



MEMTECH INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 200312032Z

NEWS RELEASE

MEMTECH REPORTS SECOND QUARTER NET PROFIT OF US\$1.4 MILLION

- *Revenue up 14.6% to US\$28.9 million, lifted mainly by larger orders from premium customers and increased sales of plastic moulded components*
- *Bottomline impacted by cost pressures and higher tax expenses*

Singapore, August 4, 2008 – Main board-listed Memtech International Ltd. (“Memtech” or the “Group”) (“万德国际有限公司”), a leading integrated component solutions provider serving the mobile phone, IT equipment and automotive industries, today reported a net profit of US\$1.4 million on the back of a revenue of US\$28.9 million for the three months ended June 30, 2008 (“2QFY2008”).

Despite the weakening overall market demand in 2QFY2008, the Group’s revenue increased 14.6% to US\$28.9 million, led mainly by larger orders from premium customers such as Foxconn (mainly from Nokia projects), ZTE and TCL Alcatel. The increase in sales of plastic moulded components by approximately US\$1.5 million also contributed positively to the Group’s 2QFY2008 revenue.

Lower selling prices, higher raw material prices, as well as increased labour costs and general costs caused the Group’s gross profit margin to decline to 17.9% from 24.1% in 2QFY2007.

Sales and marketing expenses rose 28.3% to US\$1.4 million, mainly due to the increase in salary and general costs. General and administrative expenses fell 39.9% to US\$2.0 million for 2QFY2008, mainly due to the Group’s write back of provision for doubtful debts which more than offsets the higher exchange loss.

The Group also registered an increase in share of losses from associate companies, mainly due to its share of set up costs of Tera China and operational losses incurred by Teradisplay Co., Ltd in South Korea.

Tax expenses increased in 2QFY2008 compared to the previous corresponding period ("2QFY2007"), due to tax reforms in China that led to the expiration or withdrawal of tax benefits previously enjoyed by foreign firms.

For the six months ended June 30, 2008 ("1HFY2008"), the Group recorded revenue of US\$52.9 million and net profit of US\$2.7 million.

As at June 30, 2008, the Group continued to maintain a strong balance sheet and working capital position with approximately US\$30.4 million cash and cash equivalents.

Outlook

Executive Chairman of Memtech, Mr Chuang Wen Fu ("庄文甫") said, "The uncertain economic outlook resulting from the US credit crisis and rising global inflation have dampened overall market demand from our PRC and overseas markets in the half year under review. Many new product launches were either delayed or cancelled, resulting in lower-than-expected sales this year."

In addition, the weak global economy, high inflation in China, increased labour and raw material costs, and the continued weakening of the US dollar have resulted in significant pressure on the Group's margins. The Group expects these challenging conditions to continue in the second half of 2008.

Nevertheless, the current weak market conditions present opportunities for the Group to expand its business.

Said Mr Chuang, "Major multinational players in the mobile phone sector have stepped up their efforts to develop cost-effective suppliers, thereby creating potential business

opportunities for us. To pave way for further growth, we have restructured our marketing division to achieve greater effectiveness, and intensified our marketing efforts.

“Backed by an experienced management team and a healthy cash flow position, we remain optimistic of the long term prospects of the Group”, Mr Chuang concluded.

About Memtech International Ltd

Listed on the Main Board of the Singapore Exchange in 2004, Memtech is a leading component solutions provider for the mobile phone, IT equipment and automotive industries. Besides being a total solution provider for mechanical components including keypads, lens and plastic components, the Group also designs and manufactures antennas. The Group’s wide product range and scope of services enable it to provide modular solutions and value-added services to its customers.

The Group’s keypad division is one of the leading industrial players in the global mobile phone market, producing ultra-thin, metal, high-end silicone rubber, plastic and silicone rubber plastic hybrid keypads primarily for the mobile phone and automotive industries. The Group offers a one-stop solution: from the initial stage of engineering design and mould fabrication to the manufacture and assembly of the components.

Currently, the Group operates three keypad manufacturing facilities strategically located in the major mobile phone manufacturing hubs in the PRC, namely the Pearl River Delta (Dongguan, Shenzhen and Guangzhou), and the Yangtze River Delta (Shanghai, Suzhou and Hangzhou). The Group also operates a plastic components production facility in Kunshan, which manufactures casings primarily for digital cameras and mobile phones. It also operates a lens manufacturing facility in Dongguan, a joint venture with a Shenzhen-based design house in 2006 to engage in the antenna business. As a testament to the Group’s high quality standards, its manufacturing facilities are awarded with QS9000, TS16949, ISO14000 and ISO9001 certifications.

Besides a wide network of sales offices across the PRC, the Group has also established a global network of sales offices in Korea, Japan, Singapore, Taiwan, America and Europe to better service its international customers.

Memtech's customers include major international mobile phone manufacturers including Motorola, Nokia, Sony Ericsson, LG, Foxconn, Flextronics, Alcatel, Sagem and HTC, as well as reputable China brands such as Ningbo Bird, Lenovo and TCL.

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