



## MEMTECH INTERNATIONAL LTD

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

### NEWS RELEASE

#### MEMTECH NET PROFIT GROWS 13.5% TO US\$16.0 MILLION FOR FY2007

- Revenue increases 13.3% to US\$122.0 million
- Proposes cash dividend of 1.3 Singapore cents per share

#### *FY2007 Financial Highlights:*

	FY2007 US\$ mil	FY2006 US\$ mil	Y-on-Y Change %
Revenue	122.0	107.7	+13.3
Net Profit	16.0	14.1	+13.5
Net Profit Attributable to Shareholders	15.8	14.8	+6.6%
EPS (US cents)	2.2	2.1	+4.8
NAV (US cents)	15.4	13.3	+15.8

Singapore, February 28, 2008 – 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 for the financial year ended December 31, 2007 (“FY2007”) increased 13.5% to US\$16.0 million from US\$14.1 million recorded in the previous corresponding period (“FY2006”).

This was achieved on the back of a 13.3% growth in revenue to US\$122.0 million, driven mainly by stronger demand from key customers and increased sales in the Group’s plastic division.

Gross profit rose marginally to US\$31.9 million in FY2007, impacted by lower selling prices, as well as increases in raw material prices and overheads. As a result, gross margins fell 2.8% to 26.2% in FY2007.

For the three months ended December 31, 2007 ("4QFY2007"), Group revenue surged 35.4% to US\$38.2 million, driven by a recovery of the mobile phone market in the third and fourth quarter of 2007, which resulted in higher overall orders from both domestic and international customers. As such, net profit jumped 78.5% from US\$3.9 million in 4QFY2006 to US\$6.9 million in 4QFY2007.

Total operating expenses fell 4.7% to US\$16.3 million in FY2007, attributed mainly to efforts in costs management and a reduction in sales and marketing expenses due to a one-off write-back of accrued sales commission of US\$870,000 no longer required. However, general and administrative expenses increased 21.8% to US\$12.0 million due to higher provision for doubtful debts, as well as exchange losses from USD receivables arising from the acceleration in appreciation of the RMB against the USD in 2007.

As at end FY2007, the Group maintained a strong balance sheet and working capital position with approximately US\$32.8 million cash and cash equivalents.

Said Mr Chuang Wen Fu, ("庄文甫"), Executive Chairman of Memtech, "We are pleased to report a good set of numbers, having rebounded from an extremely challenging business environment in the first half of 2007."

"Whilst the mobile phone market experienced slower growth in 2007 as compared to 2006, we expect growth to further moderate in 2008. Demand for mobile phones will likely be focused on either high-end or low-end models leaving the middle segment market with weaker demand. We therefore expect less predictable margins for our products in 2008. Price pressure and competition will intensify in 2008 as a result of these factors."

In view of escalating business costs and economic measures adopted by the PRC government which are expected to increase manufacturing costs, plans are in the pipeline to curtail and mitigate the effects of rising operating costs. Through the partial automation of production processes, the Group aims to improve production efficiency and reduce labour processes. The Group will also step up its marketing efforts to achieve greater market penetration in its area of operations.

In line with its strategy of providing modular solutions to its customers, the Group has invested in a touch screen panel manufacturing company, Teradisplay Co., Ltd of South Korea. The touch screen panel production facility in Nantong, PRC is expected to be operational by Q3 2008. The addition of touch screen panel products to our portfolio of products and services will strengthen the Group's competitiveness and market position.

Commented Mr Chuang, "We are confident that touch screen panel has the potential to become one of the mainstream features in mobile phones in the future. The touch screen panel business not only complements our existing businesses, but also enables us to further expand the scope of our high-end technology services, thereby sharpening our competitive edge."

"With these strategies in place, we are optimistic of our performance in 2008," Mr Chuang concluded.

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 operates three keypad manufacturing facilities in Dongguan, Nantong and Huzhou. They are 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's facility in Kunshan manufactures plastic components and casing, primarily for digital cameras and mobile phones. It also operates a lens manufacturing facility in Dongguan. In 2006, the Group set up a joint venture antenna business with a design house located in Shenzhen and manufacturing facility in Dongguan.

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, Vtech and LG.

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