



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Manufacturing Integration Technology Ltd.

Stock code: M11

Meeting details:

Date: 28 April 2022

Time: 9.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

- (i) **Would management be updating shareholders and investors on the status of its manufacturing plant in Shanghai given that the city has been locked down?**
- (ii) **In addition, how have the chip shortages and the supply chain challenges affected the group?**
- (iii) **Can management elaborate further on the group's challenges to secure "the much-anticipated repeat orders that are critical for [the group's] operational efficiencies and forecasted growth? What are the financial statuses of these potential customers?**
- (iv) **What does a project proposal entail? How does management evaluate the project enquiries to ensure that the group's resources are dedicated to enquiries that are highly likely to turn into confirmed orders?**
- (v) **What is the breakeven point for the customised automation segment? The segment loss before tax was \$(2.9) million in FY2020 and \$(3.0) million in FY2021 while revenue was \$4.85 million and \$3.53 million respectively.**

Q2. As noted in the chairman's message, the group has evaluated new partnerships and "adjacent market businesses" to grow faster. However, the group's offers have not been accepted while some of the other available opportunities were not strategic to the group's focus.

- (i) **Can the board help shareholders understand how it is carrying out the search for acquisitions?**
- (ii) **What are the businesses/technologies that the group would consider?**
- (iii) **What is the ticket size of any such acquisition?**
- (iv) **With just cash of \$6.7 million (net cash of \$5.3 million) and shareholders' equity of \$15.8 million, has the board considered how it could best structure any potential M&A so that it does not put undue stress on the group's financial position and shares the potential rewards/risks with the vendors fairly and appropriately?**

- (v) **Was there any non-compete in the divestment of MIT Semiconductor? Can management elaborate further on the opportunities in precision engineering, semiconductor and automotive industries? What is the group's competitive advantage if it seeks to re-enter the industry after a hiatus of 3 years?**

Q3. The board has four directors, comprising one non-executive and non-independent chairman, Mr Kwong Kim Mone, one executive director, Mr Lim Chin Hong, and two non-executive independent directors, Mr Lee Yong Guan and Mr Pow Tien Tee.

The independent directors were first appointed on 11 March 2005 and 28 April 2014 respectively. Mr Lee Yong Guan had obtained approvals from shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST at the Annual General Meeting held on 28 April 2021 and was re-appointed as independent director.

- (i) **Has the NC reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments, especially as the group is trying to scale up in customised automation, precision engineering and semiconductor?**
- (ii) **How did the NC determine that the current board size and structure are adequate for the group?**

Listing Rule 710 of the SGX Listing Manual also requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018, the provision from which it has varied, **the reason(s) for the variation**, and the explanation(s) on how the practices it had adopted are consistent with the intent of the relevant principle [emphasis added].

In particular, Provision 2.2 of the Code of Corporate Governance 2018 provides that where the chairman is not an independent director, the independent directors should make up a majority of the board.

- (iii) **Can the board elaborate further on the near-term plans to meet Provision 2.2 of the Code of Corporate Governance 2018?**

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
 (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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