



## MEMTECH INTERNATIONAL LTD

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

### NEWS RELEASE

#### MEMTECH'S INTERIM 2006 NET PROFIT SURGES 115.9% TO US\$7.1 MILLION

- Strong growth recorded for both domestic and export sales
- Expanded customer base to include LG and Pantech of Korea

#### *1HFY06 Financial Highlights:*

	1H2006 US\$ mil	1H2005 US\$ mil	Y-on-Y Change %
Revenue	51.6	30.2	+ 71.1
Gross Profit	14.7	9.3	+ 56.8
Net Profit	7.1	3.3	+ 115.9
EPS (US cents)	1.03	0.47	+ 119.1
	<b>30 June 2006</b>	<b>31 Dec 2005</b>	
NAV (US cents)	11.9	11.3	+5.3

#### *Q2 2006 Financial Highlights:*

	Q2 2006 US\$ mil	Q2 2005 US\$ mil	Y-on-Y Change %
Revenue	25.7	16.2	+ 58.0
Gross Profit	6.4	4.6	+ 37.6
Net Profit	2.5	1.2	+ 119.3
EPS (US cents)	0.4	0.2	+ 100

Singapore, August 10, 2006 – 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 first six months ended June 30, 2006 (“1H 2006”) surged 115.9% to US\$7.1 million from the US\$3.3 million recorded in the previous corresponding period (“1H 2005”).

On the back of strong growth in domestic and export sales in 1H 2006, Group revenue increased 71.1% to US\$51.6 million. The Group saw higher orders from HTC Corporation, Flextronic Ltd, Motorola and Siemens which collectively made up 16.3% or US\$8.4 of 1H 2006's revenue. The Group's domestic sales growth was mainly led by stronger demand from tier 1 players, such as Ningbo Bird, Lenovo, T&A, and Philips in 1H 2006.

"We are pleased to achieve such a strong growth for the first half of 2006 and maintain our growth momentum. These results go to show that our growth strategies have begun to yield positive results. Over the past two years, there has been a shakeout of the PRC domestic handset manufacturing industry that greatly affected our bottom line. To overcome these problems, we adopted a two-pronged strategy. On one hand, we worked towards increasing our base of MNC customers, who are less vulnerable to the PRC government's tightening of credit, and on the other, we are more selective about the domestic customers we served. Our strong first half results have validated our strategy, signifying that we are on the right track to growth," said Mr Chuang Wen Fu (庄文甫), Executive Chairman of Memtech.

"In Q2 2006, we added LG Group and Pantech, two leading Korean brands to our list of MNC customers. We will continue working towards expanding our customer base to include more international names, thereby achieving a more balanced customer portfolio," added Mr Chuang.

Gross profit increased 56.8% in 1H 2006. However, price and cost factors and the change in product mix resulted in lower gross margin, which fell from 31.0% in 1H 2005 to 28.4% in 1H 2006.

"Although the macro environment remained challenging in the second quarter, we were able to break into the Korean market, adding LG and Pantech to our list of MNC customers. More importantly, we were awarded seven project models by LG, where typically, a new supplier will only be given contract for one to two models at a go. We are greatly encouraged by the confidence LG has shown in us. We have also seen a greater outsourcing trend in Korea, as more Korean firms outsource the production of

mobile phone parts to specialized component manufacturers overseas. Hence, we will continue our sales and marketing efforts in Korea to capitalise on these opportunities,” explained Mr Chuang.

As part of Memtech’s efforts to provide customer with integrated mobile phone solutions, Memtech entered into an agreement with Celestin Technologies Limited (“Celestin”) and Mr Wong Kin Ping to set up a joint venture company Raytech Co. Ltd. (“Raytech”) in Hong Kong. Raytech will engage in research, design and manufacturing of wireless and bluetooth antenna for the mobile phone industry.

Explaining the rationale behind setting up Raytech, Mr Chuang said, “It is part of our long-term corporate strategy to continuously expand our product offerings in our core business segments. We see Raytech as perfect match, as we can tag on the strength of Celestin in research and development of bluetooth technologies and in turn, Celestin can leverage on our established sales network and manufacturing capability.”

The seasonal impact of lower demand in Chinese market during the months of July and August may result in weaker sales from Chinese mobile phone manufacturers in Q3 2006. Memetch will however, strive to secure more orders from the MNC customers to cushion the impact of lull season in the Chinese market.

Barring unforeseen circumstances, the Group’s performance for Q3 2006 shall be better than that of the corresponding period.

**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, ZTE Corporation, Motorola, Siemens and Philips China as well as European mobile phone manufacturers such as Sagem S.A.

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