

HONGWEI

TECHNOLOGIES

FOR IMMEDIATE RELEASE

Hongwei successfully completes share placement to prominent institutional investors

- Institutional investors include leading private equity fund manager, Tembusu Partners, who subscribed for 11,250,000 shares, representing 5% of the enlarged share capital
- Share placement aimed at increasing liquidity and expediting expansion plans

Singapore, 3 May 2007 – SGX Mainboard-listed Hongwei Technologies Limited (“Hongwei”) (宏维科技有限公司), has successfully raised net proceeds of approximately S\$10,925,000 by way of a placement of 35,000,000 new shares at a price of S\$0.325 per share. Hongwei is a PRC-based polyester fibre manufacturer and supplier with a client base of more than 600 customers.

Tembusu Growth Fund (“The Fund”), a leading private equity fund based in Singapore which is managed by Tembusu Partners Pte Ltd (“Tembusu Partners”), has emerged as Hongwei’s substantial shareholder via subscription for 11,250,000 shares, representing a 5% stake of the Group’s enlarged share capital of 225,000,000 ordinary shares.

Tembusu Partners’ strategy is to invest in growth-stage entrepreneur-driven companies that are capitalizing on the growth and productive resources of the Asian economies, with Singapore as a hub. The Fund practises a hands-on approach with its portfolio companies by providing them the required guidance and assistance via its partners’ experience in growing portfolio companies into globally competitive companies.

Hongwei will use about S\$7,000,000 or 64.1% of the placement proceeds to double production capacity for Synthetic Cotton (人造棉 or formerly known as polyester padding

cotton), and the remaining 35.9% for general working capital. Synthetic Cotton can be used as a cost competitive substitute for natural cotton in a wide range of applications from household to industrial packaging.

“We are happy to be a substantial shareholder in Hongwei Technologies. The proceeds in this share issue will help double its Synthetic Cotton production to 16,000 tonnes annually upon completion of its factory. We are confident in Hongwei Technologies’ strong management team helmed by Madam Zhuang Xinxin and Mr Lin Jimiao.”

~ **Andy Lim (林殷)**

Chairman, Tembusu Partners

“We are extremely pleased to have Tembusu Partners participate in this exciting phase of our growth. With this placement, we have enlarged our capital base and increased our free float which is essential to enhance our share liquidity. **We are optimistic about our growth prospects.** The proceeds from the placement provide us with the necessary capital to expedite our expansion plans. This will enable us to deliver greater long-term shareholder value.”

~ **Wu Guoxin (吴国新)**

Chief Operating Officer, Hongwei Technologies

Hongwei achieved record profit of RMB 29.6 million in 2H2006, mainly due to the strong demand for its Synthetic Cotton which was launched in early FY2006. 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 worth of RMB 50 million products from Synthetic Cotton to POY and 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") and its latest product, Synthetic Cotton ("SC") (or formerly known as Polyester Padding Cotton).

POY can be used to manufacture products such as DTY and air translated yarn ("ATY") (空气变形丝), 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 substitute for natural cotton in making sofa and other accoutrements.

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.

More about Tembusu Partners:

Tembusu Partners Pte Ltd was formed by serial entrepreneurs Andy Lim and Tan Kim Seng in 2006. Through tapping on the wealth of experience of its founders, Tembusu Partners will focus on generating superior post-transaction value for its portfolio companies and investors, by working with entrepreneurs and their management teams to pro-actively define and steer their corporate strategies and operations for growth in the region and beyond, and leveraging on Singapore's unique strengths and capabilities.

The Board of Advisors for the Tembusu Growth Fund include luminaries such as Professor Wee Chow Hou of NTU Singapore, Mr Kong Mun Kwong of Cathay Organisation Singapore, Sheik Faisal F. Al-Thani from Qatar, Hermanwan Kartajaya of MarkPlus & Co, Indonesia, Dato Yeoh Seok Hong of YTL Group, Malaysia, Zhao Yan Shi of Sapphire Corporation, China and Mark DeNino of TL Ventures, USA.

With its offices in Singapore, Beijing and Auckland, it is anticipated that it will have their 2nd closing on 30th June 2007, with more investors from the region including the Middle East, before the Fund closes to new investors.

The Fund is approved under the Global Investor Programme, where foreign investors with S\$1.5m investment into the fund may apply for Permanent Resident Status in Singapore.

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

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