



MEMTECH INTERNATIONAL LTD

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

NEWS RELEASE

MEMTECH POSTS NET PROFIT OF US\$0.9 MILLION FOR 3QFY2008

- *Revenue declines 15.0% to US\$31.4 million*
- *Maintains healthy cash flow position and sufficient banking facilities*
- *Partnership with Sony Ericsson to engage in all ranges of mobile phone keypads directly to strengthen long term prospects*

Singapore, November 10, 2008 – Mainboard-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\$0.9 million for the third quarter ended September 30, 2008 (“3QFY2008”).

Revenue for the quarter declined 15.0% from US\$36.9 million in the quarter ended September 30, 2007 (“3QFY2007”) to US\$31.4 million in 3QFY2008.

While the overall market demand in the third quarter had improved on a sequential basis, market sentiment in 3QFY2008 was much weaker compared to a year ago. As such, orders placed by the Group’s major customers, such as Foxconn, TCL Alcatel, Sagem Bird and Vtech, have reduced, and led to a lower utilisation rate for 3QFY2008.

In addition, lower selling prices, higher raw material prices, as well as the increase in labour costs and general costs have resulted in the Group’s gross profit margin declining to 17.3% in 3QFY2008, compared to 26.3% in 3QFY2007.

Sales and marketing expenses was up 30.3% to US\$1.7 million, mainly due to the increase in salary and general costs. Arising from a reduced provision for doubtful debts, general and administrative expenses decreased by 28.2% to US\$2.4 million for 3QFY2008.

The improved profit contribution from share of result of associates was due mainly to the increase in share of profits from Teradisplay Co., Ltd, South Korea, which more than offset the loss caused by set up costs of Teradisplay Co., Ltd, China.

Due to tax reforms in China that led to the expiration or withdrawal of tax benefits previously enjoyed by foreign firms, the Group's tax expenses rose in 3QFY2008. Net profit for the Group declined 80.9% to US\$0.9 million.

For the nine months ended September 30, 2008 ("9MFY2008"), the Group registered revenue and net profit of US\$84.3 million and US\$3.6 million respectively.

As at September 30, 2008, the Group maintained a healthy cash flow position, with US\$30.6 million in cash and cash equivalents and sufficient banking facilities.

Outlook

The global financial downturn has continued to impact market demand from the PRC and overseas markets, with the industry outlook largely dependent on the effectiveness of the macroeconomic policies adopted by the various major economies in the world.

Commented Mr Chuang Wen Fu (庄文甫), Executive Chairman of Memtech, "The financial crisis in the developed economies and the resulting recessionary fears will continue to adversely affect consumer confidence and consequently the market demand of our products. In the light of weaker market demand, our customers are more cautious and conservative in awarding orders. While the Group continues to engage in new project developments, we do not expect business conditions to improve in the fourth quarter of 2008."

“To meet and manage current and future challenges, the Group is launching several initiatives to improve our production efficiency and marketing effectiveness. In fact, our earlier marketing initiatives have borne fruit this quarter. We are pleased to announce that we have obtained approval from Sony Ericsson to produce keypads for its entire range of mobile phones directly. We believe that this will strengthen the Group’s prospects in the long term.”

“With an experienced management team, a healthy cash flow position and sufficient banking facilities, we are confident that the Group will be able to ride through the current economic storm and remain optimistic about our long term prospects,” added Mr Chuang.

About Memtech International Ltd

Listed on the Mainboard 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 solutions 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.

ISSUED ON BEHALF OF	:	Memtech International Ltd
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 1 Raffles Place #26-02 OUB Centre SINGAPORE 048616
CONTACT	:	Ms Chia Hui Kheng / Ms Kelyn Tan at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9781-5913 / 9781-3605 (Handphone)
EMAIL	:	huikheng.chia@citigatedrimage.com kelyn.tan@citigatedrimage.com

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