



## **MEMTECH INTERNATIONAL LTD.**

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

### **RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON SECOND QUARTER RESULTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017.**

SGX-ST’s query (1)

- 1) We note that the Group’s gross profit margin had improved from 8.6% in 2Q2016 to 17.3% in 2Q2017. Please provide the factors which led to the increase in gross profit margins.

Response:

- (a) the increase in sales from US\$31.4m in 2Q 2016 to US\$37.5 m in 2Q 2017; and
- (b) the delay in the fulfillment of major order at customer's request in 2Q 2016 had adversely affected the gross profit margin as substantial preparation costs for the major order had already been incurred in that period.

SGX-ST’s query (2)

- 2) With regards to the other operating income of US\$3.1 million from the sale of the Huzhou land & factory, please clarify if this is a gain on disposal.

Response:

In our previous result statements dated 30 December 2016 and 24 April 2017, we did provide an explanation stating this one time gain from our disposal of our Huzhou land & factory. The deal has been closed on 21 April 2017 and this non-operational profit has been included in our other operating income.

**BY ORDER OF THE BOARD**

CHUANG WEN FU  
Executive Chairman

18 August 2017