



## MEMTECH INTERNATIONAL LTD.

Company Registration Number: 200312032Z

### **RESPONSE TO QUERY FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

The Board of Directors of Memtech International Ltd. (the “Company”) wishes to provide further details in response to the queries raised by SGX-ST on its full year financial statements announcement for the year ended 31 December 2010.

SGX’s query (a):

(a) We note on page 4, paragraph 1(b)(i) of the results announcement that ‘Bills and other receivables’ has increased by 34.8% from US\$11.339 million to US\$15.282 million. In respect of the above, please provide the following information:

- (i) Reasons for the increase in 'Bills and other receivables'.
- (ii) Breakdown on major items contributing to increase in 'Bills and other receivables'.

Response:

#### Bills and other receivables

The settlement of sales via bank acceptance (bill of exchange) received from customers was higher in 2010. This was due to the higher sales in 2010 as compared with 2009 (US\$29.6 million or 28.3%).

SGX’s query (b):

(b) We note on page 4, paragraph 1(b)(i) of the results announcement that ‘Prepayments’ has increased by 104.4% from US\$2.257 million to US\$4.614 million. In respect of the above, please provide the following information:

- (i) Reasons for the increase in 'Prepayments'.
- (ii) Breakdown on major items contributing to increase in 'Prepayments'.

Response:

The increase was mainly due to US\$1.3 million deposit paid for building of hostel in Nantong (for Nantong Memtech Technologies Co., Ltd being our subsidiary), as well as deposit of US\$0.5 million for purchasing for spraying equipment.

SGX’s query (c):

(c) We note on page 4, paragraph 1(b)(i) of the results announcement that ‘Bills and other payables’ has increased by 81.3% from US\$5.291 million to US\$9.595 million. In respect of the above, please provide the following information:

- (i) Reasons for the increase in 'Bills and other payables'.
- (ii) Breakdown on major items contributing to increase in 'Bills and other payables'.

Response:

The higher bills and other payables were due to the higher purchases in 2010 as compared with 2009, as more production was required to meet sales orders. These amounted to US\$2.6 million. Accordingly, the tax payable, such as business tax and value added tax (VAT) also increased.

Submitted by

**By Order of the Board**

Chuang Wen Fu

Chairman

2 March 2011