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PRESS RELEASE

**Sinomem Technology achieved another record earnings in
FY2006**

Financial Highlights

	FY2006	FY2005	Chg
	(S\$m)	(S\$m)	(%)
Revenue	110.2	81.4	35.4
Gross profit	38.6	32.5	18.9
Profit before tax	28.2	27.0	4.7
PBT excluding exceptional items	30.8	26.2	14.1
Profit after tax	27.6	25.1	9.7
PAT excluding exceptional items	30.1	25.1	19.8
Net Profit	24.5	23.3	4.7
Net Profit excluding exceptional items	27.0	23.3	15.7
EPS (S¢)	5.3	5.6	(5.4)
EPS excluding exceptional items (S¢)	5.9	5.6	4.0
NTA (S¢)	35.5	31.6	12.5

SINGAPORE, 1 March 2007:- Sinomem Technology, a leading membrane based process/engineering technology company, today announced its results for the fiscal year ended 31 December 2006.

Revenue up 35.4% in FY2006. Group revenue jumped 35.4% year-over-year to S\$110.2 million mainly due to the strong demand for both our process and engineering services and downstream products, which experienced 42.2% and 28.7% growth respectively.

Gross profit up 18.9%. During the year, the gross profit was S\$38.6 million, up 18.9% as a result of higher revenue.

Higher operating costs due to business expansion and foreign exchange losses. Total operating costs increased 51.9% to S\$12.9 million as a result of higher revenue and foreign exchange loss of S\$1.7 million in FY2006 compared with a foreign exchange gain of S\$0.8 million in FY2005. As percentage of sales, operating costs excluding foreign exchange impact declined 1.3 percentage points from 11.4% in FY2005 to 10.1% in FY2006, indicating that the operating cost well under control.

Net profit attributable to shareholders reached S\$24.5 million. Net profit increased from S\$23.3 million in FY2005 to S\$24.5 million in FY2006. If the investment impairment loss of S\$ 2.6 million for our 23.8% stake in Pharmesis International is excluded, the net profit attributable to shareholders would grow by 15.7% in FY 2006. This is mainly due to the strong performance of both process engineer business and our downstream nutraceutical manufacturing business and the earnings turnaround in Microdyn Nadir.

Balance sheet remained healthy. As at 31 December 2006, the group was in net cash position of S\$ 60.1 million. Net cash per share was 13.0 cents.

Commenting on FY 2006 results, Dr. Lan Weiguang, the CEO and Founder of Sinomem Technology said, 'Despite a one-off S\$2.6 million investment impairment loss as a result of more conservative accounting treatment adopted and unfavourable foreign exchange rate, we still achieved 35.4% revenue growth and 4.7% earnings growth in FY2006, breaking our own record. If investment impairment loss and impact of foreign exchange are excluded, we would report a 27.4% core earnings growth, in line with our 20-30% 5-year mid-term earnings cagr target '

'R&D will remain our most important growth engine, therefore, we will continue to strengthen our Research, Development, Pilot-testing and Application (RDPA) program to help us maintain leadership in technology and market. We have successfully developed certain proprietary solutions for non-pharmaceutical industries, such as strong acid recovery for iron and steel industry, which is expected to fuel the growth of our process/engineering business in the next 2-3 years. In addition, China's central government has recently firmed up the enforcement of its environment protection regulations, which is expected to provide good opportunities to wastewater players with really effective solutions for industrial wastewater treatment. Consequently, we intend to develop more membrane based industrial wastewater treatment solutions in 2007 to capture the opportunities emerged. For the municipal wastewater sector, we also see that our proprietary MBR process will enable us to tap huge potential arising from wastewater recycling in north part of China where wastewater recycling is proven an effective way to solve the severe water scarcity problem there.' Dr. Lan added.

Dr. Lan continued:" For our downstream business, we will continue to focus on execution as our new fermentation plant in Ji An, Jiangxi Province, China is

expected to start operation for gibberellins and Xanthan Gum in 1HFY2007 and mid 2007 respectively. With the significant competitive advantage provided by combining our proprietary fermentation technology and membrane based purification and separation technologies, we are optimistic that our downstream business will continue to deliver satisfactory results in FY2007”.

“With the successful roll out of high quality spiral wound membrane in our Microdyn Nadir (China) in Xiamen, we are better positioned to compete with our membrane material competitors due to the reduction of cost for volume products. In addition, our MBR product is also expected to see stronger demand in FY2007 as more reference projects have been established. Moreover, the combination of Sinomem’s market assess and ItN Nanovation’s global leading nano-coating technology will make sure that ceramic membrane production joint venture company formed by two companies will have a bright future”.

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About Sinomem Technology Limited

Sinomem Technology Limited (Bloomberg - SINO SP; Reuters – SINO.SI) was incorporated on 18 September 2002 under the laws of the Republic of Singapore, On 18 June 2003; the company was listed on the mainboard of the Singapore Exchange Securities Trading Limited. The company and its subsidiaries provide integrated process and engineering solutions for separation, purification and cleaner production purposes for their customers in diverse industries through the use of its proprietary advanced membrane technology. This includes the upstream activities such as advanced membrane material production and downstream activities such as the production of biochemical products through membrane process and engineering technology.

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