

SINOMEM TECHNOLOGY LIMITED
Registration No.: 200208107G

PROPOSED PLACEMENT OF UP TO 61,780,000 NEW ORDINARY SHARES OF S\$0.02 EACH IN THE CAPITAL OF SINOMEM TECHNOLOGY LIMITED (THE "NEW SHARES")

The Board of Directors of Sinomem Technology Limited (the "Company", and together with the subsidiaries, the "Group") wishes to announce that the Company has entered into a Placement Agreement with CIMB-GK Securities Pte. Ltd. (the "Placement Agent") on 26 September 2005 (the "Placement Agreement") where, subject to and upon the terms and conditions of the Placement Agreement, the Placement Agent has agreed to procure subscription and payment on a best efforts basis for, up to 61,780,000 New Shares at the placement price of S\$0.71 (the "Issue Price") for each New Share (the "Placement").

Shareholders' Mandate

The New Shares will be allotted and issued pursuant to the general mandate to allot and issue shares and convertible securities and any shares pursuant to convertible securities granted by the shareholders of the Company by way of an ordinary resolution passed at the Annual General Meeting of the Company on 25 April 2005 (the "General Mandate").

The 61,780,000 New Shares represent 15.45% of the existing issued share capital in the Company and no other shares have been issued for cash since the General Mandate was granted pursuant to the ordinary resolution passed on 25 April 2005.

Conditions Precedent

The Placement is subject to certain conditions precedent more particularly set out in the Placement Agreement, including (a) the lodgement of an Offer Information Statement ("OIS"), which complies as to form and content with the Eleventh Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2002, with the Monetary Authority of Singapore; and (b) approval from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the New Shares on the Official List of the SGX-ST. Pursuant to the Placement Agreement, the Company has undertaken, *inter alia*, not to issue any marketable securities for a period of 90 days from the date of completion of the placement ("Completion Date"), and to procure that Dr Lan not dispose of any interest in his Shares for a period of 90 days from the Completion Date.

The Company will be making an application to the SGX-ST for the New Shares to be admitted to the Official List of the SGX-ST and be listed for quotation on the Mainboard of the SGX-ST.

Use of Proceeds

Assuming that 61,780,000 New Shares are issued, the estimated net proceeds from the Placement will amount to approximately S\$42.9 million, after deducting estimated expenses of approximately S\$1.0 million, which will be used to fund investments in and acquisitions of synergistic businesses, products and technologies (including upstream and downstream businesses).

Pending the deployment of net proceeds from the issue of the New Shares as aforementioned, the funds will be placed in short-term deposits with banks and financial institutions or used for working capital requirements as the Directors of the Company deem fit in their absolute discretion.

Financial Impact

The New Shares when issued and fully paid will rank *pari passu* in all respects with the existing ordinary shares of S\$0.02 each in the Company (the "Shares") as at the date of issue of the New Shares except for any dividends, distributions or entitlements the record date of which falls on or before such date of issue.

The Issue Price represents a discount of 7.84% to the volume weighted average price of S\$0.7704 for trades done for the Shares on the SGX-ST from 9.00am to 12.30pm on 26 September 2005 and 23 September 2005 (being the preceding market day prior to the trading halt of the Shares on the SGX-ST from 2.00 pm on 26 September 2005).

Assuming that 61,780,000 New Shares are issued, the existing issued and paid up share capital of the Company will increase from S\$8,000,000 comprising 400,000,000 Shares to S\$9,235,600 comprising 461,780,000 Shares. The issue of the 61,780,000 New Shares will also increase the net tangible asset per Share of the Company and the Group from 13.48 cents and 20.55 cents as at 31 December 2004 to 20.96 cents and 27.09 cents respectively.

Offer Information Statement

An Offer Information Statement, which complies as to form and content with the Eleventh Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2002, has today been lodged with the Monetary Authority of Singapore.

Interests of Directors and Substantial Shareholders

Save as disclosed above, none of the Directors or substantial shareholders of the Company or their associates has any interest, direct or indirect, in the Placement (other than through their shareholding in the Company).

BY ORDER OF THE BOARD

Submitted by Maureen Low Mei Mei, Company Secretary on 27 September 2005 to the SGX.