

## Sinomem to raise up to S\$31.0 million through placement of up to 50 million new shares

- Funds will be used for expansion of water business

**Singapore, 9 September 2009** – Main Board-listed Sinomem Technology Limited (“**Sinomem**” or the “**Company**” and together with its subsidiaries, the “**Group**”), a global developer of advanced membrane materials, has today announced that it plans to raise up to S\$31.0 million through a private placement (the “**Placement**”) by issuing up to 50 million new ordinary shares in the capital of the Company (“**Placement Shares**”) at a price of S\$0.62 each (the “**Issue Price**”). The proposed Placement represents approximately 11.07% of the existing issued share capital of Sinomem.

The estimated net proceeds from the Placement will amount to approximately S\$30.04 million (after deducting expenses incurred in connection with the Placement and assuming that the Placement Agent procures subscribers for all the 50,000,000 Placement Shares), which the Company intends to use to expand the Group’s water business, including further investment into wastewater BOT project(s).

The placement agent for this exercise is CIMB-GK Securities Pte. Ltd. (“**CIMB-GK**”).

The Issue Price represents a discount of approximately 3.2% to the volume-weighted average market price (“**VWAP**”) of S\$0.6404 for each ordinary share in the capital of Sinomem (“**Share**”) based on trades done on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 8 September 2009 (being the preceding full market day prior to the signing of the Placement Agreement) and up to the time of the trading halt of its Shares on 9 September 2009. In addition, the Issue Price represents a discount of approximately 6.8% to the last traded price of S\$0.665 on 9 September 2009.

To facilitate the Placement, certain directors and substantial shareholders of the Company, namely Dr Lan Weiguang and Ms Chen Ni (collectively, the “**Lenders**”) have entered into a securities lending agreement (the “**Securities Lending Agreement**”) with CIMB-GK on 9 September 2009. As part of the Securities Lending Agreement, the Lenders will lend CIMB-GK up to an aggregate of 50,000,000 Shares for delivery to the end places.

Dr. Lan Weiguang, Managing Director of the Company, commented: “*There is no better time for us to scale up our operations than now. This placement exercise will give us the financial resources to expand our water business to support the future growth of the Group. The net proceeds raised will also boost our cash standing and equity position. With the net proceeds raised, we will work towards rapidly executing our expansion and growth plans.*”

The Placement is conditional upon, amongst others, the in-principal approval from the SGX-ST for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST.

For further information, please refer to the Offer Information Statement in relation to the Placement found on the website of the Monetary Authority of Singapore.

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About Sinomem

Sinomem provides integrated process and engineering solutions for separation, purification and cleaner production purposes for their customers in diverse industries through the use of advanced membrane technology. This includes wastewater treatment/recycling business, upstream activities, such as membrane production, and downstream activities such as production of nutraceutical products applying membrane-based process and engineering solutions.

Backed by its proprietary membrane based purification/separation technologies, Sinomem is also a leading producer of certain nutraceuticals such as Gibberellins, Sorbitol and Rosin.

Sinomem successfully entered into the wastewater treatment/recycling business in 2006. Currently, the Group is operating and building 17 municipal wastewater treatment/recycling plants across China.