

SINOMEM TECHNOLOGY LIMITED
(Registration No: 200208107G)

SINOMEM FORAYS INTO ROSIN-BASED PRODUCT MANUFACTURING BUSINESS

The Board of Directors of Sinomem Technology Limited ("Sinomem") wishes to announce that its 100% owned subsidiary, Suntar Investment Pte Ltd ("Suntar Investment") has entered into a joint venture with Fujian Wuping Luzhou Forest Chemical Co.,Ltd. ("FWLFC") to produce rosin-based chemicals by using Sinomem's proprietary processing technologies. The joint venture company, Rosin Chemical (Wuping) Co., Ltd. ("JVC") is 70%-owned by Suntar Investment. FWLFC owns the remaining 30% stake in the JVC.

The registered and paid-up capital of the JVC is US\$2.1 million, of which Suntar Investment has contributed US\$1.47 million in cash. FWLFC's 30% contribution in the JVC is in the form of operating tangible assets and its internationally recognized brand name " Ping Chuan" currently owned by it, which together are valued at US\$0.63 million.

Commenting on the setup of new JVC, Dr. Lan Weiguang, the Group Founder and Managing Director, said, "China is currently the main rosin product producer in the world, accounting for over 50% of global output and rosin is an ideal raw material to substitute crude oil to produce benzene-derivatives such as fragrance, camphor etc. Compared with crude oil, rosin is a renewable resource, therefore, is more environment-friendly. In addition, the latest development in certain chemical technologies such as disproportionation has proved that using rosin, instead of oil, to produce certain benzene derivatives will be more economic, especially under the high oil price environment."

Dr. Lan continued, "I am quite confident that by combining FWLFC's strong brand name, near-the-source (premium raw rosin) advantage and Sinomem's proprietary process technologies, our new JVC will be well positioned to become a global leading rosin-based product producer in the next 3-5 years."

The above transaction is not expected to have significant material impact on the net tangible assets or the earnings per share of Sinomem for the financial year ending 31 December 2006.

None of the directors or substantial shareholders of Sinomem has any interest, direct or indirect, in the above transaction.

Submitted by Low Mei Mei, Maureen, Company Secretary on 1 September 2006 to SGX.