

## 3Q2004 EARNINGS RELEASE



Registration No: 200208107G

### Sinomem posts 21% rise in first nine months profits - new corporate strategy to fuel future growth -

Financial Highlights	3 months to 30 Sept			9 months to 30 Sept		
	2004 (S\$m)	2003 (S\$m)	Chg	2004 (S\$m)	2003 (S\$m)	Chg
Revenue	15.3	14.9	+3%	36.3	32.5	+12%
Gross Profit	7.1	6.8	+4%	16.8	15.7	+7%
Pretax Profit	5.1	5.3	-5%	12.2	11.9	+2%
Tax & Minority Interests	(0.0)	(0.7)	-97%	(0.2)	(1.3)	-88%
Share of Associates	0.4	0	-	0.8	0	-
Net Profit	5.5	4.6	+19%	12.9	10.7	+21%
EPS (Scts)				3.22	3.16*	
NTA (Scts)#				18.47	15.33	

\* based on weighted average issued share capital of 338.5 m shares

# based on issued share capital of 400 m shares

**SINGAPORE, November 10, 2004:-** Sinomem Technology Limited ("Sinomem"), a leading membrane-based integrated process and engineering technology company has reported a 21% rise in net profit to S\$12.9 m for the nine months ended 30 September 2004, on the back of a 12% rise in revenues to S\$36.3 m.

Commenting on the Group's performance, Dr. Lan Wei Guang, founder and Managing Director of Sinomem said, "We are pleased with our performance and are encouraged by our growing orderbook. We expect the trend towards increasing modernization amongst PRC manufacturers to continue. Sinomem is well positioned to tap this growing demand as we build on our successful track record in utilizing our proprietary advanced membrane technology and processes to help these manufacturers achieve global competitiveness -

through lower production costs and higher yields. We are confident of delivering another year of quality earnings growth for our shareholders in 2004.”

**Highlights from 9-month period ended 30 September 2004:**

- **Revenues rose 12% to S\$36.3 m** in the nine-month period as more projects were completed, primarily from the pharmaceutical sector, which accounted for about 85% of Group revenues. Sinomem has an established track record in the PRC pharmaceutical industry and counts the major players such as the CSPC Group, NCPG Group, NEPC Group, HPGC Group, JSPC and Lukang Group as its customers.
- **Pretax margins remained high at 33.6%**, albeit a dip of 3 percentage points due to an increase in staff strength as the Group expands its sales and service network. However the Group also benefited from higher other operating income. Pretax profit was up 2% to S\$12.2 million.
- **Contribution from associate of S\$0.8 million was attributed to its 23.85% stake in Pharmesis International Ltd** (formerly known as Sinopharm Pte Ltd). Following the successful initial public offer of shares in Pharmesis and its subsequent listing on the Mainboard of the Singapore Exchange on 6 October 2004, Sinomem continues to be the second largest shareholder with a 23.85% stake. Pharmesis is a leading pharmaceutical company in the PRC that specializes in formulated products for the treatment of illnesses relating to the liver and gall bladder.
- **Taxation remains low due to tax incentives; Net Profits up 21%**  
The Group continues to enjoy tax incentives in the year 2004.
- **Positive net cash flow from operations of S\$10.3 million**

Dr Lan added, "We remain optimistic about the Group's prospects. Sinomem is at the cusp of a new phase of growth as we implement our three-pronged corporate strategy, focusing on organic growth and growth through upstream and downstream integration. Looking ahead, we expect our downstream investments such as Pharmesis and NRCB to contribute positively to earnings. We continue to actively seek out new strategic partners for mutual benefit as well as new investment opportunities to drive our future growth and fulfill our vision of being a global leader in the development of advanced membrane technology for separation, purification and cleaner production."

In October 2004, Sinomem announced that it has signed a memorandum of understanding (MOU) to invest S\$6 million for a 51% stake in a new joint venture company called Jiangxi New Ruifeng Biochemical Co. Ltd. ("NRCB") in the PRC. NRCB will focus on the production and sales of gibberellins (a plant growth regulator) and other fermentation-based biochemical products.

-Ends-

#### **About Sinomem Technology Limited**

Sinomem Technology Limited (Bloomberg - SINO SP; Reuters – SINO.SI) is a leading membrane technology provider and process specialist based in Xiamen, China and headquartered in Singapore. Established in 1996, it was listed on the Singapore Exchange on 18 June 2003. The company provides integrated process and engineering solutions for separation, purification and cleaner production using its proprietary advanced membrane technology. Its customers include key players in the pharmaceutical, chemical and dyestuff, food and beverage, water and wastewater treatment industries in the PRC. The group currently derives about 85% of its revenues from customers in the pharmaceutical industry. ([www.sinomem.com](http://www.sinomem.com))

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