

HONGWEI

TECHNOLOGIES

FOR IMMEDIATE RELEASE

Hongwei's anti-flammable synthetic cotton contributes at least 10% to FY2007 & FY2008 gross profit

- Anti-flammable synthetic cotton commands a 10 – 15% higher selling price than the usual synthetic cotton
- Files for patent application with the PRC Government
- In line with management's focus on expanding the range of synthetic cotton

Singapore, 29 May 2007 – SGX Mainboard-listed Hongwei Technologies Limited (“Hongwei”) (宏维科技有限公司) would like to update its investors that its latest product, anti-flammable synthetic cotton (阻燃棉系列) will contribute at least 10% to its FY2007 and FY2008 gross profit. Due to its anti-flammable and environmentally-friendly nature, the anti-flammable synthetic cotton commands at least 10-15% higher selling price than the usual synthetic cotton.

Product portfolio	Production capacity FY2006	Production capacity FY2007	Gross Profit Margin
Latest products			
Anti-Flammable Synthetic Cotton	8,000 tonnes	16,000 tonnes	36%
Synthetic Cotton			32%
Traditional products			
Differential POY & Differential DTY	11,000 tonnes	11,000 tonnes	28%

*“We are extremely pleased to co-develop this anti-flammable synthetic cotton with the Institute of Chemistry, The Chinese Academy of Sciences, Beijing, PRC. The development of anti-flammable synthetic cotton is in line with the management's focus to expand the existing range of synthetic cotton which fetches a higher margin than our traditional products. Under this agreement, **Hongwei enjoys the exclusive rights to use the technology in the manufacture of our anti-flammable synthetic cotton. We have also filed for a patent for this product with the PRC Government.**”*

~ Wu Guoxin (吴国新)

Chief Operating Officer, Hongwei Technologies

The technology used in the manufacture of the anti-flammable synthetic cotton is certified to be in line with international standards. The anti-flammable synthetic cotton's high intensity, fire-retardant component serves as a safety protection measure for manufacturers of high-grade clothing, hotel bedding, sofas as well as furniture. Coupled with its environmentally friendly nature, the anti-flammable synthetic cotton is able to command a higher selling price.

The anti-flammable synthetic cotton complements Hongwei's current offering of synthetic cotton (人造棉 or formerly known as polyester padding cotton). Synthetic Cotton can be used as a cost competitive substitute for natural cotton in a wide range of applications from household to industrial packaging.

Due to the growing awareness for safe and environmentally-friendly products, Hongwei has received good response from its customers on the anti-flammable Synthetic Cotton.

With its new factory targeted to be ready in the 3rd quarter of 2007, Hongwei will be able to expand its production capacity of Synthetic Cotton from the current 8,000 tonnes to 16,000 tonnes in FY2007. The Group's recent long term supply agreement with leading PRC fashion branding company, PIN Classic Co. Ltd (“PIN”), will further bolster its growth in FY2007. Under the PIN supply agreement, Hongwei will supply minimum RMB 50 million worth of its products comprising Synthetic Cotton, polyester differential Pre-Oriented Yarn (“POY”) as well as Drawn and Textured Yarn (“DTY”).

-- The End --

About Hongwei:

Incorporated in Bermuda on 3 March 2005, the Group is principally engaged in the manufacture and sale of polyester differential fibres primarily to yarn and textile manufacturers located in the southern parts of China, mainly in Fujian Province. The Group's principal products are polyester differential Pre-Oriented Yarn ("POY"), Drawn and Textured Yarn ("DTY"), Synthetic Cotton ("SC") (or formerly known as Polyester Padding Cotton) and its latest product, anti-flammable SC.

POY can be used to manufacture products such as DTY and air translated yarn ("ATY"), that are made into a variety of regenerated fabrics. DTY can be used for weaving and knitting, and is suitable for producing clothing fabrics, bedding articles and accoutrement (such as sofa cloth and interior decoration lining for automobile). SC can be used as a cost competitive substitute for natural cotton in a wide range of applications from household to industrial packaging while the environmentally-friendly anti-flammable SC's high intensity, fire-retardant component serves as a safety protection measure for manufacturers of high-grade clothing, hotel bedding, sofas as well as furniture.

Hongwei currently has a customer base of more than 600 customers. It also provides customised services to its customers such as product testing, elasticity tuning and thickness fitting.

Issued for and on behalf of Hongwei Technologies Limited.
By Financial PR Pte Ltd

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