

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30/09/2004

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

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

1(a)(i)

UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004

	Group 3 months ended 30/09/2004 \$'000	Group 3 months ended 30/09/2003 \$'000	% Increase / (Decrease)	Group 9 months ended 30/09/2004 \$'000	Group 9 months ended 30/09/2003 \$'000	% Increase / (Decrease)
Revenue	15,340	14,866	3	36,336	32,510	12
Cost of sales	(8,235)	(8,039)	2	(19,512)	(16,769)	16
Gross profit	7,105	6,827	4	16,824	15,741	7
Other operating income	84	149	(44)	498	310	61
Selling and distribution expenses	(476)	(560)	(15)	(1,252)	(893)	40
General and administrative expenses	(1,656)	(1,084)	53	(3,870)	(3,209)	21
Profit before tax	5,057	5,332	(5)	12,200	11,949	2
Income tax	(23)	(90)	(74)	(158)	(297)	(47)
Profit after tax	5,034	5,242	(4)	12,042	11,652	3
Minority interests	0	(617)	(100)	10	(970)	(101)
Profit after tax and MI	5,034	4,625	9	12,052	10,682	13
Share of associate's profits	454	0	n.m.	835	0	n.m.
Profit after tax attributable to shareholders	5,488	4,625	19	12,887	10,682	21

Note:

The restructuring of the Group in 2003, made effective from 1 January 2003, was completed on 14 May 2003.

1(a)(ii)

	Group 3 months ended 30/09/2004	Group 3 months ended 30/09/2003	% Increase / (Decrease)	Group 9 months ended 30/09/2004	Group 9 months ended 30/09/2003	% Increase / (Decrease)
	\$'000	\$'000		\$'000	\$'000	
Staff Costs						
Staff costs (include CPF)	(470)	(92)	411	(1,313)	(660)	99
Directors' remuneration (include CPF)	(134)	(111)	21	(323)	(303)	7
Directors' fees	(28)	(150)	(81)	(83)	(150)	(45)
Contributions to defined contribution plan	(49)	(9)	474	(113)	(74)	54
Other Credits/(Charges)						
Research and development	(531)	(281)	89	(1,157)	(1,309)	(12)
Depreciation	(196)	(124)	58	(536)	(379)	41
Rental	(83)	(23)	261	(228)	(84)	171
Exchange differences	(246)	(25)	884	(142)	62	(329)
Interest income	87	175	(50)	217	249	(13)

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.

UNAUDITED BALANCE SHEETS

	Group 30/09/2004 \$'000	Group 31/12/2003 \$'000	Company 30/09/2004 \$'000	Company 31/12/2003 \$'000
Fixed assets	7,226	5,666	0	0
Investment in associate	6,836	6,000	0	0
Investment in subsidiaries	0	0	6,000	6,000
	<u>14,062</u>	<u>11,666</u>	<u>6,000</u>	<u>6,000</u>
Current assets				
Trade receivables	9,124	5,701	0	0
Other receivables	2,853	5,371	15,009	21,304
Inventories	5,572	4,028	0	0
Cash and bank balances	58,886	52,784	27,144	20,611
	<u>76,435</u>	<u>67,884</u>	<u>42,153</u>	<u>41,915</u>
Current liabilities				
Trade payables	5,058	7,866	0	0
Other payables	9,029	4,282	5	30
Income tax payable	0	222	0	0
	<u>14,087</u>	<u>12,370</u>	<u>5</u>	<u>30</u>
Net current assets	<u>62,348</u>	<u>55,514</u>	<u>42,148</u>	<u>41,885</u>

Non-current liabilities				
Deferred income	1,034	1,367	0	0
Deferred tax	0	0	0	0
	<u>1,034</u>	<u>1,367</u>	<u>0</u>	<u>0</u>
Net assets	<u>75,376</u>	<u>65,813</u>	<u>48,148</u>	<u>47,885</u>
Capital and reserves				
Issued capital	8,000	8,000	8,000	8,000
Share premium	39,828	39,828	39,828	39,828
Reserves	26,059	13,489	320	57
	<u>73,887</u>	<u>61,317</u>	<u>48,148</u>	<u>47,885</u>
Minority interests	<u>1,489</u>	<u>4,496</u>	<u>0</u>	<u>0</u>
Total capital and reserves	<u>75,376</u>	<u>65,813</u>	<u>48,148</u>	<u>47,885</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 30/09/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/09/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

Not applicable

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

UNAUDITED CASH FLOW STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004

	Group		Group	
	3 months ended 30/09/2004	3 months ended 30/09/2003	9 months ended 30/09/2004	9 months ended 30/09/2003
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:				
Profit before tax	5,057	5,332	12,200	11,949
Adjustments for:				
Depreciation	196	124	536	379
Interest income	(87)	(175)	(217)	(249)
Operating profit before working capital changes	5,166	5,281	12,519	12,079
Fixed deposits pledged to financial institutions	(2,302)	(2,167)	(1,204)	(3,309)
Trade receivables	(2,512)	(2,655)	(3,423)	(1,527)
Other receivables	2,694	310	2,518	(67)
Inventories	(741)	(444)	(1,544)	(625)
Trade payables	2,366	1,066	(2,808)	(4,703)
Other payables	1,228	2,510	4,747	1,379
Deferred income	53	58	(333)	23
Cash from operations	5,952	3,959	10,472	3,250
Interest received	87	175	217	249
Dividend paid	0	0	0	(4,881)
Income tax refund (paid)	(268)	36	(380)	(122)
Net cash from (used in) operating activities	5,771	4,170	10,309	(1,504)
Cash flow from investing activities:				
Purchase of fixed assets	(189)	(354)	(2,100)	(1,552)
Consolidation of interests in a subsidiary	0	0	(2,990)	0
Acquisition of subsidiaries, net cash acquired	0	(17,349)	0	0
Net cash used in investing activities	(189)	(17,703)	(5,090)	(1,552)
Cash flow from financing activities:				
Proceeds from issue of shares	0	0	0	41,754
Contribution by minority interests	0	0	0	1,591
Net cash generated from financing activities	0	0	0	43,345
Net effect of exchange rate changes in consolidating subsidiaries	(257)	(275)	(320)	(265)
Net increase (decrease) in cash and cash equivalents	5,325	(13,808)	4,899	40,024
Cash and cash equivalents at beginning of financial period	48,948	53,832	49,374	*
Cash and cash equivalents at end of financial period	54,273	40,024	54,273	40,024

* : S\$2

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.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Issued capital \$'000	Share premium \$'000	Accumulated profits \$'000	Legal reserves \$'000	Translation reserves \$'000	Total \$'000
Group						
Balance as at 1 January 2003	6,000	0	0	0	0	6,000
Currency translation differences	0	0	0	0	51	51
Profit for the period	0	0	3,128	0	0	3,128
Balance as at 31 March 2003	6,000	0	3,128	0	51	9,179
Currency translation differences	0	0	0	0	(47)	(47)
Issue of shares	2,000	39,754	0	0	0	41,754
Profit for the period	0	0	2,929	0	0	2,929
Balance as at 30 June 2003	8,000	39,754	6,057	0	4	53,815
Currency translation differences	0	0	0	0	(255)	(255)
Profit for the period	0	0	4,625	0	0	4,625
Balance as at 30 Sept 2003	8,000	39,754	10,682	0	(251)	58,185
Currency translation differences	0	0	0	0	(418)	(418)
Reclassification	0	74	(74)	0	0	0
Profit for the period	0	0	3,550	0	0	3,550
Balance as at 31 Dec 2003	8,000	39,828	14,158	0	(669)	61,317
Balance as at 1 January 2004	8,000	39,828	14,158	0	(669)	61,317
Profit for the period	0	0	3,981	0	0	3,981
Currency translation differences	0	0	0	0	(402)	(402)
Balance as at 31 March 2004	8,000	39,828	18,139	0	(1,071)	64,896
Profit for the period	0	0	3,418	0	0	3,418
Currency translation differences	0	0	0	0	415	415
Balance as at 30 June 2004	8,000	39,828	21,557	0	(656)	68,729
Profit for the period	0	0	5,489	0	0	5,489
Transfer to legal reserves	0	0	(1,686)	1,686	0	0
Currency translation differences	0	0	0	0	(331)	(331)
Balance as at 30 September 2004	8,000	39,828	25,360	1,686	(987)	73,887

Company

Balance as at 1 January 2003	6,000	0	0	0	0	6,000
Profit for the period	0	0	0	0	0	0
Balance as at 31 March 2003	6,000	0	0	0	0	6,000
Issue of shares	2,000	39,754	0	0	0	41,754
Balance as at 30 June 2003	8,000	39,754	0	0	0	47,754
Loss for the period	0	0	(5)	0	0	(5)
Balance as at 30 Sept 2003	8,000	39,754	(5)	0	0	47,749
Reclassification	0	74	(74)	0	0	0
Profit for the period	0	0	136	0	0	136
Balance as at 31 Dec 2003	8,000	39,828	57	0	0	47,885
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Balance as at 1 January 2004	8,000	39,828	57	0	0	47,885
Profit for the period	0	0	160	0	0	160
Balance as at 31 March 2004	8,000	39,828	217	0	0	48,045
Profit for the period	0	0	96	0	0	96
Balance as at 30 June 2004	8,000	39,828	313	0	0	48,141
Profit for the period	0	0	7	0	0	7
Balance as at 30 September 2004	8,000	39,828	320	0	0	48,148

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.

During the third quarter and nine months ended 30 September 2004, the issued capital of the Group and of the Company remained unchanged. No options were granted nor new shares issued pursuant to the employees' share option Scheme.

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.

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 has applied the same accounting policies and methods of computation for the current financial period.

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
	9 months ended	9 months ended
	30/09/2004	30/09/2003
Earnings per ordinary share after deducting any provision for preference dividends were:		
Based on the weighted average number of ordinary shares in issue; and	3.22 cents	3.16 cents
On a fully diluted basis	3.22 cents	3.16 cents

For comparative purposes, the earnings per ordinary share for the 9 months ended 30 September 2003 is calculated based on the profit for the period of approximately S\$10,682,000, divided by the weighted average share capital of 338,462,000 shares.

The weighted average number of ordinary shares for the 9 months ended 30 September 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
	30/09/2004	31/12/2003	30/09/2004	31/12/2003
Net asset value per ordinary share based on issued share capital as at the end of the financial period	18.47	15.33 cents	12.04 cents	11.97 cents

The net asset value per ordinary share is calculated based on the issued share capital of 400,000,000 shares.

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.**

Profit and Loss Statement

Revenue increased about 3% from S\$14.9 million for 3Q 2003 to S\$15.3 million for 3Q 2004. For the nine months ended 30 September 2004, revenues were up 12% to S\$36.3 million compared to the nine months ended 30 September 2003. Revenue was derived primarily from the pharmaceutical industry which contributed to about 85% of the total revenue for the nine months ended 30 September 2004.

Profit before tax amounted to S\$5.1 million for 3Q 2004 due to an increase in administrative expenses. However profit before tax for the nine months ended 30 September 2004 was 2% higher at S\$12.2 million due to increased gross profits and other operating income.

In the first nine month of 2004, the Group spent about S\$1,569,000 on research and development, of which S\$412,000 was utilized from the research and development grants. Accordingly, only S\$1,157,000 were charged to the profit and loss statement during the nine months ended 30 September 2004. The exchange loss of S\$142,000 was due to a weaker US dollar and Chinese Renminbi and assets that are denominated in foreign currencies.

Net profit was up 19% to S\$5.5 million for 3Q 2004 compared to 3Q 2003. Net profit for the nine months ended 30 September 2004 increased 21% to S\$12.9 million compared to the nine months ended 30 September 2003, due mainly to lower taxation and minority interests as well as profit contribution from an associate company.

In December 2003, the Group acquired a 31.8% interest in associate company, Sinopharm Pte Ltd, a company specializing in the research and development, production, sales and marketing of pharmaceutical products in the PRC. Sinopharm Pte Ltd was renamed as Pharmesis International Limited and was listed on the SGX Main Board on 6 October 2004. For the first nine months of the year, the associate company made a profit contribution of about S\$0.8 million to the Group's profits.

Balance Sheet

The increase in fixed assets is due to the purchase of plant and machinery in 2004. Profits for the associate company for the nine months ended 30 September 2004 contributed to the increase in the investment in associate.

Trade payables decreased due to the reduction in advance payments received from customers. Other payables rose as a result of the Group's acquisition of the remaining 47.9% interest in a subsidiary, Suntar Membrane Technology (Xiamen) Co., Ltd for about \$3 million.

Trade receivables increased as some billings to customers were made in late September 2004. However, the turnover days for trade receivables remained stable at 56 days. The turnover days for trade payables and inventories have also remained stable at 48 days and 67 days respectively.

The Group generated a positive cash flow from operations of S\$10.3 million in the first nine months of the year. However, due to new investments in fixed assets of S\$2.1 million and consolidation of interests in a subsidiary amounting to S\$3 million, the net increase in cash and cash equivalents was S\$4.9 million for the period under review. Notwithstanding the decrease, the Group's cash position remained strong and stood at S\$58.9 million as at 30 September 2004.

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

There is no variance between the actual results as compared to that disclosed in the previous announcement.

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.

With more players entering the water treatment industry, the Group expects competitive conditions to remain keen. It will continue to strengthen its market niche in the pharmaceutical sector in China by leveraging on its deep understanding of the pharmaceutical industry and developing customized and innovative solutions that meets the unique needs of the industry. The Group has an established track record in the PRC pharmaceutical industry and counts the major players such as the CSPC Group, NCPC Group, NEPC Group, HPGC Group, JSPC and Lukang Group as its customers. The Group is also expanding its sales and service network for better customer reach and to enhance service levels.

In October 2004, the Group signed a memorandum of understanding 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. The Group is also actively exploring new strategic opportunities to augment the future growth of the company. Meanwhile the Group is on track to achieve another year of growth in 2004.

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 dividend for the third quarter and nine months ended 30 September 2004 is recommended.

**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.

Not applicable.

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.

Not applicable.

15. A breakdown of sales.

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

**Low Mei Mei, Maureen
Company Secretary
10/11/2004**