



## MEMTECH INTERNATIONAL LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200312032Z)

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchard Room Level 4 Raffles City Convention Centre – Fairmont Singapore 80 Bras Basah Road Singapore 189560 on Tuesday, 26 April 2011 at 9.30 a.m. to transact the following business:-

#### As Ordinary Business

- 1 To receive and consider the Directors' Report and Audited Accounts for the financial year ended 31 December 2010 and the Auditors' Report thereon. [Resolution 1]
- 2 To declare a tax-exempt 1-tier first and final dividend of 1.1 Singapore cents per share for the financial year ended 31 December 2010. [Resolution 2]
- 3 To approve the payment of Directors' fees of S\$150,000 for the financial year ended 31 December 2010. (Year 2009: S\$150,000). [Resolution 3]
- 4 (a) To re-elect Mr Gu Cheng Hua who is retiring in accordance with Article 89 of the Company's Articles of Association, as Director of the Company. [Resolution 4(a)]  
(b) To re-elect Mr Teo Kiang Kok who is retiring in accordance with Article 89 of the Company's Articles of Association, as Director of the Company. [See explanatory note (i)] [Resolution 4(b)]  
(c) To re-elect Mr Yap Chin Kuan who is retiring in accordance with Article 89 of the Company's Articles of Association, as Director of the Company. [Resolution 4(c)]
- 5 To re-appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. [Resolution 5]

#### As Special Business

- 6 To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-
    - (a) That the Directors be and are hereby authorised, pursuant to Section 161 of the Companies Act, Cap. 50, to:-
      - (i) issue shares whether by way of rights, bonus or otherwise (including shares as may be issued pursuant to any Instrument (as defined below) made or granted by the Directors while this Resolution is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such shares), and
      - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to such authority (including shares issued pursuant to any Instrument but excluding shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company), shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution, and provided that the aggregate number of such shares to be issued other than on a pro rata basis in pursuance to such authority (including shares issued pursuant to any Instrument but excluding shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [Resolution 6(a)]

[See explanatory note (ii)]
    - (b) That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the rules of the Memtech Share Option Scheme (the "Scheme") and, pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such numbers of shares as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of shares issued and may be issuable in respect of all options granted under the Scheme on any date shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time. [Resolution 6(b)]

[See explanatory Note (iii)]
  - (c) Renewal of Share Purchase Mandate  
That pursuant to Sections 76C and 76E of the Companies Act, Cap. 50 and the Articles of Association of the Company, the Directors of the Company be authorised to make purchases of shares from time to time (whether by way of off-market purchases on an equal access scheme or market purchases) of up to ten per centum (10%) of the total number of issued ordinary share (excluding treasury shares) in the capital of the Company (ascertained as at the date of the Annual General Meeting of the Company held to approve inter alia, this Ordinary Resolution) at the price of up to but not exceeding the Maximum Price as defined in Appendices attached, and this mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier. [Resolution 6(c)]  
[See explanatory Note (iv)]
- 7 To transact any other business that may be properly transacted at an Annual General Meeting. [Resolution 7]

By Order of the Board

Teo Chin Kee  
Company Secretary

Singapore  
8 April 2011

#### Notice of Books Closure Date

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed on 7 May 2011 for the purpose of determining members' entitlements to the tax-exempt 1-tier first and final dividend to be approved by members at the Company's Annual General Meeting to be held on 26 April 2011.

Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 6 May 2011 will be registered before entitlements to the dividend are determined.

Members whose Securities Accounts with the Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 6 May 2011 will be entitled to the dividend.

The dividend, if approved at the Annual General Meeting, will be paid on 20 May 2011.

#### Explanatory Notes :

- (i) Mr Teo Kiang Kok, if elected, will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and will be considered as an independent director.
- (ii) Resolution 6(a) is to authorize the Directors of the Company to allot and issue shares and Instruments up to 50% of the Company's total number of issued shares (excluding treasury shares) with an aggregate sub-limit of 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company for any allotments and issues of shares and Instruments not made on a pro rata basis to shareholders of the Company.
- (iii) Resolution 6(b) is to authorize the Directors of the Company to offer and grant options and to allot and issue shares in the capital of the Company pursuant to the Memtech Share Option Scheme (the "Scheme") provided that the aggregate number of shares issued and may be issuable in respect of all options granted under the Scheme on any date shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iv) Resolution 6(c) will empower the Directors to purchase or acquire, from the date of the above meeting to the date of next Annual General Meeting, an aggregate amount not exceeding ten per cent (10%) of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company as at the date of this Resolution. More details of the Share Purchase Mandate to be renewed are set out in Appendices enclosed with this Notice.

#### Proxies :

A member entitled to attend and vote at the Annual General Meeting is not entitled to appoint more than two proxies to attend and vote on his behalf and where a member appoints two proxies, he shall specify the proportion of his shares to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

# Memtech International Ltd.

## Annual Report 2010

### APPENDIX 1

#### SUMMARY SHEET FOR RENEWAL OF SHARES PURCHASE MANDATE

The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

#### (A) Shares Purchased In The Previous Twelve Months

Pursuant to the Shares Purchase Mandate obtained at the Annual General Meeting on 28 April 2010, the Company had bought back by way of market acquisition, 3,500,000 ordinary shares in the capital of the Company (the "Shares"). The total consideration paid for the purchases was S\$415,050 (inclusive of brokerage and clearing fees of S\$1,470). The highest price paid for the purchases was S\$0.135 per Share and the lowest price paid was S\$0.11 per Share.

#### (B) Renewal of The Shares Purchase Mandate

The Ordinary Resolution No.6(c) if passed at the Annual General Meeting, will renew the Shares Purchase Mandate approved by the shareholders of the Company from the date of the Annual General Meeting until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

#### (C) Rationale For The Shares Purchase Mandate

Short-term speculation may at times cause the market price of the Company's Shares to be depressed below the true value of the Company and the Group. The proposed Shares Purchase Mandate will provide the Directors with the means to restore investors' confidence and to protect existing shareholders' investments in the Company in a depressed share-price situation through judicious Shares purchases to enhance the earnings per Share and/or the net asset value per Share. The Shares purchases will enhance the net asset value per Share if the Shares purchases are made at a price below the net asset value per Share.

The proposed Shares Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the shareholders, as and when the Directors are of the view that this would be in the best interests of the Company and the shareholders.

The Directors will only make a Shares purchase as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the shareholders. The Directors will decide whether to purchase Shares only after taking into account, among other things, the market conditions at such time, the Company's financial condition and whether such purchases will cause the Company to become insolvent (i.e. the Company is unable to pay its debts as they become due in the ordinary course of business, or the value of the Company's assets is less than the value of its liabilities including contingent liabilities), and whether such purchases represent the most efficient and cost-effective approach to enhance Share value. Shares purchases will only be made if the Directors believe that such purchases are likely to benefit the Company and increase economic value for shareholders.

The Directors will ensure that the Shares purchases will not have any effect on the listing of the Company's securities including the Shares listed on the SGX-ST. Rule 723 of the Listing Manual of the SGX-ST requires at least ten per cent. (10%) of any class of a company's listed securities to be held by the public at all times. The Directors shall safeguard the interests of public shareholders before undertaking any Shares purchases. Before exercising the Shares Purchase Mandate, the

Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Shares purchase.

Currently, 317,552,000 Shares (44.59%) of a total of 712,140,000 Shares issued by the Company are held by 1,890 public shareholders. The Company is of the view that there is sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake Shares purchases of up to ten per cent. (10%) of its issued ordinary share capital without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the Shares purchases will not cause market illiquidity or affect orderly trade.

**(D) Financial Impact Of The Proposed Shares Purchases**

1. The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Companies Act (Chapter 50) of Singapore (the "Act"). Section 76H of the Act allows purchased Shares to be:

- (i) held by the Company; or
- (ii) dealt with, at any time, in accordance with Section 76K of the Act, as Treasury Shares.

Section 76K of the Act allows the Company to:

- (i) sell the Shares (or any of them) for cash;
- (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or
- (iv) cancel the Shares (or any of them).

The aggregate number of Shares held as Treasury Shares shall not at any time exceed ten per cent. (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

Any Shares purchase will:

- (i) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

by the total amount of the purchase price paid by the Company for the Shares cancelled.

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares will be treated as having no voting rights.

2. The financial effects on the Company and the Group arising from the proposed purchases of the Company's Shares which may be made pursuant to the proposed Shares Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased and the consideration paid at the relevant time.
3. Based on the existing issued and paid-up share capital of the Company as at 15 March 2011 (the "Latest Practicable Date"), the proposed purchases by the Company of up to a maximum of ten per cent. (10%) of its issued share capital under the Shares Purchase Mandate will result in the purchase of 71,214,000 Shares.
4. An illustration of the impact of Shares purchases by the Company pursuant to the Shares Purchase Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:
  - (a) audited accounts of the Group and the Company as at 31 December 2010;
  - (b) in full exercise of the Shares Purchase Mandate, 71,214,000 Shares were purchased;
  - (c) the maximum price for the market purchases is \$0.14, which is five per cent. (5%) above the average closing prices of the Shares over the last five market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST;
  - (d) the maximum amount of funds required for the Shares purchases in the aggregate is US\$7,740,652; and
  - (e) an exchange rate of US\$1 to S\$1.2880.

Market Purchases and Off-Market Purchases and held as Treasury Shares or cancelled

	<b>Group before Shares purchase (US\$'000)</b>	<b>Group after Shares purchase (US\$'000)</b>	<b>Company before Shares purchase (US\$'000)</b>	<b>Company after Shares purchase (US\$'000)</b>
<b>As at 31 December 2010</b>				
Shareholders' funds	120,006	112,265	61,564	53,823
Net assets value	120,006	112,265	61,564	53,823
Current assets	116,208	108,467	1,605	(6,136)
Current liabilities	39,343	39,343	25,115	25,115
Cash and cash equivalents	39,100	31,359	208	(7,533)
Number of shares ('000)	712,140	640,926	712,140	640,926
<b>Financial Ratios</b>				
Net assets value per Share (US cents)	16.9	17.5	8.6	8.4
Earnings per Share (US cents)	15.8	17.6	NM	NM
Gearing (%)	0	0	0	0
Current ratio	3.0	2.8	0.1	(0.2)

5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2010 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2010 may not be representative of future performance.

6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Shares Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.
7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such Shares purchases would represent the most efficient and cost-effective approach to enhance the Share value. Shares purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

**(E) Consequences of Shares Purchases Under The Singapore Code on Take-overs and Mergers**

1. In accordance with The Singapore Code on Take-overs and Mergers (the "Take-over Code"), a person will be required to make a general offer for a public company if:
  - (a) he acquires 30 per cent. (30%) or more of the voting rights of the company; or
  - (b) he already holds between 30 per cent. (30%) and 50 per cent. (50%) of the voting rights of the company, and he increases his voting rights in the company by more than one per cent. (1%) in any six-month period.
2. As at the Latest Practicable Date and before the proposed Shares Purchase Mandate, the substantial shareholders' and Directors' interests are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<u>Directors</u>						
Chuang Wen Fu <sup>(1)</sup>	17,714,000	2.5	–	–	17,714,000	2.5
Gu Cheng Hua	7,229,000	1.0	–	–	7,229,000	1.0
Yap Chin Kuan	12,000,000	1.7	–	–	12,000,000	1.7
Teow Joo Hwa	350,000	0.0	–	–	350,000	0.0
Chua Keng Hiang	6,000,000	0.8	–	–	6,000,000	0.8
Teo Kiang Kok	–	–	–	–	–	–
Teng Cheong Kwee	100,000	0.0	–	–	100,000	0.0
<u> Holders of 5% or more</u>						
Keytech Investment Pte Ltd <sup>(2)</sup>	308,392,000	43.3	–	–	308,392,000	43.3
<u>Others</u>						
Chuang Tze Dey <sup>(1)</sup>	27,337,000	3.9	–	–	27,337,000	3.9
Chuang Tze Mon <sup>(1)</sup>	9,466,000	1.3	–	–	9,466,000	1.3

**NOTES:**

- (1) Mr Chuang Wen Fu is the father of Ms Chuang Tze Dey and Mr Chuang Tze Mon.

- (2) Keytech Investment Pte Ltd ("Keytech") is an investment holding company incorporated in the Republic of Singapore as a limited liability company on 25 February 2004. Its shareholders are J.S.A. Limited ("JSA"), a company incorporated in Hong Kong (3.7%) and 31 individuals including the Company's Executive Directors, Messrs Chuang Wen Fu (13.9%), Gu Cheng Hua (5.4%), Yap Chin Kuan (10.9%) and Teow Joo Hwa (12.2%) and the Company's Executive Officers, Lee Wei (1.7%), Ong Jun Liang (1.7%), Chang Chih Ching (6.8%), Heng Ngee Boon (5.4%), Wang Jian (5.4%) and Bai Yi Song (0.5%). JSA is owned by three individuals, none of whom are related to the Company's Directors or substantial shareholders. Mr Chuang Tze Mon, the son of Mr Chuang Wen Fu has a 16.6% interest in Keytech. The directors of Keytech are Messrs Chuang Wen Fu and Yap Chin Kuan.

Keytech, Mr Chuang Wen Fu, Ms Chuang Tze Dey and Mr Chuang Tze Mon are presumed persons acting in concert under definition 1(b) of the Take-over Code.

In the event the Company undertakes Shares purchases of up to ten per cent. (10%) of the issued Shares of the Company as permitted by the Shares Purchase Mandate, the shareholdings and voting rights of Keytech, Messrs Chuang Wen Fu, Chuang Tze Dey and Chuang Tze Mon will remain above fifty per cent (50%). Accordingly, no general offer is required to be made pursuant to the Take-Over Code.

#### **(F) Miscellaneous**

1. Any Shares purchases undertaken by the Company shall be at a price of up to but not exceeding the Maximum Price. The Maximum Price is a sum which shall not exceed the sum constituting 5% above the average closing price of the Shares over the period of 5 trading days in which transactions in the Shares were recorded, in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5) day period.
2. In making Share purchases, the Company will comply with the requirements of the SGX-ST Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any Shares purchases. Rule 886 is reproduced below:

"(1) An issuer must notify the Exchange of any share buy-back as follows:

  - (a) In the case of a market acquisition, by 9.00 am on the market day following the day on which it purchased shares,
  - (b) In the case of an off market acquisition under an equal access scheme, by 9.00 am on the second market day after the close of acceptances of the offer.

(2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange)."
3. Shares purchases will be made in accordance with the "Guidelines on Shares Purchases" as set out in Appendix 2 of the Company's Circular to Shareholders dated 10 April 2006, a copy of which is annexed. All information required under the Act relating to the Shares Purchase Mandate is contained in the said Guidelines.
4. The SGX-ST Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times. However, as a listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will undertake not to purchase or acquire Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing one month immediately preceding the announcement of the Company's full-year and half year results and the period of two weeks immediately preceding the announcement of its quarterly results.

**(G) Directors' Responsibility Statement**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this Appendix are accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

**(H) Directors' Recommendation**

The Directors of the Company are of the opinion that the renewal of the proposed Shares Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution 6(c).

**(I) Taxation**

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

**(J) Documents For Inspection**

Copies of the following documents may be inspected at the Company's Share Registrar, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 during normal business hours up to and including the date of the Annual General Meeting:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the audited financial statements of the Company for the financial year ended 31 December 2010.