



MEMTECH INTERNATIONAL LTD

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

NEWS RELEASE

MEMTECH RECORDS 42.6% GROWTH IN FY2006 NET PROFIT TO US\$14.8 MILLION

- Proposes cash dividend of 1.3 Singapore cents per share

FY2006 Financial Highlights:

	FY2006 US\$ mil	FY2005 US\$ mil	Y-on-Y Change %
Revenue	107.7	74.9	+ 43.7
Gross Profit	31.3	24.1	+ 29.6
Net Profit attributable to shareholders	14.8	10.4	+ 42.6
EPS (US cents)	2.1	1.4	+ 50.0
NAV (US cents)	13.3	11.3	+17.7

Singapore, February 27, 2007 – Main board-listed Memtech International Ltd. (“Memtech” or the “Group”) (万德国际有限公司), an integrated precision moulded components manufacturer for the mobile phone and automotive industries, today announced that its net profit attributable to shareholders for the financial year ended December 31, 2006 (“FY2006”) surged 42.6% to US\$14.8 million from the US\$10.4 million recorded in the previous corresponding period (“FY2005”).

In FY2006, the Group recorded a 43.7% jump in revenue to US\$107.7 million as compared to the US\$74.9 million recorded in FY2005. Gross profit increased 29.6% from US\$24.1 million to US\$31.3 million in FY2006. Lower selling price and higher raw material prices have caused the Group’s gross margin to decline by 3.2% from 32.2% to 29.0% in FY2006.

“The mobile phone manufacturing industry continued to face a tough competitive environment in 2006, resulting in leading mobile phone manufacturers having to lower their selling price to gain market share. This has cascaded down the supply chain to manufacturers and has impacted the average selling price. We are however pleased that our two-pronged strategy has continued to yield positive results and helped to cushion the negative impact. We were able to successfully increase the base of our MNC customers and as a result, we saw the contribution from this segment increased by 3% to 45.4% of the fourth quarter’s revenue for 2006. In addition, by streamlining our PRC-based customers and reallocating resources to serve higher yield top-tier domestic customers and MNC customers, we were also able to greatly reduce our credit risk,” said Mr Chuang Wen Fu (庄文甫), Executive Chairman of Memtech.

Prior to 2006, the Group had mainly served the second tier handset manufacturers in the industry. In 2006, the Group managed to clinch new or bigger contracts from the world’s major mobile phone manufacturers, such as Nokia, Motorola, Sony Ericsson and LG.

Commenting on the Group’s sales effort, Mr Chuang said: “We are particularly encouraged by the breakthroughs achieved by our new sales and marketing team in Korea. Not only did they successfully break into the challenging Korean market but also managed to clinch contracts for multiple handset models from LG, we will continue to monitor the outsourcing trend in Korea and capitalise on opportunities to expand our presence in the Korean market.”

To reward its loyal shareholders, the Group has proposed a first and final cash dividend of 1.3 Singapore cents per share.

About Memtech International Ltd.

Listed on the Main Board of the Singapore Exchange in 2004, Memtech produces 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, beginning from the initial stage of engineering design and mould fabrication to the manufacture and assembly of the components. It also manufactures lenses, plastic components and casings for mobile phone and notebook manufacturers.

Currently, the Group has three keypad manufacturing facilities strategically located in Dongguan, Nantong and Huzhou. They are 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 has another facility in Kunshan, which manufactures plastic components and casings.

Memtech's customers include major mobile phone manufacturers in the world, such as UT Starcom Telecom Co., Ltd, Ningbo Bird Co., Ltd, Lenovo Group Limited, Hua Wei, Philips China, Motorola, Flextronics, Foxconn, and LG

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