

**Issuer:** Avi-Tech Electronics Limited

**Security:** Avi-Tech Electronics Limited

**Meeting details:**

Date: 27 Oct 2016

Time: 11:00AM

Venue: 19A Serangoon North Avenue 5, 6th floor, Singapore 554859

**Company Description**

Avi-Tech Electronics Limited provides burn-in, engineering, and manufacturing services for the semiconductor, electronics, and life sciences industries. Its Burn-in and Related Services segment offers static, dynamic, test during, and high power burn-in services for semiconductor manufacturers; and tape and reel services. The company's Burn-In Boards and Boards Related Products segment designs and manufactures a range of burn-in boards for various types of burn-in oven systems, as well as boards for other types of reliability tests, such as high temperature operating life test and highly accelerated stress test. Its Engineering Services and Equipment Distribution segment is involved in the design, development, and turnkey outsourced manufacturing and system integration of semiconductor equipment and lab-automation systems for the life sciences and biotech industries. This segment also distributes and services third-party mixed signal testers; and offers technical services. The company operates in Singapore, Malaysia, Thailand, the Philippines, Taiwan, the People's Republic of China, Japan, the United States, and Europe. Avi-Tech Electronics Limited was incorporated in 1981 and is headquartered in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=BKY](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BKY))

1. The group has engineered a successful turnaround and exited the watch-list with effect from 16 September 2016. The group is in a strong financial position - cash and bank balances stood at \$3.8 million, fixed and call deposits at \$23.8 million and held-to-maturity financial assets at \$1.8 million, with total bank loan at just \$1 million. In the "Letter to Shareholders", it was disclosed that the group would be "remain open to initiatives such as synergistic and complementary investments, mergers and acquisitions and other types of business transactions that will value-add to our business and ultimately our shareholder returns." The group had earlier ventured into imaging equipment and energy efficient products but had since discontinued the operations.

**(i) What experience have management and board gained and how has it shaped the group's approach to "synergistic and complementary investments and mergers and acquisitions"?**

**(ii) Please elaborate on the type of possible areas/technology, investment size, gestation period, geographical area etc.**

2. In FY2016, the burn-in services segment was the largest contributor to profit. This supports the commentary that there is huge growth momentum for burn-in services due to greater industry demand for fail-safe or high reliability electronic components. The group operates out of just one site.

**(i) What is the utilisation of this current site?**

**(ii) How much more growth can the current site support before large-scale capital expenditure is required to increase capacity?**

**(iii) Other the past years, the group capital expenditure is in line with the depreciation. Has the group kept up its technology to maintain its capability to offer the most advance services and products?**

**(iv) Beside plant and equipment, how does the company ensure that it has the right technical team to support the anticipated growth?**

3. All the three independent directors have served on the board for more than nine years from the respective date of their first appointment. The board has rigorously reviewed the independence of all three independent directors and considers each of them to be independent. Also, key executive personnel have a lot of experience and have led the group over the years.

**Could the nominating committee elaborate further on the board succession plans? Shareholder would also like to understand the depth of the executive team. Has the company started its long term succession planning?**