

REPL::ANNUAL GENERAL MEETING::VOLUNTARY

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MANUFACTURING INTEGRATION TECHNOLOGY LTD.

Security

MFG INTEGRATION TECHNOLOGY LTD - SG1H45875967 - M11

Announcement Details

Announcement Title

Annual General Meeting

Date & Time of Broadcast

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Submitted By (Co./ Ind. Name)

Lim Chin Tong

Designation

Executive Director & Chief Executive Officer

Financial Year End

31/12/2019

Event Narrative

Narrative Type	Narrative Text
Additional Text	Please refer to the attached document: ANNUAL GENERAL MEETING TO BE HELD ON 21 MAY 2020 - RESPONSE TO QUESTIONS FROM THE SHAREHOLDERS

Event Dates

Meeting Date and Time

21/05/2020 09:30:00

Response Deadline Date

19/05/2020 09:30:00

Event Venue(s)

Place

Venue(s)	Venue details
Meeting Venue	The AGM will be held by electronic means. Therefore shareholders will not be able to attend the AGM in person

Attachments

[MIT AGM QA.pdf](#)

Total size = 136K MB

Related Announcements

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[29/04/2020 07:24:58](#)

MANUFACTURING INTEGRATION TECHNOLOGY LTD.

(Company Registration Number 199200075N)

(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 21 MAY 2020 – RESPONSE TO QUESTIONS FROM THE SHAREHOLDERS

The Board of Directors (“the Board”) of Manufacturing Integration Technology Ltd (the “Company”) wishes to thank the shareholders for their efforts in submitting a total of 15 questions for the Annual General Meeting to be held on 21 May 2020. As many of these questions revolve around the same substantive matters, the Company has summarized the answers in 4 areas.

1. Background

On 20 February 2019, the Company completed the sale of its semiconductor equipment business for \$84.5 million. This divestment has enabled the Company to unlock the value that had been accumulated for the benefit of the shareholders.

Following the divestment, the Company continued to build on its other core businesses in offering build-to-print services and customized automation solutions to wider markets. The Company carries out these activities in its three facilities, two in Singapore viz. Casem (Asia) Pte Ltd and Automated Manufacturing Solutions Pte Ltd, and one in China; MIT (Shanghai) Co., Ltd.

As committed to shareholders, the Company has returned the entire net proceeds received so far from the divestment to shareholders, totaling \$65.4 million or 27.3 Singapore cents per ordinary share. There remains a last tranche of the sales proceeds amounting to \$8.45 million (or 10% of the sale price) that is currently held in escrow with ICBC Singapore. Subject to adjustment on claims made by the purchaser of the divested business, the Company will make a final distribution to shareholders after August 2020.

2. Business Updates

- **Update of the status of the company? How has the COVID-19 affected the company’s business?**
- **In the midst of the challenging COVID-19 crisis, are there any bright spots or silver lining for MIT**

In the built-to-print business, the Company is seeing a mix of stability in the semiconductor area while the textile offerings had felt the effects of the US China trade war and now the COVID-19 pandemic. Many garment factories in Asia are closed during the lockdown periods and it affected demand for the Company’s customer’s equipment.

In customized automation, the Company continues to seek new customers and projects to build a track record and expand its customer base. This is essential for longer term stability of the top line as sales in this business tend to be lumpy. While the projects in the e-cigarette vaping area have stalled due to health concerns in US, the Company continues to pursue projects in other e-cigarette offerings. Some projects in medical were also pushed back due to COVID-19.

In the current circuit breaker environment, the Group’s Singapore subsidiaries had obtained approval from the Ministry of Trade and Industry to operate as an essential service provider in support the global supply chain in semiconductor and medical areas.

Overall, the Company expects to continue to face challenges from the effects of the COVID-19 pandemic in the next 12 months.

3. Returning to profitability

- **What is the longer-term plan for the business and when do we expect the company to return to profitability?**
- **Are there any other forms of business that we are exploring?**
- **What are the plans for short term (1-2 years) and longer term (3-5 years) that the new CEO will be considering?**

The Company will focus on returning to profitability in the short term by growing the top line of the businesses it already has. The Company must do this by developing a new core customer-base with higher expectations and technological capabilities that it will acquire and build. The Company will capitalize on its highly skilled workforce and leverage partners with different technical capabilities to augment and enhance its product and service offerings. Generically speaking, the Company will have access to additional capabilities to provide newer technological features and expectations of smart automation, IIoT, Data Analytics, AI & ML, etc., to its customers.

The world is undergoing a major disruption because of this COVID-19 pandemic and the outcome is still being unveiled. Some industries like the airlines, hospitality, Oil & Gas, etc. will take some years to recover, and some like medical and healthcare, food and farming, etc. will continue to flourish and grow. Overlaying the macro economic trends, there is also geo-political shift of moving manufacturing of essentials goods and services from importation to local produce; from imported or high labour work content to assisted labour or smart automation; from traditional farming and fishing to high-tech vertical farms and containerized fish farming.

Therefore, the Company will acquire and get access to new capabilities for the Company to address its short term goals of returning to profitability, and the Company will also be planning to address the new emerging market needs by developing strategic partners and technology / IP access through licensing or acquisition.

4. Corporate actions to return cash to shareholders

- **Is the company currently seeking RTO (Reverse Take Over) of new businesses to value-add to shareholders? If so, what stage is the discussion?**
- **The trading volume on SGX is so low, have you thought of delisting it and pay shareholders a reasonable amount?**
- **Is the company returning excess cash to shareholders before the cash is depleted? Or by selling the Yishun properties?**
- **Is there any plan for the company to conduct a delisting and returning cash to shareholders?**
- **After distribution of escrow, the business is left with cash and an industrial property, have you considered delisting the company and return all cash to shareholders?**

Management is confident that the current Built-to-print and customized automation businesses can form the foundation to build a new MIT. It needs more time to grow and contribute to its top and bottom lines. To speed up the growth, the Company will continue to explore new M&A opportunities to invest in another growth engine so as to build another business segment to augment the current CEM business. As such, the Company does not plan to delist or engineer an RTO as the Company will need funds to re-invest to improve the intrinsic value of the Company. Nor is the Company planning to sell its industrial properties to return cash to shareholders as the current timing is probably not conducive.

Having said that, Management is always mindful of its role to maximize returns for shareholders. The Company will not turn away any opportunities or corporate actions that can provide maximum benefit for shareholders. This can be illustrated by the successful divestment of the semiconductor business whereby the Company took time to secure the best outcome for shareholders.

In summary, the Company shall maintain a focus on growing the current and new businesses but have an open mind when good opportunities were to surface.

5. Funds in escrow

- **How confident are we that we will be able to get the full escrow amount at the end of August? Any chance we can ask to release the escrow earlier ie before August?**

Based on the Share Purchase Agreement, the remaining 10% of the purchase consideration of \$8.45 million is subject to adjustment on claims made by the purchaser prior to the expiry of Escrow Claim Period on 19 August 2020. Hence any release of the escrow funds can only be made after expiry of the Escrow Claim Period.

The Company's entitlement can only be estimated and finalized after the purchaser has submitted their claim and such claim is settled mutually. Up to the present, the Company has not received any claim from the purchaser, but any subsequent claims cannot be ruled out.

The Company will make a final distribution to shareholders from this last tranche of funds when this matter is settled.

By Order of the Board
Manufacturing Integration Technology Ltd.

Lim Chin Tong
Executive Director and Chief Executive Officer
20 May 2020