Dividends paid	-	-	-4,000	-	-	-	-4,000	-	-4,000
Issued of new shares	1,236	41,663	-	-	-	-	42,899	-	42,899
Transfer to legal reserves	-	-	-331	-	331	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-4,951	-4,951
Currency translation differences	-	-	-	-	-	904	904	68	972
Balance as at 31 December 2005	9,236	81,491	50,072	1,500	3,889	-322	145,866	3,899	149,765

Balance as at 1 January 2004	8,000	39,828	14,158	-	-	-669	61,317	4,496	65,813
Profit for the period	-	-	19,952	-	-	-	19,952	14	19,966
Transfer to legal reserves	-	-	-3,558	-	3,558	-	-	-	-
Dilution gain from associate	-	-	-	1,500	-	-	1,500	-	1,500
Minority interest	-	-	-	-	-	-	-	5,585	5,585
Change in shareholding in minority interest	-	-	-	-	-	-	-	-2,990	-2,990
Currency translation differences	-	-	-	-	-	-557	-557	-85	-642
Balance as at 31 December 2004	8,000	39,828	30,552	1,500	3,558	-1,226	82,212	7,020	89,232

Company	Issued capital	Share premium	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000

Balance as at 1 January 2005	8,000	39,828	6,084	53,912
Profit for the year	-	-	6,196	6,196
Dividends paid	-	-	-4,000	-4,000
Issued of new shares	1,236	41,663	-	42,899
Balance as at 31 December 2005	9,236	81,491	8,280	99,007

Balance as at 1 January 2004	8,000	39,828	57	47,885
Profit for the year	0	0	6,027	6,027
Balance as at 31 December 2004	8,000	39,828	6,084	53,912

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.

On 5 October 2005, 61,780,000 new ordinary shares of S\$0.02 each were issued pursuant to the placement of the company. No options were granted nor new shares issued pursuant to the employees' share option Scheme.

2. Whether the figures have been audited or reviewed and in accordance with which auditing 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 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 Group and the company have adopted all the applicable new/revised FRS and interpretations of Financial Reporting Standard ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on January 1, 2005. The adoption of the new/revised FRS and INT FRS has no material effect on the financial statements for the current or prior periods.

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 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	Group
	12 months ended	12 months ended
	31/12/2005	31/12/2004
Earnings per ordinary share after deducting any provision for preference dividends were:		
Based on the weighted average number of ordinary shares in issue; and	5.74 cents	5.36 cents
On a fully diluted basis	5.74 cents	5.36 cents

For comparative purposes, the earnings per ordinary share for the year ended 31 December 2005 is calculated based on the profit for the period of approximately S\$23,851,000 divided by the weighted average share capital of 415,445,000 shares.

The weighted average number of ordinary shares for the year ended 31 December 2004 is 400,000,000.

There were no potential dilutive ordinary shares.

- 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	Group	Company	Company
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Net asset value per ordinary share based on issued share capital as at the end of the financial period	31.59 cents	20.55 cents	21.44 cents	13.48 cents

- 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.**

Review of Operating Result

Revenue for the year was up 56% to S\$81.4 million compared to FY2004, mainly due to the revenue from subsidiary Jiangxi New Ruifeng Co., Ltd, a company specializing in the R&D,

production and sales & marketing of gibberellins. The turnover from this subsidiary amounted to S\$20.5 million, contributing 25% of the total Group revenue.

Gross profit increased 28% to \$32.5 million for FY2005 as a result of greater sales. Profit before tax for the year increased 26% to S\$27.4 million. Operating expense rose 12% to S\$8 million against the previous year's S\$7.1 million. This is consistent with the increase in activities and business expansion. The group spent about S\$ 1.8 million (2004:S\$1.9 million) on research and development, of which S\$0.26 million (2004:S\$0.5 million) was utilized from the research and development grants. However operating expense as a percentage of revenue decreased to 10% from 14% for the corresponding period last year. Other operating income of S\$2.8 million was mainly exchange gain, interest income and write back for bad debt expense of S\$0.3 million.

The Group's share of associate companies' profits declined 82% to S\$0.3 million. The Group's share of profits of 23.85%-owned Pharmesis International Ltd amounted to S\$0.18 million and that from our 30%-owned associate company, Shandong TianLi Biochemical Co. Ltd was S\$0.49 million while our 50%-owned associate company, Microdyn-Nadir GmbH incurred a loss.

Group tax expense of S\$1.7 million was higher than previous year on account of higher profit achieved and the expiry of full tax exemption in respect of our Xiamen operations. Sutar Process Technology (Xiamen) Co., Ltd and Sutar Membrane Technology (Xiamen) Co., Ltd now pay a concessionary tax rate of 7.5%. However, a majority of tax paid for FY 2005 is expected to be refunded by local government in FY 2006 as an incentive for capital investment in hi-tech companies. After taking into account minority interests' share of profits, Group attributable profit was up 11% to S\$23.9 million.

In FY 2004, Group recorded a one-time gain arising from the dilution of interests in Pharmesis upon its listing on the SGX Main Board, which amounted to S\$1.5 million. For comparison purpose, if the income from this dilution gain was excluded, FY 2005 net profit would be 20% above FY 2004.

Review of Financial Position

The increase of the investment in associate is due to the acquisition of 50% stake in Microdyn-Nadir GmbH, which is a leading European developer, manufacturer and supplier of a full spectrum of filtration and separation membranes and the acquisition of 30% stake in Shandong TianLi Biochemical Co Ltd, the biggest sorbitol manufacturer in China. Short-term investments were the investment in the securities of Xiwang Sugar Holding Company Limited.

The turnover days for trade receivables and trade payables currently stands at 83 days (2004: 71days) and 43 days (2004:71 days) respectively. The inventory days improved from 50 days in 2004 to 35 days in 2005.

Group generated a positive cash flow from operation of S\$15.1 million for the year. Cash used in investing activities of S\$21.7 million was mainly due to the new investment of acquisition of the associated company, Microdyn-Nadir GmbH and Shangdong TianLi Biochemical Co Ltd. Cash generated from financing activities totaled 40 million and was funded by proceeds from issuance of new shares of S\$43 million, partially offset by dividend payment. A short-term loan amounting to S\$6 million was obtained by Xinfeng Co., Ltd for working capital needs as a result of production expansion.

The Group's cash position remained strong and stood at S\$94.7 million at 31 December 2005.

- (c) **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

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.**

The group has evolved its business model from a membrane-based process and engineering solution provider to embracing the membrane industry value chain. On upstream, we have acquired a 50% interest in Microdyn-Nadir which gives the Group access to core technology in membrane manufacturing. In partnership with Microdyn-Nadir, the Group has the capability to develop, produce and sell a full range of polymer membranes either in filtration type such as microfiltration, ultrafiltration and nanofiltration or in configuration type such as flat sheet, tubular, hollow fibre and spiral wound membranes to the market. On downstream, our investment in New Ruifeng has added shareholder value and demonstrated our ability to convert our process know-how to recurrent product-income in conjunction with our strategic partner.

Going forward, we expect to enhance our RDPA (research, development, pilot-testing and application) scheme to distinguish ourselves from our competitors. There are thousands of products including pharmaceuticals, nutraceuticals, food additives, biodegradable plastics and even petroleum-related products that can be produced by membrane-based fermentation technology. With the construction and operation of our Ji'an nutraceutical base, part of our existing gibberellin production facilities will be used for research, development and pilot-testing of such types of fermentation products. The group will expand from a membrane technology supplier to a supplier of turn-key solutions (including strain improvement, fermentation optimization, membrane separation and purification, crystalization and finalization).

11. **Dividend**

- (a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Yes

Name of dividend	:	Final
Dividend type	:	Cash
Dividend amount per share (in cents)	:	1 cent per share (1-tier tax exempt)
Tax rate	:	NIL

- (b) **Corresponding Period of the Immediately Preceding Financial Year**

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

Yes

Name of dividend	:	Final
Dividend type	:	Cash
Dividend amount per share (in cents)	:	1 cent per share (1-tier tax exempt)
Tax rate	:	NIL

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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 Dec 2005	Membrane Process & Engineering	Nutriceutical	Group
	\$'000	\$'000	\$'000
Revenue	60,942	20,464	81,406
Operating profit	22,661	4,580	27,241
Financial costs	-	-148	-148
Share of results of associate			259
Income tax expense			-1,739
Profit after tax			<u>25,613</u>
Balance sheet			
Segment assets	156,524	20,980	177,504
Segment liabilities	12,967	14,772	27,739
Other segment information			
Capital expenditure	372	614	986
Depreciation	1,261	718	1,979

In year 2004, the Group derives revenue from the sale of customized advanced membrane systems, which includes value added services such as technology innovation services and the supply of spare parts and consumables, which is currently the only business activity. Almost all of the operating activities are carried out in the People's Republic of China. As such, a segregation of the results by activities and geographical region is not meaningful.

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 section 8.

15. A breakdown of sales.

		Group S\$'000 31/12/2005	Group S\$'000 31/12/2004	% increase
(a)	Sales reported for first half year	33,860	20,996	61
(b)	Operating profit reported for first half year	10,420	7,389	41
(c)	Sales reported for second half year	47,546	31,217	52
(d)	Operating profit reported for second half year	15,193	14,077	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 31/12/2005	Previous full year 31/12/2004
(a)	Ordinary	\$4,000,000	0
(b)	Preference	0	0
	Total	\$4,000,000	0

BY ORDER OF THE BOARD

LOW MEI MEI, MAUREEN
Company Secretary