



MEMTECH INTERNATIONAL LTD

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

NEWS RELEASE

MEMTECH ANNOUNCES 38% IMPROVEMENT IN Q2 SALES TO US\$30.2 MILLION

- *Gross profit margin increases 6.3 percentage points to 19.1% in Q2 2010 on higher sales and tighter cost control*
- *Posts US\$1.2 million in profit attributable to shareholders*
- *Touch screen panel operations to commence mass production in Q3 2010*

Singapore, August 11, 2010 – Mainboard-listed Memtech International Ltd. (“Memtech” or the “Group”) (“万德国际有限公司”), a leading integrated component solutions provider for the mobile phone, IT equipment and automotive industries, today announced its financial results for the three months ended June 30, 2010 (“Q2 2010”).

Revenue for the quarter rose 38.1% from US\$21.9 million in the previous corresponding period (“Q2 2009”) to US\$30.2 million. This was attributed to the improving global economy, as well as increased sales to Samsung and several fast-growing manufacturers in the PRC.

As a result of higher sales and tighter control over manufacturing costs, the Group’s gross profit more than doubled from US\$2.8 million in Q2 2009 to US\$5.8 million in Q2 2010, while gross profit margin increased 6.3 percentage points to 19.1% in the quarter.

Sales and marketing expenses rose in tandem with the Group's higher sales volume, registering a 23.6% increase to US\$1.6 million. On the other hand, general and administrative expenses as a percentage of sales decreased from 10.9% in Q2 2009 to 7.9% in Q2 2010 due mainly to a doubtful debt provision of US\$0.4 million in the previous corresponding period. The exchange loss of US\$0.4 million registered for the quarter was due to the strengthening of the Renminbi and the Singapore dollar against the US dollar.

For Q2 2010, profit attributable to shareholders was US\$1.2 million, compared to a loss of US\$0.4 million in Q2 2009.

Commenting on the Group's financial performance, Executive Chairman of Memtech International Ltd., Mr Chuang Wen Fu (“庄文甫”), said, “Our plastics operations has seen a significant improvement to break even in Q2 2010, against a loss in the corresponding quarter in 2009. We are pleased that this, coupled with the stronger performance of our keypad operations and enhanced operational efficiency, has led to a stronger set of results for the quarter.”

For the six months ended June 30, 2010 (“H1 2010”), the Group achieved revenue of US\$61.0 million and profit attributable to shareholders of US\$2.2 million.

As at June 30, 2010, the Group's financial position remained healthy, with cash and cash equivalents of US\$32.4 million.

Outlook

The recent spate of subdued US economic indicators and the Eurozone crisis have resulted in a more sombre economic outlook for the rest of 2010. To meet the delivery requirements in the event of a stronger economic recovery, the Group will continue to focus on maintaining a stable workforce and controlling its costs.

Mr Chuang said, “Our touch screen panel operations will commence mass production in the third quarter and we will progressively step up our marketing activities in line with our available production capacity.

“In addition, to offset the impact on our factories from fluctuations in the orders for handphone keypads, we will actively pursue new business opportunities especially in the e-book and automobile markets for our keypad operations to increase sales and diversify our product base.”

The Group will also continue to strengthen its cost control and the operational efficiency of its plastics operations going forward.

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 and touch screen panels. 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 operates three keypad manufacturing facilities strategically located in the major mobile phone manufacturing hubs in the PRC, namely the Pearl River Delta, and the Yangtze River Delta. The Group also operates a plastic components production facility in Kunshan, Jiangsu Province, which manufactures casings primarily for digital cameras and mobile phones. It also operates a lens manufacturing facility in Dongguan, Guangdong Province, and a joint-venture with a Shenzhen-based design house to engage in the antenna business. In addition, the Group also operates a touch screen panel manufacturing facility in Nantong, Jiangsu Province.

Besides a wide network of sales offices across the PRC, the Group also has 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 Samsung, Motorola, Nokia, Sony Ericsson, LG, Foxconn, Flextronics and Alcatel, as well as reputable China brands such as Lenovo, Huawei and ZTE.

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092/10/003/MIL

August 11, 2010