Manufacturing Integration Technology Ltd
BLK 5004, ANG MO KIO AVE 5 #03-12 TECHPLACE II,
SINGAPORE 569872
TEL +65 6481 0511 FAX +65 6481 8955
www.mit.com.sg

MANUFACTURING INTEGRATION TECHNOLOGY LTD

ANNUAL REPORT | 2017

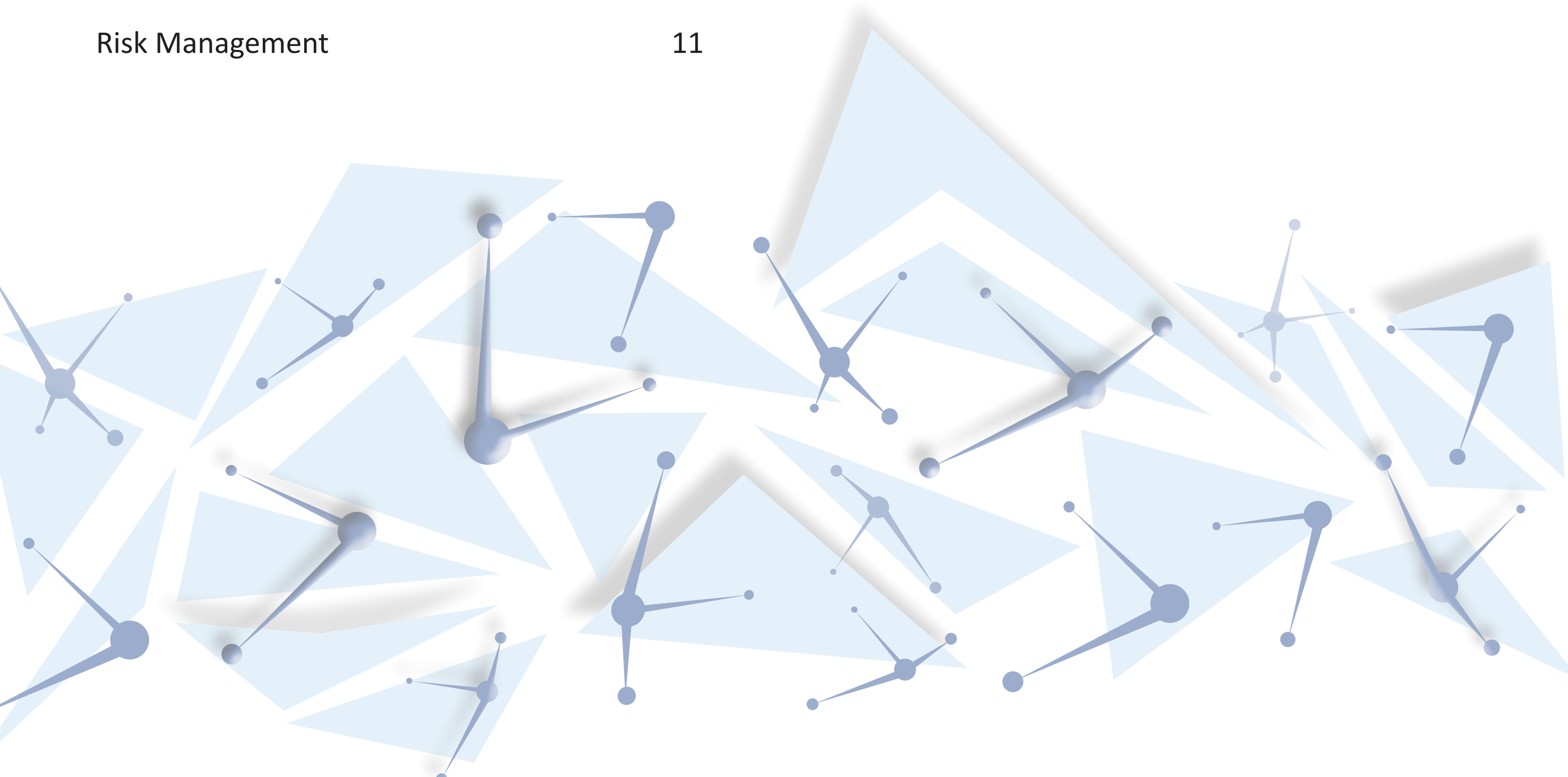
Manufacturing Integration Technology Ltd

New Beginnings

Annual Report 2017

Contents

Company Profile	1
Chairman's Message	2
Board of Directors	4
Key Executives	6
Operating Review	8
Financial Summary	9
Five-Year Financial Highlights	10
Risk Management	11



Vision

To be the ultimate partner of choice as a world-class provider of Semiconductor, Solar and Contract Equipment Manufacturing Solutions.

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE

KWONG KIM MONE
(Chairman and Managing Director)

LIM CHIN TONG
(Executive VP and Executive Director)

NON-EXECUTIVE

LEE YONG GUAN
(Lead Independent Director)

POW TIEN TEE
(Independent Director)

KAM BOON CHEONG
(Independent Director)

LIM CHIN HONG
(Independent Director)

AUDIT COMMITTEE

LEE YONG GUAN
(Chairman)

POW TIEN TEE
KAM BOON CHEONG
LIM CHIN HONG

NOMINATING COMMITTEE

KAM BOON CHEONG
(Chairman)

KWONG KIM MONE
LEE YONG GUAN
POW TIEN TEE
LIM CHIN HONG

REMUNERATION COMMITTEE

POW TIEN TEE
(Chairman)

LEE YONG GUAN
KAM BOON CHEONG
LIM CHIN HONG

INVESTMENT COMMITTEE

KWONG KIM MONE
(Chairman)

LIM CHIN TONG
LEE YONG GUAN
POW TIEN TEE
KAM BOON CHEONG
LIM CHIN HONG

COMPANY SECRETARY

WONG YOEN HAR

REGISTERED OFFICE

Blk 5004 Ang Mo Kio Ave 5
#03-12, TECHplace II,
Singapore 569872
Tel: 65-6481 0511
Fax: 65-6481 8955
Website: www.mit.com.sg
Co. Registration No.:
199200075N

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: 65-6536 5355
Fax: 65-6536 1360

AUDITORS

RSM Chio Lim LLP
Public Accountants and Certified
Public Accountants
8 Wilkie Road, #03-08
Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE

CHONG CHENG YUAN
Partner-in-charge since financial
year ended 31 December 2016

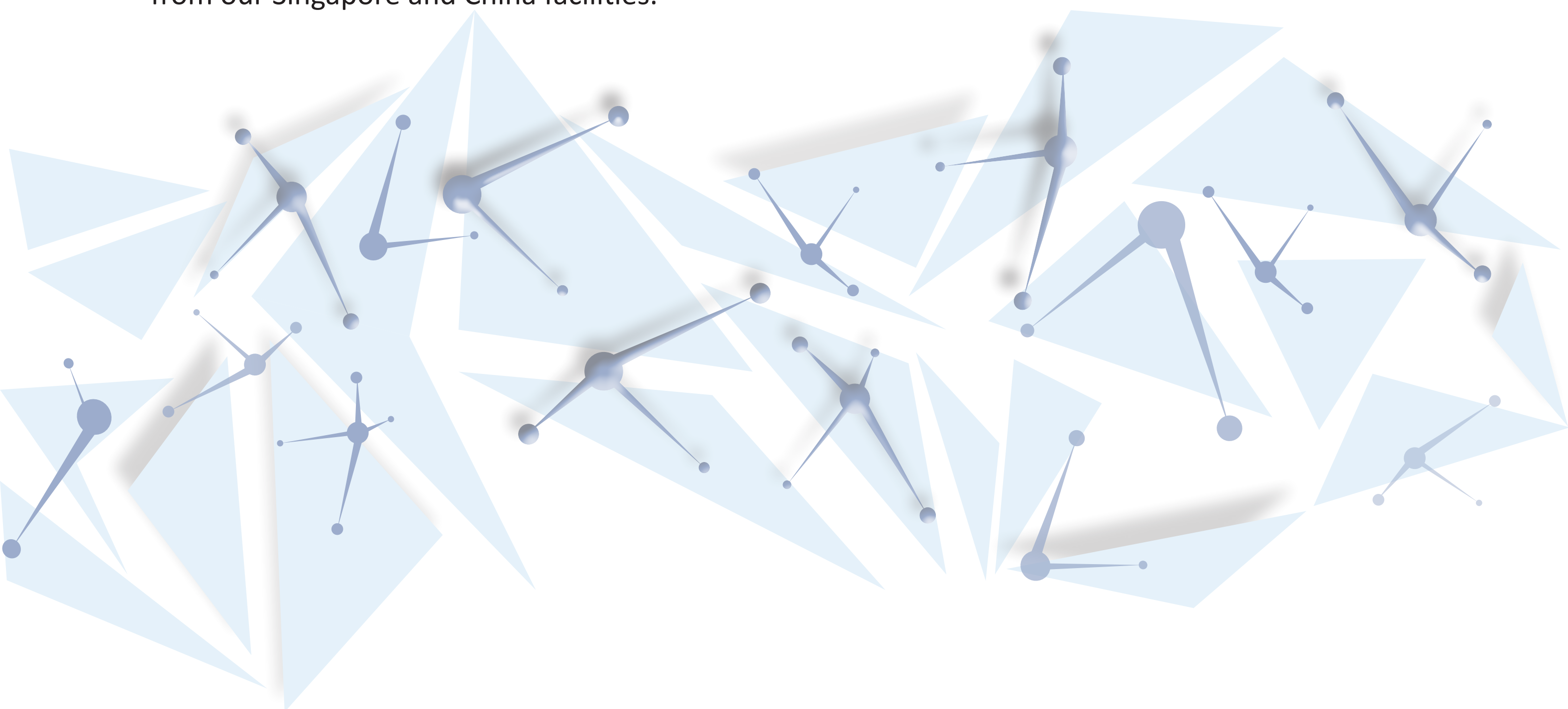
PRINCIPAL BANKER

United Overseas Bank Ltd

Company Profile

MIT was founded in 1992 by our Chairman and Managing Director, Mr. Tony Kwong, to provide industrial automation services to the electronics industry in Singapore. In a span of over 25 years, we have evolved to become a capital goods supplier serving the semiconductor, solar and contract equipment manufacturing (CEM) industries, not just in Singapore, but across Asia, Europe and USA. MIT became a public listed company in 1999 with its shares traded on the Mainboard of the Singapore Exchange Ltd.

Today, we operate from three rented facilities; two in Ang Mo Kio (Singapore) and the other in Jiading District (Shanghai, China). Our corporate headquarters is in Singapore together with our R&D centre for semiconductor equipment. The semiconductor equipment are manufactured in Singapore while the heavy and bulky solar machines are assembled in our Jiading facility. Both facilities also provide after-sales services to their respective customers. In addition, we also provide CEM services, both built-to-print assembly and customized design/automation equipment, to an international clientele from our Singapore and China facilities.



Mission

To provide world class integrated design, engineering and manufacturing solutions in our core businesses whilst enhancing value and maximising returns for the benefit of all our stakeholders.

Chairman's Message

"Our new phase should also see continued demand growth in the global semiconductor industry and its positive impact on our equipment segment."

Mr Kwong Kim Mone
Chairman and Managing Director

Dear Shareholders

2017 marks a new beginning for the Group on many fronts.

We hope it will be the beginning of a new phase with our turnaround from a loss in 2016. We closed FY2017 with sales of S$66m and a profit of S$6m, a significant revenue growth of 86% from S$35.5m in FY2016 and its corresponding loss of S$5.5m. This performance was driven by a wave of opportunities resulting mainly from the introduction of new mobile handsets by major brands.

Our new phase should also see continued demand growth in the global semiconductor industry and its positive impact on our equipment segment. Memory chips, led by NAND continue to grow as increasing storage capacities in everyday mobile devices spur demand. The amount of dollars spent on electronics per automobile is also rising together with higher global automobile output. Then there is the demand for semiconductors from the penetration of IoT devices across all walks of life, from the home to the factories.

On the supply side, we see capacity growth being led by increasing Chinese funds and capital spending – from both government and private sources. They are also actively pursuing mergers, acquisitions, investments and partnership opportunities to develop their fledging domestic semiconductor industry and to assist the local companies in becoming national champions. It has even been reported that a staggering US$20b has been put aside over the next few years to invest heavily in building capabilities throughout the entire semiconductor value chain from design, materials, front-end and back-end equipment, foundries and assembly and test houses. With the shift away from an industrial led growth model towards consumption and services, Chinese companies are also increasingly sourcing from within the country instead of importing to achieve their self-sufficiency targets in producing integrated circuits. This will result in a massive transformation in the semiconductor landscape for the next couple of decades.

We recognize the potential impact of this Chinese juggernaut. On 8 January 2018, our Company entered into a non-binding term sheet with China Fortune-Tech Capital Co., Ltd ("CFTC") for the proposed sale of our semiconductor equipment business. This sale will allow the Company to unlock the value that has been steadily built over the years for the benefit of our shareholders. In addition, it will also help us gain greater traction in the Chinese market whilst complementing our existing strengths with the other major non-PRC semiconductor players.

At the time of writing this message, we are still in advanced talks with CFTC. In the event the proposed transaction is accepted by all parties and the relevant authorities, Contract Equipment Manufacturing (CEM) will become the new centrepiece of MIT's core business.

Chairman's Message

SIAS 18th Investors Choice Awards 2017
MIT receives Transparency Award – Small & Mid Cap

MIT's 25th Anniversary

In recent years, we have deepened our CEM capabilities to provide built-to print manufacturing services as well as customised factory automation solutions. Revenues have also steadily grown and we expect to see even higher sales in 2018, bolstered by strong orders from our LED, semiconductor and consumer products customers. To add capacity, we have recently leased new factory space at No. 38 Ang Mo Kio Industrial Park 2 (adjacent to our existing TECHPlace II premises) and have re-structured Automated Manufacturing Solutions Pte Ltd (formerly “AMS Biomedical Pte Ltd”) into our CEM stable.

While we look forward to these new beginnings, our commitment to maintaining the highest level of corporate governance and transparency cannot be anything but unequivocal. It is therefore heartening for us to receive the “Transparency Award – Small & Mid Cap” at the SIAS 18th Investors Choice Awards 2017, an initiative by the Securities Investors Association (Singapore) (SIAS) to foster and promote good corporate governance practices among listed companies and all stakeholders.

Last but not least, I am also delighted to announce that as the Group has returned to profitability, the Board has recommended a final dividend of 0.75 Singapore cents per share payable to shareholders whose names appear on our register on 10 May 2018. Together with the interim dividend of 0.25 Singapore cents to celebrate the Company’s 25th Anniversary, the total pay-out in 2017 will amount to 38% of total net Group earnings, exceeding the minimum target of 25% set out in our new dividend policy first announced in May 2017.

From a total shareholder return (TSR) perspective, the Group returned a credible 48% during this period, made up of the interim dividend and share price appreciation.

These are indeed exciting times for the Group.

In closing, let me once again thank the Board for their guidance and to the Management and staff and all of our shareholders for their continuing strong support as we enter into another phase of our corporate journey together.

Mr Kwong Kim Mone
Chairman and Managing Director

Board of Directors

Mr Kwong Kim Mone

Mr Lim Chin Tong

Mr Lee Yong Guan

MR KWONG KIM MONE
Chairman and Managing Director

MR KWONG KIM MONE was appointed Director of the Company on 15 February 1992. He is the Founder and Managing Director of the Company and became its Chairman on 1 November 1999. Mr Kwong has been largely instrumental in providing the strategic direction and driving the business performance of the Group. Under his leadership, the Group has diversified beyond its core semiconductor business to include solar equipment, contract equipment manufacturing and precision machining services. This success has enabled the Group to broaden its revenue, product and customer base towards achieving a more sustainable growth. Mr Kwong was one of the recipients of the Rotary-ASME Entrepreneur of the Year Award in 1998. Under Mr Kwong's stewardship, the Company garnered the "Enterprise 50 Awards" for the years 1996, 1997, 1998 and 1999 jointly organized by the Singapore Business Times and Anderson Consulting. Mr Kwong holds a Diploma in Mechanical Engineering from Singapore Polytechnic and a Diploma in Business Administration from the National Productivity Board. Mr Kwong was last re-elected as Executive Director on 21 April 2017.

MR LIM CHIN TONG
Executive VP and Executive Director

MR LIM CHIN TONG was re-designated Executive Director of the Company on 15 August 2007 after serving as an Independent Director of the Company since February 2005. As Executive Director, Mr Lim oversees the formulation and execution of the Group's business and growth strategies particularly in the areas of contract equipment manufacturing and precision engineering services. In his earlier career, Mr Lim held senior appointments in the Economic Development Board and was also Chief Executive Officer of Xpress Holdings Ltd. Mr Lim is also an Independent Director of Catalist-listed Metal Component Engineering Ltd and Chairman of NYP International Pte Ltd, a subsidiary of Nanyang Polytechnic. A mechanical engineer by training, Mr Lim obtained a B Sc (Hons) degree from the University of Leeds (UK) and a Diploma in Business Administration from NUS. In addition, he attended the Program for Management Development at the Harvard Business School. Mr Lim was last re-elected as Executive Director on 22 April 2016.

MR LEE YONG GUAN
Lead Independent Director

MR LEE YONG GUAN was appointed Independent Director of the Company on 11 March 2005. Mr Lee, a FCA Singapore and a Fellow member with Association of Chartered Certified Accountants, is currently the Senior Advisor and Director of two fintech companies. He has also been appointed as adjunct Teaching Mentor of Singapore Management University. David spent more than five years in Shanghai as Special Advisor and Director of UnionPay International Co, a wholly owned subsidiary of China UnionPay Company. He was the past President of Visa Worldwide Pte Ltd overseeing the growth of Visa's business in the Asia Pacific region. Mr Lee was awarded the Lee Foundation Prize by Singapore's Association of Chartered Certified Accountants (ACCA) for being ranked first in their professional examination. He has completed an Advanced Management Programme with the Harvard Business School in Boston and is a member of the Singapore Harvard Club. Mr Lee was last re-elected as Lead Independent Director on 21 April 2017.

Board of Directors

Mr Pow Tien Tee

Mr Kam Boon Cheong

Mr Lim Chin Hong

MR POW TIEN TEE
Independent Director

MR POW TIEN TEE was appointed Independent Director of the Company on 28 April 2014. Mr Pow had worked many years in the semiconductor industry covering the whole APEC region. In 2013, he retired as the Regional President and MD of Infineon Technologies Asia Pacific Pte Ltd., and Chairman of Infineon China, Infineon Shanghai, Infineon Wuxi and Infineon Xi'an, and Managing Director of Infineon Technologies Hong Kong Co. Ltd. Mr Pow has a degree in Business Administration in Political Science and History from Nanyang University, Singapore. He is currently the Principal Consultant of ORTUS Consulting Group, China. He was conferred Honorary Professorship by Xi'an University of Electronic Science and Technology, Xi'an, in 2009 and had also authored a book for the University entitled "High Performance Enterprise Management" in 2013. Mr Pow was last re-elected as Independent Director on 22 April 2016.

MR KAM BOON CHEONG
Independent Director

MR KAM BOON CHEONG was appointed Independent Director of the Company on 5 May 2014. He graduated from Glasgow University, Scotland, with a degree in Mechanical Engineering in 1987. He began his engineering career in Apple Computer before moving to several high technology companies such as ICOS Vision Systems and KLA-Tencor with regional responsibilities. Mr Kam was the Managing Director of ICOS at the time of its acquisition by KLA-Tencor in 2008 and remained in the latter until 2011. Thereafter, he has been providing corporate advisory services to local corporations. Mr Kam was last re-elected as Independent Director on 28 April 2015.

MR LIM CHIN HONG
Independent Director

MR LIM CHIN HONG joined the Board as Independent Director on 1 February 2016. He is currently the founding and managing partner at GreenMeadows Accelerator Pte Ltd (GMA) focused on incubating technology startups in the hardware arena. Prior to incorporating GMA, he was a partner at Small World Group Incubator to guide start-ups in technology commercialization. At the industry level, Mr Lim had spent the major part of his career serving in senior management positions as CTO/EVP/GM in companies such as Sunningdale Tech, Hewlett Packard and Agilent Technologies managing global operations across multiple product lines and business units. Mr Lim has also served as board member of several local start-ups, mentor and panelist for NRF Technovation pitching, NUS Incubation panel and at SPRING TECS (Engineering). He obtained his B Sc (Hons) in Production Engineering and Management from University of Strathclyde (UK) and a MBA from Golden Gate University (US). He has also completed a General Management Program from NUS-Stanford Business School. Mr Lim was last re-elected as Independent Director on 22 April 2016.

Key Executives


Mr Tan Ban Hee


Mr Terence Chua Yee Heong


Mr David Foo Wah Meng


Mr Eddy Lim Kok Yeow


Mr Howe Weng Khiong

MR TAN BAN HEE

is our Executive VP and Chief Financial Officer overseeing the entire financial management of the Group at both operational and strategic levels. He also has responsibility for the Group's IT function in his concurrent capacity as Head of the MIS Department. Prior to joining the Company in November 1999, he had held key finance portfolios in several local private and public listed companies. Mr Tan, who graduated from Foon Yew High School in 1985, holds a Bachelor of Accountancy degree from the National University of Singapore and is currently a Fellow member of the Institute of Singapore Chartered Accountants.

MR TERENCE CHUA YEE HEONG

joined the Company in August 2016 as Senior VP heading the Group's Semiconductor Business & Services. He has 30 years of business and manufacturing experience in the regional semiconductor industry, holding management positions in IDM and OSAT companies. Terence holds a B. Eng (Hons) in Mechanical & Production Engineering from the National University of Singapore and Graduate Diplomas in Marketing and in Financial Management from the Marketing Institute of Singapore and the Singapore Institute of Management respectively.

MR DAVID FOO WAH MENG

joined the Company in March 1998 and is the Group's semiconductor VP of Regional Sales and Service. Mr Foo graduated from the Singapore Polytechnic with a Diploma in Electronics and Communications. He was also awarded a scholarship by the then Trade Development Board to pursue an International Marketing program in collaboration with Denmark's Niels Brock Business Institute.

MR EDDY LIM KOK YEOW

joined the Company in March 2009. As Senior VP and Head of Technology & Development, Mr Lim spearheads all new product design and development work leveraging on advanced packaging manufacturing technologies. Mr Lim has a B. Eng (Hons) in Mechanical Engineering from the Nanyang Technological University, Master of Science in Manufacturing Technology and Automation from the National University of Singapore and a Certificate in Ultra Precision Machine Design from Cranfield University, UK. He also has more than 25 years of working experience in system design and development involving ultra precision applications. Prior to joining the Company, Mr Lim had held several Director level positions in other semiconductor equipment and wafer bumping technology companies.

MR HOWE WENG KHIONG

joined Generic Power Pte Ltd as General Manager in January 2010, overseeing the vision inspection business. Mr Howe is currently the Senior VP and General Manager of iPAC Manufacturing Pte Ltd with responsibility for Manufacturing, Materials and Supply Chain operations supporting the Semiconductor business units in the Group. Prior to joining the Company, Mr Howe was the General Manager of a semiconductor silicon wafer reclaim company. He was also an Investment Manager with EDB Investments Pte Ltd from the period 1996 to 2000. Mr Howe holds a Bachelor of Accounting degree from the Nanyang Technological University.

Key Executives

Mr Boh Teck Keong

Mr Han Meng Kwang

Mr Dennis Foo Piau Yew

Mr Cavin Teo Siew Heng

MR BOH TECK KEONG

joined the Company in November 2002 as General Manager with responsibility for Technology & Product Engineering. From March 2012, he took up the appointment as Senior VP and General Manager of Casem (Asia) Pte Ltd. Prior to joining the Company, Mr Boh had worked with various semiconductor MNCs overseeing Engineering and Sales. Mr Boh graduated from the University of Singapore (Mechanical Engineering) in 1980. He also holds a Graduate Diploma in Business Administration from the Singapore Institute of Management.

MR HAN MENG KWANG

joined the Group's subsidiary, Automated Manufacturing Solutions Pte Ltd (formerly AMS Biomedical) in June 2017 as its Senior VP and General Manager. He spearheads the Group's customized automation business supporting diverse manufacturing industries. Mr Han has more than 25 years of related industry experience. He holds a Bachelor Degree in Mechanical and Production Engineering (with First Class honours) from Nanyang Technological University and a Master of Science Degree in Advanced Automation and Design from Cranfield University (UK). He had also obtained a Diploma in Mechanical Engineering from Singapore Polytechnic and a Post-Graduate Diploma in Financial Management from ACCA.

MR DENNIS FOO PIAU YEW

is the VP of Sales in Casem (Asia) Pte Ltd with responsibility for sales, marketing and business development of the Group's contract equipment manufacturing (CEM) business. In his earlier career, he had held senior engineering and operations positions in various American and European MNCs related to harddisk, IC and lead-frame manufacturing as well as in automotive electronics. Mr Foo graduated with a Bachelor degree in Mechanical and Production Engineering from Nanyang Technological University in 1993 and a MBA from the University of Nottingham Business School in 2004.

MR CAVIN TEO SIEW HENG

joined the Company in March 2001 as Senior Human Resource and Administration Manager. He concurrently holds the appointment as Head of Corporate Services overseeing HRM and Corporate Affairs. Before joining the Company, Mr Teo had held various senior managerial appointments in local, Japanese and American MNCs. He graduated with a MBA from the Central Queensland University (Australia) in 2005 with several Dean's Letter of Commendation; and a Bachelor of Business from the University of Tasmania (Australia) ("UTAS"). At UTAS, he was a recipient of the Dean's Roll of Excellence conferred by the Faculty of Commerce. As a training practitioner, he completed his ACTA training at the Institute of Adult Learning. Mr. Teo is also the Group's Data Protection Officer (DPO).

Operating Review

The year under review was an active one for the MIT Group.

We executed our turnaround plan successfully by riding on the wave of opportunities arising mainly from the release of new models of iPhones and other branded handsets.

We improved our time to market for our new semiconductor equipment to meet customer needs, focused on higher margin CEM products/services and developed new customers for the future.

As a result, our Group sales grew 86% to S$66m with a net profit after tax of S$6m. This compared favorably against a loss in the previous financial year.

Group manpower strength grew marginally with increases in Singapore and decreases in Shanghai. The Singapore manpower strength is expected to grow further as we prime for expansion. Our Epicor ERP system was implemented in Singapore and it will be extended to Shanghai this year.

Semiconductor

Our family of die sorters was the biggest contributor to Group revenues. This was followed by vision inspection systems and laser markers.

Despite short term operating pressures during the year, we continued to invest in R&D to deepen our core capabilities in vision inspection and ultra-precision handling solutions. By combining these two multi-disciplinary technologies, we developed niche capabilities to process miniaturized semiconductor packages at super high speeds and at ultra-precision tolerances.

A visible result of this focus is the launch of our Caerus 330 high speed die sorter that can handle dies as small as 0.2mm x 0.4mm and at speeds of 30,000 per hour. Demo units have been placed at several potential customers and initial orders have been received. Going forward, we are upgrading it with additional automation and test features. Another development is on the next generation wafer to wafer die sorter which we target to launch at the end of 2018 to cater to the growing needs in advanced wafer level packaging.

For our vision inspection systems, we will be introducing an upgraded version of high speed Smartflex vision inspection solutions that are equipped with proprietary advanced 2-dimensional and 3-dimensional vision capabilities to screen out package surface imperfections such as mold indentation and protrusion as well as package warpage. Another focus targeting the automotive devices is the vision system for legacy IC packages specific for automotive applications. To enhance productivity and efficiency, we have also launched vision systems for the Final Outgoing Inspection gate, thereby replacing inspection usually carried out by QC operators.

For our marking systems, we have upgraded our strip laser markers to cater to larger density leadframe sizes. Such laser markers will also be equipped with different input and output formats to meet different leadframe handling process requirements. We have also added new features onto our existing marking systems to handle laser depth measurement which is essential when marking very thin IC packages.

Contract Equipment Manufacturing

Our CEM business comprises two segments – built-to-print and customized automation. In the former, customers provide us with their designs and prints. As their contract manufacturer, we will source for standard and fabricated parts in accordance with their design specifications and assemble the products, modules or sub-modules as required. Orders in BTP are generally more stable.

In customized automation, we work very closely with customers from their product design stage to understand their automation process requirements in the manufacturing phase. We will then design and build the necessary automation equipment when the product design is finalized.

In CEM, sales from our built-to-print segment recovered from the 2016 lows as our customers' orders grew steadily. A new project in the assembly of textile equipment by our Shanghai subsidiary also contributed to this recovery. In the current year, we will be adding a new head assembly module to further grow our revenues.

As part of our expansion in the customized automation space, especially in the semiconductor and related manufacturing industries, we have restructured AMS Biomedical Pte Ltd to spearhead this segment. Renamed Automated Manufacturing Solutions Pte Ltd (AMS), this unit has leased an additional 15,000 sq ft space in an adjacent factory and is aggressively building up its human resources and engineering capabilities. We have seen some initial results with projects from existing and new semiconductor and consumer electronics customers.

Solar

We continue to field enquiries on new thin-film based technologies such as CIGS and cadmium telleride, and discussions on possible solar projects are still preliminary at this stage.

Order book

As at 27 February 2018, our Group outstanding order book was S$22m.

Financial Summary

Revenue

Group revenue increased 86% to S$65.9m in FY2017 from S$35.5m in the previous financial year.

The revenue growth was largely due to higher demand for semiconductor equipment as well as contract equipment manufacturing (CEM) orders from our existing customers.

Earnings

The Group recorded an Income net of tax of S$6.0m in FY2017, a turnaround from a loss net of tax of S$5.5m in the previous corresponding financial year. This strong earning was also achieved on the back of a higher gross margin of 30% in FY2017 as compared with 20% in FY2016.

Other gains were derived mainly from rental income from our investment properties in Yishun, gain on disposal of development projects and reversal on allowance for impairment loss on inventories which were made in previous years.

The bottom line would have been higher if not for a weakening US dollar that resulted in forex losses of S$0.6m. In line with the higher revenue base and business activities, Marketing and distribution costs as well as Administrative expenses were higher by 2% and 40% respectively. Finance costs decreased after the full repayment of our industrial property loan.

The higher Other losses for this financial year were mainly from Inventories written down (S$0.7m), Amortisation of development projects (S$0.3m) and Allowance for impairment loss on trade receivables (S$0.2m).

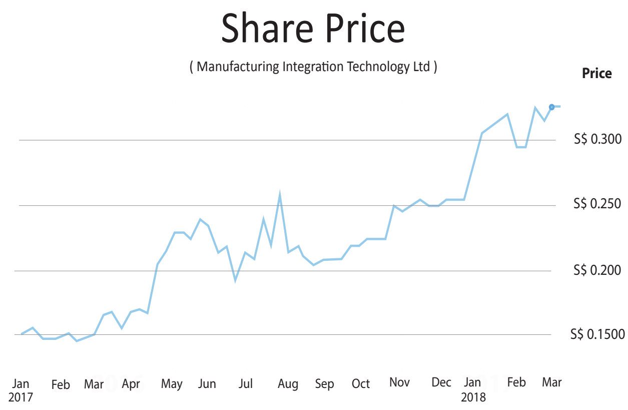
Assets and Liabilities

The increase in Plant and equipment was mainly due to the purchase of tooling for production as well as upgrading of IT resources.

After depreciation charges during the year, the net book value of the Investment properties decreased at the end of the financial year.

The increase of S$0.7m in Development projects was due to the new projects undertaken by the Group.

Investments in subsidiaries decreased due to allowance for impairment on investments in subsidiaries. However, there is no profit or loss impact at the MIT group level.



In line with the increased business activities, Inventories as well as Trade and other receivables increased by 13% and 20% respectively.

Other assets increased due to higher deposits and prepayment when compared to the same period of last year. The decrease in Other financial liabilities was mainly a result of repayment of bank loans primarily for the industrial property.

The higher amount in Trade and other payables corresponded with the higher inventory level maintained. We had also made purchases of long lead items for projects to be fulfilled in FY2018.

Cash Flow

The Group achieved a positive net cash flow from operating activities of S$9.8m during the year.

Despite the repayment of bank loans (S$3.6m), development projects incurred (S$1.9m), investment in tooling & IT resources (S$1.5m), dividend payments (S$0.6m) etc, we ended the year with cash and cash equivalents of S$21.9m. This is 22% higher than the S$17.9m balance recorded last year.

Cash and Cash equivalents per share stood at 9.5 cents, which accounted for about 43% of the Net Asset per share.

Five-Year Financial Highlights

(All amounts in S$'000)

Statement of Comprehensive Income	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	31,301	64,273	90,351	35,527	65,929
EBITDA	(5,207)	10,962	20,495	(3,345)	7,831
(Earnings before interest, tax , dep & amort)					
EBIT	(6,505)	9,493	18,772	(4,674)	6,422
(Earnings before interest & tax)					
Finance cost	85	261	184	108	71
Income (Loss) before tax	(6,491)	9,305	18,866	(4,556)	6,510
Income (Loss) net of tax	(6,491)	10,172	15,426	(5,496)	6,006
Statement of Financial Position					
Current assets	35,457	56,698	58,377	44,681	53,525
Current liabilities	16,410	27,839	15,684	14,256	18,319
Total assets	48,575	70,316	71,331	59,570	69,519
Total borrowings	9,866	8,913	4,700	3,753	117
Cash and cash equivalents	8,541	16,945	20,434	17,892	21,884
Shareholders' equity	27,598	37,930	51,894	45,198	51,130
Net tangible assets	27,481	37,834	51,811	45,113	51,082
Net asset value per share (cents)	12.68	17.43	23.23	20.12	22.30
Financial Ratios					
Profitability					
Return on equity (%)	-23.5%	26.8%	29.7%	-12.2%	11.7%
Return on assets (%)	-13.4%	14.5%	21.6%	-9.2%	8.6%
Liquidity					
Current ratio (times)	2.2	2.0	3.7	3.1	2.9
Cash as a percentage of NAV (%)	30.9%	44.7%	39.4%	39.6%	42.8%
Leverage					
Gearing (%)	35.7%	23.5%	9.1%	8.3%	0.2%
Interest cover (times)	N.A.	36.4	102.0	N.A.	90.5
Investment					
Earnings per share (cents)	-2.98	4.65	6.79	-2.45	2.61
Gross dividend per share (cents)	N.A.	0.50	1.00	N.A.	1.00
Gross dividend yield (%)	N.A.	7.5%	4.9%	N.A.	3.9%
Dividend payout ratios	N.A.	10.8%	14.7%	N.A.	38.3%
Productivity					
Number of employees (Group)	256	301	312	291	322
Revenue/Employee (S$'000)	122.27	213.53	289.59	122.09	204.75

Risk Management

The Group has an Enterprise Risk Management Committee (ERMC) comprising Senior Management staff to oversee the identification and implementation of risk mitigation measures in the financial, operational and compliance areas. It reports to the Audit Committee of the Board.

The Group recognizes that we have to take calculated risks in order to grow and to maximize shareholder value. To achieve our corporate objectives, such risks must be taken in a responsible and measured manner. We will not undertake more risks than necessary and beyond what we can afford from a financial and operational perspective.

Some of the key risk areas and mitigators are identified and addressed in this Risk Management Report. The list is by no means exhaustive and it is updated annually. We have internalised most of these risks in our everyday functions. Our mitigation factors have so far allowed us to address these risks, especially during poor business periods and in high growth times.

Operating Risks

Inherent cyclical nature of the semiconductor industry

The Group will continue to grow its other business pillars and to explore new growth opportunities to further broaden its revenue mix. It is hoped that new steady businesses, a wider customer base and new geographical markets will help to moderate these cycles.

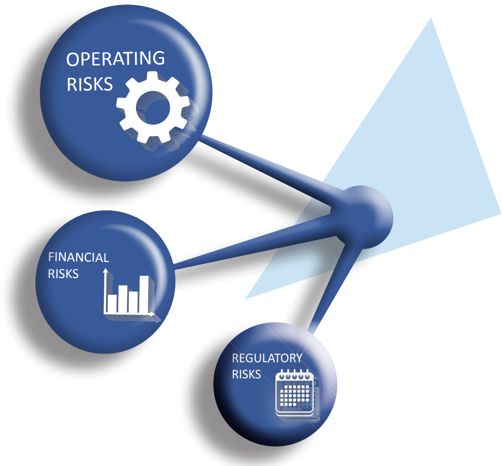
Rapidly changing technology may make our products obsolete

The challenge is to press on with innovation by continually investing in R&D and developing deeper human capital capabilities to stay ahead of the technology curve and competition.

Disruptions in the supply chain for key components and fabricated parts

Apart from deepening our own in-house precision machining capabilities (in MIT Shanghai) to produce key common machine modules, the Group is also broadening its vendor base for alternative parts supply and to forge key partnership relationship with top tier suppliers to improve demand planning and ensure certainty of supply.

Besides China, the supply chain in Malaysia has also been developed to support our growing businesses.



We may not have enough manufacturing capacity during peak periods

Outsourcing of assembly work (either at modular or at full turnkey level) to subcontractors in Singapore/Malaysia has allowed the Group to better manage its production capacity and costs during different seasonal cycles.

We may not always be successful in attracting and retaining key personnel to support or drive our growth

Attracting, retaining of key leadership talent and succession planning are ongoing challenges. The Group aims to address these issues by building an internal talent core through continuous skills training and motivating high performance through short & long-term compensation incentives plans.

We are dependent on a few key customers

Even though the top 5 of its major customers accounted for around 74% of our total sales turnover in FY2017, the customer mix differed from the previous year in line with their different buying patterns and production needs. Notwithstanding, the Group will continue to secure new major accounts in different segments of the industry to reduce dependency on any one cluster of customers for all its business units.

We are exposed to risks associated with overseas operations

Outside of Singapore, the Group operates another factory in Shanghai, China. The Investment Committee under the purview of the Board regularly reviews the business performance and operating environment in China to make key business decisions.

Risk Management

We are exposed to the risk of unutilised stocks

Exposure is reduced by regularly updating demand forecasts from major customers and making informed decisions on production loading plans especially involving risk-built inventory. In addition, a new ERP system has been implemented to provide real-time information and controls across the key business processes to insure against discrepant buying and inventory overhang.

Financial Risks

Exposure to foreign exchange risk

Trading currencies are in US dollar (mainly), RMB and SGD. In FY2017, USD transactions contributed almost 60% of the total sales revenue.

The Group aims to mitigate these risks in several ways. One strategy is through natural hedging by procuring raw materials at source where the currency rate is in its favor. A treasury policy on hedging is also in place that is reviewed periodically to ensure that practices are in line with prevailing market conditions and currency trends. The current Group's policy is to hedge at least 50% of net foreign currency position by entering into forward contracts to minimize exposure to adverse foreign currency movements.

Financial instruments risk

The Group does not participate in any form of financial derivative instruments or engage in trading of such instruments.

We are subject to investment risk

All major investment proposals are presented to the Investment Committee for evaluation before they are finally tabled for the Board's approval. For more complex transactions, external professional advisers are also engaged to assist in the feasibility study, review and recommendations. The current on-going discussions with a China-based private equity fund have also revealed new risks and we are working to address them.

We are subject to liquidity risk

The Group sets internal liquidity targets based on the forecasted working capital requirements and cash flow generation from operating activities.

With its net cash and debt free (zero debt) position, the Group is not facing liquidity pressures nor in a financial position that will compel it to violate any of its bank covenants.

Credit risk

Though the Group has a concentration of several long standing key customers that has traditionally been financially reliable, there are already internal checks in place to alert against any adverse material developments or heightened risks faced by these customers that may impair their financial stability.

In engaging new customers and even key vendors, the Group also has strict credit review and due diligence policies to assess the financial worthiness and viability of these Companies.

Interest rate risk

As the Group has a healthy cash position with minimal amount of borrowings, it is not subject to any significant exposure to interest rate rises that may take place during the year.

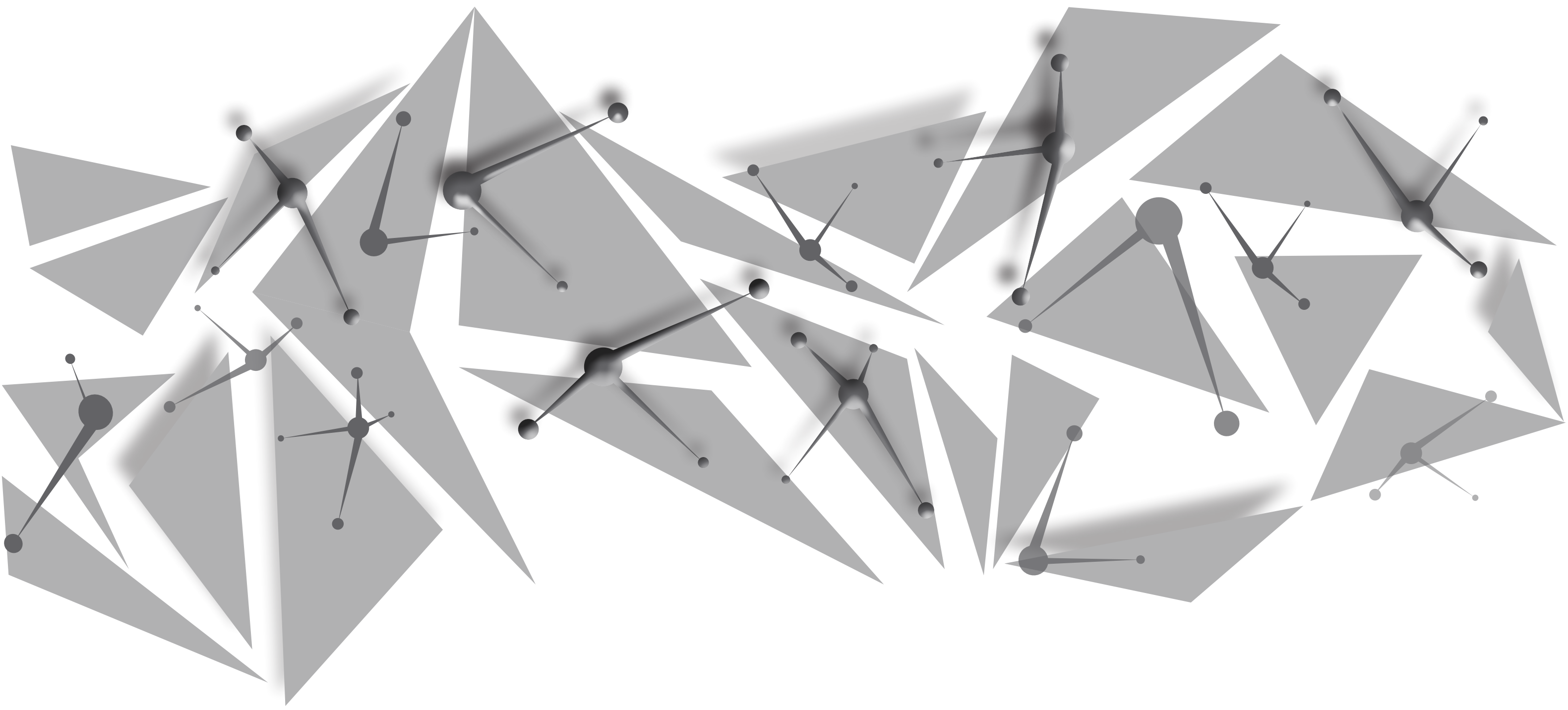
Regulatory Risks

Intellectual property risk

Every effort will be taken to ensure that the IP rights of others are not infringed in our R&D work. At the same time, the Group will continue to build on its portfolio of patents to defend and to enforce on its own IP rights in order to safeguard its business interests. The Group has 14 approved patents to-date.

Risk Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also enhance our shareholders' value.

Financial
Contents



Corporate Governance Statement	14
Statement By Directors	27
Independent Auditor's Report	32
Consolidated Statement of Profit or Loss and Other Comprehensive Income	36
Statements of Financial Position	37
Statements of Changes in Equity	38
Consolidated Statement of Cash Flows	40
Notes to the Financial Statements	41
Shareholders' Information	89
Notice of Annual General Meeting	91
Proxy Form	

Corporate Governance

The Board of Directors (the "Board") and management of Manufacturing Integration Technology Ltd (the "Company") and its subsidiaries (the "Group") are committed to maintaining high standards of corporate governance. This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2017, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code").

Board Matters (Principle 1)

Board of Directors

The Board of Directors comprises six Directors, four of whom are Independent Directors and two are Executive Directors. The members of the Board have an appropriate mix of core competencies and diversity of experience, with extensive senior-level operational, business and corporate experience in the relevant industries.

Role of the Board of Directors

Apart from its fiduciary duties under the Companies Act, Chapter 50, and requirements pursuant to the SGX-ST Listing Manual, the Board sets the overall strategy of the Group and establishes policies on matters such as financial control, financial performance and risk management practices.

Board Processes and Conduct of Affairs

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; an Audit Committee ("AC"), a Nominating Committee ("NC"), a Remuneration Committee ("RC"), and an Investment Committee ("IC"). These Committees function within clearly defined terms of reference, which are reviewed on a regular basis. The terms of reference for the respective Committees have incorporated the changes under the Code. The overall effectiveness of the Board as a whole is also being assessed as part of the Group's continuing efforts to raise the level of corporate governance.

In addition to the scheduled meetings to release half yearly results and approve the annual budget, the Board also holds separate meetings and discussions at such other times as may be necessary to address any specific significant matters that may arise.

Matters Requiring Board Approval

The Board has direct approving and decision-making responsibilities for the following:

- approving broad policies, strategies and financial objectives of the Group and monitoring the performance of management;
- convening of shareholders' meetings;
- declaration of interim dividends and proposal of final dividends;
- reviewing the adequacy of internal controls, risk management and review of the Group's financial performance, compliance and resource allocation;
- establishing a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- approving half-year and full-year results announcements;
- approving the annual report and financial statements;
- providing oversight in the proper conduct of the Company's business and assuming responsibility for corporate governance;
- approving annual budgets, major funding proposals, material investments and divestment proposals, acquisitions and disposal of assets; and
- approving interested person transactions.

All other matters are delegated to the respective Committees whose actions are reported to and monitored by the Board.

Training of Directors

All directors receive appropriate training to develop their knowledge of the Company's business, industry environment and competence necessary to be effective in their roles. The Company is responsible for arranging and funding training for Company's Directors from time to time. The Company and Company Secretary also provides ongoing regulatory updates and briefings, particularly on relevant new laws, regulations and changing commercial risks, from time to time to enable them to make well-informed decisions. Further the newly appointed Director had been provided with a formal letter setting out the duties and obligations to ensure that the new director is fully aware of the responsibilities and obligations of being a Director.

Directors' Meetings held in financial year ended 31 December 2017 ("FY 2017")

In the course of the year under review, the number of meetings held and attended by each member of the Board is as follows:

Name of director	Number of Board Meetings held	Attendance
Executive Directors		
Mr Kwong Kim Mone (Chairman and Managing Director)	3	3
Mr Lim Chin Tong	3	3
Independent Directors		
Mr Lee Yong Guan	3	3
Mr Pow Tien Tee	3	3
Mr Kam Boon Cheong	3	3
Mr Lim Chin Hong	3	3

Chairman and Managing Director/Chief Executive Officer (Principle 3)

The Board is of the view that as the Company and Board size is relatively small, it is in the best interest of the Group to adopt a single leadership structure, whereby the Chairman and Managing Director is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Chairman and Managing Director is Mr Kwong Kim Mone, who with the support and advice of the Board, plays an instrumental role in setting the strategic direction of the Group and ensuring that its organisational objectives are achieved.

Separate roles have not been established for the Chairman and Managing Director. The Company is of the view that it is unlikely that the discharge of responsibilities in these roles by the same person will be compromised as all major financial decisions made are reviewed by the AC and approved by the Board. The Nominating Committee reviews his performance and considers his re-election. His remuneration package is governed by the recommendations of the Remuneration Committee with the approval of the Board.

The NC is made up of a majority of Independent Directors, whereas the RC comprises entirely Independent Directors. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority vested in any one individual.

Corporate Governance

Lead Independent Director

The Board concurs with the Code's recommendation to appoint a lead independent director where the Chairman and Managing Directors is the same person. Thus, the Board has appointed Mr Lee Yong Guan as Lead Independent Director.

The major roles and responsibilities of the Lead Independent Director are as follows:

- To meet with shareholders if they have concerns which have not been resolved by the Chairman or the Managing Director or the Chief Financial Officer ("CFO") through the normal channels or for where such contact is inappropriate;
- To lead the Independent and Non-executive Directors in providing and facilitating a non-executive perspective and contributing a balance of viewpoints to the Board in particular, acting as principal liaison between the Independent and Non-executive Directors and the Chairman on sensitive issues;
- To coordinate the activities and schedule meetings of Independent and Non-executive Directors and to chair such meetings without the presence of the Executive Directors, if necessary;
- To promote high standards of corporate governance; and
- To undertake such further responsibilities as may be determined by the Board from time to time.

Board Composition and Guidance and Board Membership (Principles 2 & 4)

Independent Members of the Board of Directors

As at the date of this Report, the Board of Directors has four independent members, representing 67% of the Board, namely Mr Lee Yong Guan, Mr Pow Tien Tee, Mr Kam Boon Cheong and Mr Lim Chin Hong. The other two directors, Mr Kwong Kim Mone and Mr Lim Chin Tong are Executive Directors. Mr Kwong Kim Mone is the Chairman and Managing Director of the Company. With four Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.

The NC has adopted the Code's definition of what constitutes an Independent Director in its review. Amongst its Independent Directors, Mr Lee Yong Guan has served on the Board the longest, surpassing the nine years tenure. Whist the NC acknowledges members' strong support for Board renewal, it also holds the view that Mr Lee Yong Guan's contributions and impartiality have not been in any way diminished by his long service. Instead, the Board has continued to profit immensely from his rich experience, contrarian views and steady hand that can only be gleaned through the rigors of time. In determining Mr Lee's independence, the NC has also taken into account his performance and contributions in his lead ID role and as Chairman of the Audit Committee (in addition to his participation in the other Committees); and the manner in which these roles are carried out, independently of Management. At the same time, the NC has also individually reviewed and affirmed the independence of the other Independent Directors with the concurrence of the Board.

The names and the key information of the directors of the Company in office at the date of this report are set out in the Statement By Directors and Pages 4 and 5 of this Annual Report.

The NC reviews the size and composition of the Board annually to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective and informed decision-making. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new director with specific skills-sets in a particular area or areas of expertise, the NC is tasked to identify and consider such individual(s) for appointment to the Board.

The Board does not have a specific policy for nomination and/or appointment of women candidates on Board. New candidature would be evaluated based on the candidates' suitability, competency, character, time commitment, integrity, skills and experience in meeting the Group's needs without limiting to gender, age or ethnicity. The Board would also take into account the personal qualities and background of the candidate.

The NC is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations. The NC is satisfied that the Board comprises directors who as a whole provide adequate knowledge and expertise in such areas as accounting, finance, business and management experience, industry and customer knowledge, and strategic planning with an orientation towards the market.

Audit Committee (Principle 12)

The AC comprises four (4) members, including the AC Chairman, all of whom are Independent Directors. The members of the AC at the date of this Report are:

Mr Lee Yong Guan	(Chairman)
Mr Pow Tien Tee	
Mr Kam Boon Cheong	
Mr Lim Chin Hong	

The overall objective of the AC is to ensure that Management has created and maintained effective control mechanisms within the Company and that such controls are strictly adhered to by all levels of management and employees.

The AC has the explicit authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and the full discretion to invite any director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities efficiently.

As a sub-committee of the Board, the AC provides a channel of communication between the Board, Management, the internal and external auditors with regards to findings and recommendations arising from internal and external audits.

The terms of reference for AC are as follow:

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the financial and operating results and accounting policies of the Group;
- reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement before the submission to the Board for approval and inclusion in external auditors' report;
- reviews the adequacy of the Company's internal controls (financial, compliance and operational) and risk management policies and systems established by the management; considers and reviews the assistance given by Management of the Group to the auditors;
- reviews the external audit plans and reports as well as the results of the external auditors' examination and evaluation of the Group's internal accounting control systems; and considers the effectiveness of the actions taken by Management on the external auditors' recommendations;
- recommends the re-appointment of the external auditors, approves their compensation and their terms of engagement;
- reviews interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews the internal audit plans and findings of the internal audit;
- review annually to ensure that the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Group; and generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time;
- meets with the external and the internal auditors at least once a year without the presence of management.

The AC also meets with the internal auditors and external auditors, without the presence of management, once in FY2017. With the full co-operation of Management given to external auditors during their course of audit reviews, there was no significant issue which warranted to AC's attention that require separate meeting without the presence of management for FY2017.

Corporate Governance

In FY2017, the number of AC meetings held and attended by each member of the Committee is as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Lee Yong Guan (Chairman)	Independent	2	2
Mr Pow Tien Tee	Independent	2	2
Mr Kam Boon Cheong	Independent	2	2
Mr Lim Chin Hong	Independent	2	2

The Group has complied with Listing Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditors.

In addition to the activities undertaken to fulfill its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

The amount of audit and non-audit fees for FY2017 paid to the external auditors, RSM Chio Lim LLP, were S$127,000 and S$25,800 respectively. The AC confirms that it has undertaken a review of all the non-audit services provided by the external auditors, RSM Chio Lim LLP, during the year and is satisfied that such services, would not affect the independence of the external auditors. No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Key Audit Matters

Refer to the key audit matters highlighted by the external auditor on page 32 and 33 of the Annual Report, AC's view and responses are as follows:

Key audit matters	AC's view and responses
Impairment of trade receivables	Out of the carrying amount of trade and other receivables of S$14.4 million as of 31 December 2017, S$3.1 million was past due for 365 days and an impairment allowance of S$2.3 million had been made. The AC considered the management's formula and justification used for estimates for allowance, as well as the good business relationship with the customers. The AC also considered the observations and findings presented by the external auditor on the historical repayments trend of trade receivables and adequacy of its impairment allowance. The above procedures provided the AC with the assurance to concur with the management's conclusion on the adequacy of impairment allowance as well as the appropriateness of the related disclosures made.
Adequacy of inventory impairment allowance	As of 31 December 2017, the carrying amount of inventories amounted to S$16.5 million, which accounted for approximately 24% of the Group's total assets. The AC considered the management's formula and justification used for estimates for allowance. The AC also considered the observations and findings presented by the external auditor on the inventory aging and adequacy of its impairment allowance. The above procedures provided the AC with the assurance to concur with the management's conclusion on the adequacy of impairment allowance as well as the appropriateness of the related disclosures made.

Whistle-Blowing Policy

The Company has put in place a whistleblowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other legal or ethical issues whilst ensuring that comprehensive procedures are in place to address them. The details of the whistle blowing policy and reporting mechanisms have been made available to all employees.

The Whistleblowing Officers are all members of the AC. Any Whistleblowing Officer to whom a concern has been raised, is obliged to make a report to the Board of the substance of the concern without breaching employee confidentiality. The AC is obliged to review all reports received and take or approve the appropriate actions.

There was no whistleblowing complaints received during FY2017.

Nominating Committee ("NC")

The NC comprises five (5) Directors, a majority of whom, including the NC Chairman, are Independent Directors.

The members of the NC at the date of this Report are:

Mr Kam Boon Cheong	(Chairman)
Mr Kwong Kim Mone	
Mr Lee Yong Guan	
Mr Pow Tien Tee	
Mr Lim Chin Hong	

The terms of reference for NC are as follow:

- develops and maintains a formal and transparent process for the appointment and re-appointment of directors; having regard to the directors' contributions and performance;
- identifies candidates and reviews all nominations for appointment of new directors, determining whether or not such nominee has the requisite qualifications; sets up a process for the selection of such appointments and recommends all appointments of directors to the Board and Board committees;
- decides how the Board's performance may be evaluated, and prepares objective performance criteria to assess the effectiveness of the Board as a whole and its Committees;
- identifies gaps in the mix of skill, experience and other qualities required in an effective Board so as to nominate or recommend suitable candidates to fill the gaps;
- reviews the independence of each Director annually, decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations; and
- reviews training and professional development programmes for the Board.

The NC in carrying out its tasks under these terms of reference may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.

The NC acknowledges the importance of a formal assessment of Board performance and for FY2017, this was conducted by means of a performance appraisal completed by all Directors and a performance review facilitated by the NC Chairman. The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs for the financial year and satisfied with the performance of the Board as a whole.

The attendance, participation and contributions of each Director at Board, Audit and other Committee meetings were also considered. The NC meets at least once annually.

Corporate Governance

In FY 2017, the number of NC meetings held and attended by each member of the Committee is as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Kam Boon Cheong (Chairman)	Independent	1	1
Mr Kwong Kim Mone	Executive	1	1
Mr Lee Yong Guan	Independent	1	1
Mr Pow Tien Tee	Independent	1	1
Mr Lim Chin Hong	Independent	1	1

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is an interested party.

Article 91 of the Constitution of the Company require one-third of the Board to retire by rotation at every Annual General Meeting ("AGM") and the retiring Directors are eligible to offer themselves for re-election respectively.

The NC has reviewed and recommended the re-election of Mr Lim Chin Tong and Mr Kam Boon Cheong who will be retiring at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and the Board has accepted the recommendation of the retiring Directors, who have given their consents for re-election.

Mr Lim Chin Tong will, upon re-election as a Director of the Company, remain as a member of the Investment Committee and will be considered non-independent.

Mr Kam Boon Cheong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Investment Committee and will be considered independent.

The NC has guidelines addressing competing time commitments faced when Directors serve on multiple listed company boards or have other principal commitments. Each Director shall not serve more than a maximum of five (5) Board Directorships in public listed companies at any one time and each Director is required to disclose to the NC his board representation(s). Based on the attendance and participation of the Directors for FY2017, the NC has reviewed and is satisfied that the directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as directors of the Company.

Remuneration Committee ("RC")

The RC consists of four (4) members, all of whom including the RC Chairman, are Independent Directors.

The members of the RC at the date of this Report are:

Mr Pow Tien Tee (Chairman)
Mr Lee Yong Guan
Mr Kam Boon Cheong
Mr Lim Chin Hong

The terms of reference for RC are as follow:

- to review and recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each Executive Director. RC's recommendations will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. RC's review covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;

- to function as "The Committee" referred to in the MIT Employees' Share Option Scheme ("the Scheme") and shall have all the powers as set out in the Scheme; and
- to administer the MIT Performance Share Plan upon the terms and conditions as defined in the MIT Performance Share Plan.

As part of its review, the RC shall ensure that:

- all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered;
- the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive directors' and key executives' performances; and
- the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

Each RC member refrains from voting on any resolutions in respect of the assessment of his remuneration and that no RC member is involved in determining his own remuneration.

In FY 2017, the number of RC meetings held and attended by each member of the Committee is as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Pow Tien Tee (Chairman)	Independent	2	2
Mr Lee Yong Guan	Independent	2	2
Mr Kam Boon Cheong	Independent	2	2
Mr Lim Chin Hong	Independent	2	2

Board Performance (Principle 5)

For the current year under review, the NC has conducted a formal assessment of the effectiveness of the Board as a whole, and is of the view that the current Board comprises directors who, as a group, possess the necessary core competencies to lead and direct the Company and its Management to perform effectively and efficiently.

At the individual level, each of the directors has also made invaluable contributions towards the overall improvement of the Board's performance and raising the level of corporate governance.

Access to Information (Principle 6)

Management regularly updates the Directors on developments within the Group. All directors have unrestricted access to the Company's records and information and receive periodic management accounts to enable them to constantly keep track of the Group's financial position. Detailed papers are prepared for each meeting and are normally circulated before each Board meeting. Board directors have access to all levels of senior executives in the Group, and are encouraged to interact with other employees to seek additional information if they so require.

The Company Secretary and/or her representative attend AC and Board meetings regularly. The role of the Company Secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary also ensures timely information flows within the Board and its Board Committees and between the Management and Independent Directors.

Corporate Governance

The annual calendar of Board activities is set in advance. Board papers are dispatched to Directors at least a week in advance before Board meetings so that Directors have sufficient time to consider the background and explanatory information relating to matters to be tabled and discussed at relevant Board meetings. Senior Management may attend the Board meetings to provide additional insights into matters to be discussed. The Board also has separate and independent access to the Company's Management and the Company Secretary.

Remuneration Matters, Level and Mix of Remuneration and Disclosure on Remuneration (Principles 7, 8 and 9)

The Group's remuneration policy is to provide compensation packages at market rates to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

The RC determines the remuneration packages for all Directors. The Chairman and Managing Director, the executive director(s) and key executives are paid based on their job functions, the performance of the Group and their individual performance. Non-executive directors are being paid by directors' fees, which are determined by the full Board based on their contributions and scope of responsibilities. The payment of Directors' fees is subject to the approval of shareholders at each AGM. No director is involved in deciding his own remuneration.

Only Executive Directors have Service Agreements. Each Service Agreement is for a renewable period of two years and may be terminated by either party giving not less than three months written notice. The RC shall review the terms of the Service Agreement at the appropriate time prior to the expiry of the Service Agreement and shall submit their recommendations to the Board.

The performance of Managing Director, Executive Directors and other key executives are reviewed periodically by the RC to ensure that their remuneration commensurate with their scope of responsibilities, contributions and performance.

Guideline 8.4 of Code recommends that Companies are encouraged to consider the use of contractual provisions to allow companies to reclaim incentive components of remuneration from executive directors and key management personnel, in exceptional circumstances of misstatement and misconduct resulting in financial loss to the Company. These provisions have been made in the services contracts of our Executive Directors.

Directors of the Company	Total Remuneration (S$'000)	Fee	Salary	AWS/ Bonus	Allowances and Other Benefits	CPF	Total
Mr Kwong Kim Mone	633	-	63%	27%	9%	1%	100%
Mr Lim Chin Tong	325	-	67%	18%	13%	2%	100%
Mr Lee Yong Guan	37	96%	-	-	4%	-	100%
Mr Pow Tien Tee	34	96%	-	-	4%	-	100%
Mr Kam Boon Cheong	34	96%	-	-	4%	-	100%
Mr Lim Chin Hong	33	98%	-	-	2%	-	100%

Key Executives of the Group	Fee	Salary	AWS / Bonus	Allowances and Other Benefits	CPF	Total
Below S$250,000						
Mr David Foo Wah Meng	-	69%	6%	18%	7%	100%
Mr Cavin Teo Siew Heng	-	67%	6%	21%	6%	100%
Mr Dennis Foo Piau Yew	-	69%	6%	18%	7%	100%
Mr Eddy Lim Kok Yeow	-	72%	6%	16%	6%	100%

Key Executives of the Group	Fee	Salary	AWS / Bonus	Allowances and Other Benefits	CPF	Total
Below S$250,000						
Mr Howe Weng Khiong	-	69%	6%	18%	7%	100%
Mr Boh Teck Keong	-	74%	6%	16%	4%	100%
Mr Han Meng Kwang	-	76%	6%	12%	6%	100%
Between S$250,000-S$499,999						
Mr Tan Ban Hee	-	73%	6%	15%	6%	100%
Mr Terence Chua Yee Heong	-	77%	6%	12%	5%	100%

Note: Mr Han Meng Kwang joined the Company in June 2017.

The total annual aggregate remuneration of the top five key executives (who are not directors or the CEO) is S$1,180,080. The RC and the Board are of the view that the remuneration of the Directors and key executives are adequate but not excessive in order to attract, retain and motivate them to run the Company successfully.

There are no employees who are immediate family members of the directors and whose remuneration exceeded S$50,000 during FY2017.

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Managing Director or the top five key management personnel in FY2017.

Long Term share incentives – MIT Performance Share Plan and Employees' Share Option Scheme

As the Group seeks to foster a culture that aligns the interests of employees with those of shareholders, it has put in place share-based plans for employees. These plans allow employees to participate, contribute and share in the Group's growth and success.

The Company had adopted the MIT Employee Share Option Scheme ("ESOS") in 2009. Information on ESOS is set out in the Statement by Directors on Page 28 & 29. The renewal of the MIT Performance Share Plan ("PSP") has been is being proposed and approved at the general meeting held on 21 April 2017. Information on PSP is set out in the Statement by Directors on Page 30.

Investment Committee ("IC")

The IC comprises all six (6) Directors: Two (2) Executive Directors and four (4) Independent Directors. The members of the IC at the date of this Report are:

Mr Kwong Kim Mone (Chairman)
Mr Lim Chin Tong
Mr Lee Yong Guan
Mr Pow Tien Tee
Mr Kam Boon Cheong
Mr Lim Chin Hong

The duties of the IC include:
- to implement and review the Group's investment strategy and policy;
- to evaluate the investment decisions of a non-operating and non-revenue nature for the Group and / or its subsidiary companies;
- to review deployment of financial resources with a view to ensure efficient allocation to the various businesses of the Group;

- to review the incorporation of new subsidiary companies, corporate finance activities including joint ventures, mergers and acquisition; and
- to undertake any responsibilities relating to investment policy and procedures as determined by the Board.

In FY 2017, the number of IC meetings held and attended by each member of the Committee is as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Kwong Kim Mone	Executive	2	2
Mr Lim Chin Tong	Executive	2	2
Mr Lee Yong Guan	Independent	2	2
Mr Pow Tien Tee	Independent	2	2
Mr Kam Boon Cheong	Independent	2	2
Mr Lim Chin Hong	Independent	2	2

Accountability and Audit (Principle 10)

In presenting the annual financial statements and half-yearly result announcements to shareholders, it is the responsibility of the Board to provide shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. News releases and half-yearly results announcements are published through SGXNET. For interim financial statement, it is released within 45 days from the end of the period whereas full-year results within 60 days from the financial year end. For interim financial statement, the Board has provided negative assurance confirmation to the shareholders. The Company's Annual Reports, results announcements and other announcements released via SGXNET are also made available on the Company's website at www.mit.com.sg.

Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

Risk Management and Internal Controls (Principle 11)

The Board has put in place an internal control and risk management system to safeguard shareholders' investment and company's assets.

To assist the Board in carrying out its responsibility, Management has established an Enterprise Risk Management Committee ("ERMC"). The ERMC is chaired by Mr Lim Chin Tong, the Executive Director and comprises the CFO and key executives. It reports to the AC.

The system of internal control provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen in the light of current business environment and its inherent risks.

The Group's internal auditors have in the course of their audits carried out stringent reviews to identify weak links and potential risk areas. The AC reviews these reports and ensures that appropriate and timely counter-measures are taken by Management as part of its continuous improvement efforts to enhance further its internal control systems and practices.

During the financial year, the Group's external and internal auditors had conducted annual review of the adequacy and effectiveness of the Group's internal controls that address financial, operational, information technology and compliance risks. No significant weaknesses were noted.

The Board has received assurance from the Managing Director and CFO as well as concurrence of the AC that:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2017 give a true and fair view of the Group's operations and finances; and

(b) the systems of internal controls and risk management in place were adequate and effective addressed financial, operational, information technology and compliance risks which are considered relevant and material to its operations as at 31 December 2017.

Based on the internal control and risk management systems established and maintained by the Group, work performed by external and internal auditors and periodic reviews by Management, the Board and various Board Committees, the Board with concurrence of the AC, is of the opinion that the Group's internal control and risk management systems were adequate and effective as at 31 December 2017 to address financial, operational, information technology, and compliance risks, which the Group considers relevant and material to its operations.

Internal Audits (Principle 13)

The Company's internal audit function has been outsourced to Baker Tilly TFW LLP. The internal auditor reports directly to the Chairman of the AC. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has the necessary resources to adequately perform its functions. The AC meets with the internal auditor, without the presence of Management, at least once a year.

With the full co-operation of Management given to the internal auditors during their course of audit, there was no significant issue which warranted to AC's attention that require separate meeting with the internal auditors without the presence of management for FY2017.

Shareholders Rights and Responsibilities (Principles 14, 15 & 16)

In line with the continuous disclosure obligations of the Company pursuant to Listing Manual of the SGX-ST and the Companies Act, Chapter 50, the Board's policy is that all shareholders should be equally informed of all major developments that impact the Group.

Any major or material development is first disseminated via SGXNET followed by a press release, whenever necessary.

Price sensitive information is first publicly released, either before the Group meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within the mandatory period. The Company does not practice selective disclosure of information.

The Company has adopted a Dividend Policy that aims to provide shareholders of the Company with a target annual dividend payout of at least 25% of the net profit attributable to shareholders in any financial year. Such declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account the Company's financial performance, retained earnings and distributable reserves, working capital requirements and future expansion plans, and any other factors that the Board deem appropriate. Any dividend payments are clearly communicated to shareholders via announcements on SGXNET.

All shareholders of the Company will receive the Annual Report and Notice of AGM. The AGM of the Company provides a principal forum for dialogue and interaction with shareholders. At each AGM, the Board encourages shareholders to participate in the question-and-answer session. Board Committees' Chairpersons, Members of the Board and the external auditors of the Company are present to answer questions raised at the AGM.

Shareholders have the opportunity to participate effectively in and to vote at all general meetings. In addition, shareholders will also be provided with instructions on voting during general meetings, where voting is conducted by poll.

Corporate Governance

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Company also provides separate resolutions at general meetings on each substantially separate issue (where applicable) as recommended by the Code. Minutes of the general meeting which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and response from the Board Committees' Chairpersons and Members of the Board were taken. Minutes of general meetings would be available to shareholders upon written requests.

Voting at general meetings would be conducted by way of poll pursuant to Rule 730A (2) of the Listing Manual of the SGX-ST. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentage) will be released after each of the meeting via SGXNet.

Material Contracts

There are no material contracts or loans of the Company or its subsidiaries involving the interests of the Managing Director, each Director or Controlling shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

During FY2017, the Company did not enter into any interested person transaction which aggregate value exceeds S$100,000.

Securities Transactions

The Company has a clear policy on the trading of its share by directors and executives within the Group. The Company has adopted its own internal Code of Best Practices on Securities Transactions ("the Securities Transactions Code"). The Securities Transactions Code provides guidance to the directors and executives of the Group with regard to dealing in the Company's shares. It emphasises that the law on insider trading is applicable at all times, notwithstanding the window periods for dealing in the shares. The Securities Transactions Code also enables the Company to monitor such share transactions by requiring employees to report to the Company whenever they deal in the Company's shares.

The Group issues circulars to its directors and officers informing them that they must not trade in the listed securities of the Company one month before the announcement of the Group's half-yearly and full year results and ending on the date of the announcement of such results. Directors and executives of the Group are also encouraged not to deal in the Company's securities on short-term considerations.

The directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions). The Board is satisfied with the Group's commitment in compliance with the Code and on the adequacy of internal controls within the Group.

The Group has complied with its Best Practices on Securities Transactions with Listing Rule 1207(19) of the Listing Manual of SGX-ST.

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Kwong Kim Mone	(Chairman and Managing Director)
Lim Chin Tong	(Executive Director)
Lee Yong Guan	(Lead Independent Director)
Pow Tien Tee	(Independent Director)
Kam Boon Cheong	(Independent Director)
Lim Chin Hong	(Independent Director)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act"), except as follows:

Name of directors and companies in which interest are held	Shareholdings registered in the name of the directors		Shareholdings in which directors are deemed to have an interest	
The company:	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
Manufacturing Integration Technology Ltd	Number of ordinary shares of no par value			
Kwong Kim Mone	4,984,118	4,984,118	120,627,910	120,627,910
Lim Chin Tong	1,354,000	1,804,000	–	–
Lee Yong Guan	336,000	461,000	–	–
Pow Tien Tee	25,000	150,000	9,000	9,000
Kam Boon Cheong	1,145,000	1,270,000	–	–

Statement by Directors

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interest are held	Shareholdings registered in the name of the directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
Ultimate parent company:				
MIT Technologies Pte Ltd	Number of ordinary shares of no par value			
Kwong Kim Mone	260,000	260,000	–	–

By virtue of section 7 of the Act, the above directors with interests are deemed to have an interest in the company and in all the related body corporates of the company.

The directors' interests as at 21 January 2018 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate except for the options rights and other rights mentioned below.

5. Shares options

Employees' Share Option Scheme ("ESOS") of Manufacturing Integration Technology Ltd :-

(i) enables directors and selected full-time employees of the company and/or its subsidiary companies to acquire unissued ordinary shares of the company.

(ii) is administered by the Remuneration Committee (the "Committee") comprising 3 independent directors of the company. It shall continue to be in force at the discretion of the Committee based on details as stated below. However, the period may be extended with the approval of shareholders at a general meeting of the company and any relevant approval which may then be required.

At the end of the reporting year, there were 11,371,400 (2016: 15,625,000) unissued ordinary shares of the company under options granted pursuant to the ESOS.

Details of the options to subscribe for ordinary shares of no par value in the capital of the company, pursuant to the ESOS are as follows:

Date of grant	Balance as at 1.1.2017	Granted	Lapsed	Exercised	Balance as at 31.12.2017	Exercise Price $	Expiry Date
Options to subscribe number of unissued ordinary shares of no par value:							
5 September 2007	75,000	–	–	75,000	–	0.1900*	4 September 2017
5 September 2007	75,000	–	–	75,000	–	0.1520**	4 September 2017
6 March 2008	50,000	–	–	30,000	20,000	0.1500*	5 March 2018
6 March 2008	50,000	–	–	30,000	20,000	0.1200**	5 March 2018
9 September 2009	–	–	–	–	–	0.1930*	8 September 2019
9 September 2009	–	–	–	–	–	0.1540**	8 September 2019
15 June 2010	–	–	–	–	–	0.1470*	14 June 2020
15 June 2010	–	–	–	–	–	0.1180**	14 June 2020

5. Shares options (cont'd)

Date of grant	Balance as at 1.1.2017	Granted	Lapsed	Exercised	Balance as at 31.12.2017	Exercise Price $	Expiry Date	
14 May 2012	178,000	–	–	48,000	130,000	0.1000*	13 May 2022	#
14 May 2012	250,000	–	–	70,000	180,000	0.0800**	13 May 2022	#
9 June 2014	2,349,000	–	57,000	1,311,000	981,000	0.0650*	8 June 2024	#
9 June 2014	2,889,000	–	65,000	1,739,000	1,085,000	0.0520**	8 June 2024	#
11 August 2014	150,000	–	–	150,000	–	0.0570*	10 August 2024	#
11 August 2014	225,000	–	–	225,000	–	0.0460**	10 August 2024	#
15 December 2014	34,000	–	–	16,000	18,000	0.0830*	14 December 2024	
15 December 2014	50,000	–	–	25,000	25,000	0.0660**	14 December 2024	
20 May 2016	4,625,000	–	150,000	637,600	3,837,400	0.1940*	19 May 2026	#
20 May 2016	4,625,000	–	150,000	–	4,475,000	0.1550**	19 May 2026	#
5 June 2017	–	300,000	–	–	300,000	0.2450*	4 June 2027	#
5 June 2017	–	300,000	–	–	300,000	0.1960**	4 June 2027	#
	15,625,000	600,000	422,000	4,431,600	11,371,400			

During the current reporting year, certain employees exercised a total of 4,431,600 share options under ESOS. The exercise of share options is satisfied by way of issuance of 4,024,600 new ordinary shares and re-issuance of 407,000 treasury shares of the company held by the company.

* Market price
** 20% discount to the market price of the company's shares
\# Includes options granted to directors

The following are details of options granted to the directors of the company under the scheme:-

Name of directors	Options granted during the reporting year	Aggregate options granted since commencement of scheme to end of the reporting year	Aggregate options exercised since commencement of scheme to end of the reporting year	Aggregate options cancelled since commencement of scheme to end of the reporting year	Aggregate options outstanding as end of the reporting year	Exercise price
Kwong Kim Mone	–	4,140,000	(590,000)	(1,800,000)	1,750,000	$0.052 – $0.194
Lim Chin Tong	–	950,000	(658,000)	–	292,000	$0.155 – $0.194
Lee Yong Guan	150,000	400,000	(150,000)	(100,000)	150,000	$0.196 – $0.245
Pow Tien Tee	150,000	300,000	(150,000)	–	150,000	$0.196 – $0.245
Kam Boon Cheong	150,000	300,000	(150,000)	–	150,000	$0.196 – $0.245
Lim Chin Hong	150,000	150,000	–	–	150,000	$0.196 – $0.245

The terms of the share options under the ESOS to the directors of the company are the same as those granted to the employees of the group.

The market price refers to average of the last three dealt prices for the three consecutive market days immediately preceding the grant date. No share options have been granted at a discount of more than 20% during the reporting year. Other than disclosed above, there is presently no other options scheme on unissued shares in respect of the company and of the group.

Statement by Directors

5. Shares options (cont'd)

During the reporting year, there was no employee of the group and or the ultimate parent company, MIT Technologies Pte Ltd, who was granted 5% or more of the total options available under the scheme.

6. Performance Share Plan

The Company had granted 300,000 ordinary shares to its employee pursuant to the performance share plan ("PSP") on 20 June 2017. During the year, the Company has issued and allotted 250,000 ordinary shares in the share capital of the Company to the employee under PSP. As at 31 December 2017, the number of outstanding performance shares held under PSP was 550,000 (31 December 2016: 500,000).

During the reporting year, there was no employee of the group and or the ultimate parent company, MIT Technologies Pte Ltd, who was granted 5% or more of the total options available under the scheme.

No director of the Company has been granted with shares under PSP during the reporting year.

7. Independent Auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

8. Report of audit committee

The members of the audit committee at the date of this report are as follows:-

Lee Yong Guan	(Chairman of audit committee and Lead Independent Director)
Lim Chin Hong	(Independent Director)
Pow Tien Tee	(Independent Director)
Kam Boon Cheong	(Independent Director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational, compliance controls and risk management) and the assistance given by the management to the internal auditors;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

Statement by Directors

9. Directors’ opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditor, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company’s internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2017.

10. Subsequent developments

There are no significant developments subsequent to the release of the group’s and the company’s preliminary financial statements’ as announced on 27 February 2018, which would materially affect the group’s and the company’s operating and financial performance as of the date of this report.

On Behalf of the Directors

....	....
Kwong Kim Mone	Lim Chin Tong
Director	Director

26 March 2018

Independent Auditor's Report

To the Members of

MANUFACTURING INTEGRATION TECHNOLOGY LTD

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Manufacturing Integration Technology Ltd (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters (KAMs) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of trade receivables

Refer to Note 2 on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 19 on trade and other receivables and the annual report on the section on the audit committee's view and responses to reported KAMs.

The carrying amount of trade and other receivables amounted to S$14.4 million, which accounted for approximately 21% of the Group's total assets as at the reporting year end.

Out of this amount, S$3.1 million was past due for more than 365 days and an impairment allowance of S$2.3 million had been made, based on management's knowledge of the customers' payment history and credit worthiness. Any impairment of significant trade receivables could have material impact to the Group's profit or loss. The estimate of impairment loss is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers and future collectability.

Impairment of trade receivables (cont'd)

We have assessed management's judgement on the recoverability of these amounts via our review of the customers' credit worthiness and payment records. We have also reviewed management's process and approach over the recoverability of outstanding trade receivables, including monitoring of credit limit, past payment patterns and payments made by the customers subsequent to the reporting year end. We have also assessed the adequacy of the disclosures made in the financial statements.

Adequacy of inventory impairment allowance

Refer to Note 2 on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 18 on inventories and the annual report on the section on the audit committee's view and responses to reported KAMs.

The carrying amount of inventories amounted to S$16.5 million, which accounted for approximately 24% of the Group's total assets as at the reporting year end. Cost of inventories may not be recoverable if they become obsolete, or if their selling price have declined. The estimate of allowance for inventories is based on the age of these inventories, prevailing market conditions in the industry and historical allowance experience which requires management judgement.

We have reviewed the Group's policy for inventory allowance and understand that full allowance is to be made for work in progress and finished goods that are aged more than 2 years for raw materials more than 3 years.

We have also reviewed the Group's inventory aging as at the reporting year end, as well as the Group's computation for inventory allowance and found them to be reasonable. We also reviewed the inventory turnover days and aging of the inventories to assess if there were any significant build up of aged inventories. We have compared the carrying values of the inventories to the recent sales invoices and price lists and past sales prices where there are no recent sales. We have also assessed the adequacy of the disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Independent Auditor's Report

To the Members of

MANUFACTURING INTEGRATION TECHNOLOGY LTD

Responsibilities of management and directors for the financial statements (cont'd)

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chong Cheng Yuan.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

26 March 2018

Engagement partner - effective from year ended 31 December 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2017

		Group	
	Notes	2017	2016
		$'000	$'000
Revenue	4	65,929	35,527
Cost of sales		(46,176)	(28,481)
Gross profit		19,753	7,046
Interest income	5	159	226
Other gains	6	2,456	1,177
Marketing and distribution costs		(5,054)	(4,958)
Administrative expenses		(8,821)	(6,319)
Finance costs	7	(71)	(108)
Other losses	6	(1,912)	(1,620)
Income (loss) before tax		6,510	(4,556)
Income tax expenses	10	(504)	(940)
Income (loss) net of tax		6,006	(5,496)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(93)	(318)
Other comprehensive loss for the year, net of tax		(93)	(318)
Total comprehensive income (loss) for the year		5,913	(5,814)
Earnings (loss) per share			
Earnings (loss) per share currency unit		Cents	Cents
– Basic	11	2.65	(2.45)
– Diluted	11	2.61	(2.45)

The accompanying notes form an integral part of these financial statements.

Statements of
Financial Position

As at 31 December 2017

		Group		Company	
	Notes	2017	2016	2017	2016
Assets		$'000	$'000	$'000	$'000
Non-current assets:					
Plant and equipment	12	2,263	1,630	1,621	1,284
Investment properties	13	8,761	8,950	8,761	8,950
Intangible assets	14	48	42	48	42
Development projects	15	3,592	2,878	3,128	2,466
Investments in subsidiaries	16	–	–	5,990	7,988
Deferred tax assets	10	1,330	1,346	217	217
Other assets, non-current	17	–	43	–	43
Total non-current assets		15,994	14,889	19,765	20,990
Current assets:					
Inventories	18	16,457	14,564	1,674	7,020
Trade and other receivables	19	14,368	11,996	17,369	14,954
Other assets, current	20	816	229	313	113
Cash and cash equivalents	21	21,884	17,892	18,764	14,085
Total current assets		53,525	44,681	38,120	36,172
Total assets		69,519	59,570	57,885	57,162
Equity and liabilities					
Equity					
Share capital	22	47,051	46,621	47,051	46,621
Other reserves	25	247	297	265	222
Retained earnings (Accumulated losses)		3,832	(1,720)	3,060	396
Total equity		51,130	45,198	50,376	47,239
Non-current liability:					
Other finance liabilities, non-current	26	70	116	70	116
Total non-current liability		70	116	70	116
Current liabilities:					
Income tax payable		1,830	1,279	1,550	1,050
Provisions	27	172	254	172	139
Trade and other payables	28	16,270	9,086	5,670	4,981
Other financial liabilities, current	26	47	3,637	47	3,637
Total current liabilities		18,319	14,256	7,439	9,807
Total liabilities		18,389	14,372	7,509	9,923
Total equity and liabilities		69,519	59,570	57,885	57,162

The accompanying notes form an integral part of these financial statements.

Statements of
Changes in Equity

Year Ended 31 December 2017

	Total equity	Share capital	(Accumulated losses)/retained earnings	Translation reserves	Share option reserve
Group	$'000	$'000	$'000	$'000	$'000
Current year:					
Opening balance at 1 January 2017	45,198	46,621	(1,720)	75	222
Changes in equity:					
Total comprehensive income for the year	5,913	–	6,006	(93)	–
Exercise of share options (Note 25B)	–	–	119	–	(119)
Expiry of share options (Note 25B)	–	–	17	–	(17)
Issuance of shares pursuant to employee share option scheme	369	369	–	–	–
Share based payment expenses (Note 25B)	179	–	–	–	179
Dividend paid (Note 24)	(571)	–	(571)	–	–
Treasury shares reissued pursuant to employees' share option scheme (Note 22)	61	61	–	–	–
Loss on reissuance of treasury shares to equity pursuant to employee share option scheme	(19)	–	(19)	–	–
Closing balance at 31 December 2017	51,130	47,051	3,832	(18)	265

	Total equity	Share capital	Retained earnings / (accumulated losses)	Translation reserves	Share option reserve
Group	$'000	$'000	$'000	$'000	$'000
Previous year:					
Opening balance at 1 January 2016	51,894	46,431	4,957	393	113
Changes in equity:					
Total comprehensive loss for the year	(5,814)	–	(5,496)	(318)	–
Exercise of share options (Note 25B)	–	–	28	–	(28)
Expiry of share options (Note 25B)	–	–	24	–	(24)
Share based payment expenses (Note 25B)	161	–	–	–	161
Dividend paid (Note 24)	(1,117)	–	(1,117)	–	–
Treasury shares reissued pursuant to employees' share option scheme (Note 22)	190	190	–	–	–
Loss on reissuance of treasury shares to equity pursuant to employee share option scheme	(116)	–	(116)	–	–
Closing balance at 31 December 2016	45,198	46,621	(1,720)	75	222

The accompanying notes form an integral part of these financial statements.

Statements of
Changes in Equity

Year Ended 31 December 2017

	Total equity	Share capital	Retained earnings	Share option reserve
<u>Company</u>	$'000	$'000	$'000	$'000
Current year:				
Opening balance at 1 January 2017	47,239	46,621	396	222
<u>Changes in equity:</u>				
Total comprehensive income for the year	3,118	–	3,118	–
Exercise of share options (Note 25B)	–	–	119	(119)
Expiry of share options (Note 25B)	–	–	17	(17)
Issuance of shares pursuant to employee share option scheme	369	369	–	–
Share based payment expenses (Note 25B)	179	–	–	179
Dividend paid (Note 24)	(571)	–	(571)	–
Treasury shares reissued pursuant to employees' share option scheme (Note 22)	61	61	–	–
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(19)	–	(19)	–
Closing balance at 31 December 2017	50,376	47,051	3,060	265
Previous year:				
Opening balance at 1 January 2016	56,166	46,431	9,622	113
<u>Changes in equity:</u>				
Total comprehensive loss for the year	(8,045)	–	(8,045)	–
Exercise of share options (Note 25B)	–	–	28	(28)
Expiry of share options (Note 25B)	–	–	24	(24)
Share based payment expenses (Note 25B)	161	–	–	161
Dividend paid (Note 24)	(1,117)	–	(1,117)	–
Treasury shares reissued pursuant to employees' share option scheme (Note 22)	190	190	–	–
Loss on reissuance of treasury shares to equity pursuant to employees' share option scheme	(116)	–	(116)	–
Closing balance at 31 December 2016	47,239	46,621	396	222

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended 31 December 2017

	Group	
	2017	2016
Cash flows from operating activities	$'000	$'000
Profit (loss) before tax	6,510	(4,556)
Adjustments for :		
Depreciation of property, plant and equipment	849	664
Depreciation of investment properties	189	189
Interest income	(159)	(226)
Interest expense	71	108
Gains on disposal of other assets, non-current	(2)	–
Gains on disposal of plant and equipment	(70)	–
Amortisation of development projects	330	428
Amortisation of intangible assets	41	48
Share based payment	179	161
Gains on disposal of development projects	(396)	–
Net effect of exchange rate changes in consolidating foreign operations	(24)	(183)
Operating cash flow from (used in) changes in working capital	7,518	(3,367)
Trade and other receivables	(2,372)	9,589
Other assets	(587)	276
Inventories	(1,893)	1,289
Trade and other payables	7,184	(3,555)
Provisions	(82)	(19)
Net cash flow from operation	9,768	4,213
Income tax paid	(5)	(1,544)
Net cash flows from operating activities	9,763	2,669
Cash flows from investing activities		
Additions of patents	(47)	(50)
Proceeds on disposal of development projects	1,251	–
Proceeds on disposal of plant and equipment	88	–
Proceeds on disposal of other assets, non-current	45	–
Purchase of plant and equipment	(1,503)	(685)
Development projects incurred	(1,899)	(2,603)
Interest received	159	226
Net cash flow used in investing activities	(1,906)	(3,112)
Cash flows from financing activities		
Decrease in borrowings	(3,590)	(900)
Interest paid	(71)	(108)
Dividend paid	(571)	(1,117)
Re-issue of treasury shares	44	73
Decrease in finance leases	(46)	(47)
Issue of shares	369	–
Net cash used in financing activities	(3,865)	(2,099)
Net increase (decrease) in cash and cash equivalents	3,992	(2,542)
Cash and cash equivalents, beginning balance	17,892	20,434
Cash and cash equivalents, ending balance (Note 21)	21,884	17,892

The accompanying notes form an integral part of these financial statements.

Notes to the
Financial Statements

31 December 2017

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are that of designing, developing, manufacturing and distributing automated equipment for the semiconductor industry and an investment holding company.

The company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

The registered office is: Blk 5004, Ang Mo Kio Avenue 5, #03-12, Techplace II, Singapore 569872. The company is situated in Singapore.

Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

1. **General (cont'd)**

Basis of presentation (cont'd)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. **Significant accounting policies and other explanatory information**

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest income is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiary in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary in the PRC is required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the group.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

2. Summary of significant accounting policies (cont'd)

2A. Significant accounting policies (cont'd)

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovations	–	33%
Plant and equipment	–	33% to 100%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment properties

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The annual rates of depreciation are as follows:

Investment properties – 2%

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Notes to the
Financial Statements

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases (cont'd)

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Development projects	–	1 to 5 years
Patents	–	3 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Businesss combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Derivatives instruments and hedging activity

From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Derivatives instruments and hedging activity (cont'd)

Derivatives: All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful trade accounts:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 19 on trade and other receivables.

Net realisable value of inventories:
A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note 18 on inventories.

Development projects:
The estimates for the useful lives and related amortisation charges for development projects are based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The amortisation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned or sold. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount is disclosed in Note 15 on development projects.

Measurement of impairment of subsidiary:
Where a subsidiary is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is approximately $5,990,000 (2016: $7,988,000).

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Warranty claims:
Certain products are covered by product warranty plans of varying periods, depending on local practices and regulations. A related provision is made for future warranty claims after taking into account the historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The warranty obligations are affected by actual product failure rates and by material usage and service delivery costs incurred in correcting a product failure. The amount at the end of the reporting year is disclosed in Note 27 on provisions.

Income tax amounts:
The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 10 on income tax.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr. Kwong Kim Mone.

3A. Members of a group:

Name	Relationship	Country of incorporation
MIT Technologies Pte Ltd	Parent company and ultimate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related party relationships and transactions (cont'd)

3C. Key management compensation:

	Group	
	2017	2016
	$'000	$'000
Salaries and other short-term employee benefits	2,777	2,738
Post-employment benefits	129	134
Share-based payments	72	82

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2017	2016
	$'000	$'000
Remuneration of directors of the company	936	810
Remuneration of a director of a subsidiary	227	294
Fees to directors of the company	134	131
Share-based payments	27	28

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and key executives.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to subsidiaries are as follows:

	Subsidiaries	
Company	2017	2016
Other receivables:	$'000	$'000
Balance at beginning of the year	4,036	4,377
Amounts paid out and settlement of liabilities on behalf of the subsidiaries	(33,132)	(13,112)
Amounts paid in and settlement of liabilities on behalf of company	34,135	12,771
Balance at end of the year (Note 19)	5,039	4,036

Company Other payables:	Subsidiaries 2017 $'000	 2016 $'000
Balance at beginning of the year	–	228
Amounts paid in and settlement of liabilities on behalf of the company	(163)	–
Allowance for impairment	–	(228)
Balance at end of the year (Note 28)	(163)	–

4. Revenue

	Group 2017 $'000	 2016 $'000
Sale of goods	65,929	35,527

5. Interest Income

	Group 2017 $'000	 2016 $'000
Interest income from financial institutions	159	226

6. Other gains and (other losses)

	Group 2017 $'000	 2016 $'000
Amortisation of development projects	(330)	(428)
Foreign exchange adjustment loss	(574)	(233)
Gains on disposal of development projects	396	–
Gains on disposal of other assets, non-current	2	–
Inventories written down	(717)	(765)
Allowance for impairment loss on trade receivables	(170)	–
Amortisation of intangible assets	(41)	(48)
Provision of product warranty, net of reversal	(80)	(146)
Reversal on provision for unutillised leave	61	–
Reversal on allowance for impairment loss on inventories	286	192
Reversal on impairment loss on trade receivables	–	114
Gains on disposal of plant and equipment	70	–
Rental income	670	670
Grant income	197	–
Other income	774	201
Net	544	(443)

6. Other gains and (other losses) (cont'd)

Presented in the profit or loss as:		
Other gains	2,456	1,177
Other losses	(1,912)	(1,620)
Net	544	(443)

7. Finance costs

	Group	
	2017	2016
	$'000	$'000
Interest expense on financial liabilities carried at amortised cost:		
- Obligations under finance leases	5	6
- Bank borrowings	66	102
Total	71	108

8. Employee benefits expense

	Group	
	2017	2016
	$'000	$'000
Short term employee benefits expense	16,979	13,509
Contributions to defined contribution plans	1,762	1,540
Share-based payments: equity settled (Note 25B)	179	161
Other benefits	292	34
Total employee benefits expense	19,212	15,244

The employee benefits expenses is changed as follows:	Group	
	2017	2016
	$'000	$'000
Cost of sales	10,652	9,225
Marketing and distribution costs	2,850	2,686
Administrative expenses	5,710	3,333
Total	19,212	15,244

9. Items in the consolidated statement of profit or loss and other comprehensive income

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the income statement includes the following charges:

	Group	
	2017	2016
	$'000	$'000
Audit fees to the independent auditor of the company	127	119
Audit fees to the other independent auditor	26	26
Other fees to the independent auditor of the company	26	25

10. Income tax expense

10A. Components of tax expense recognised in profit or loss include:

	Group	
	2017	2016
	$'000	$'000
Current tax expense:		
Current tax expense	500	–
Under adjustment in respect of prior periods	4	940
Total income tax expense	504	940

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2016: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2017	2016
	$'000	$'000
Profit (Loss) before income tax	6,510	(4,556)
Income tax expense (benefit) at the above rate	1,107	(775)
Expenses not deductible for tax purposes	138	–
Income not subject to tax	(276)	(103)
Under adjustment in respect of prior periods	4	940
Stepped income exemption	(41)	(102)
Productivity innovation credit claims	(4)	(3)
Effect of different tax rates in different country	(113)	(53)
Utillisation of deferred tax assets previously not recognised	(215)	–
Deferred tax assets not recognised	–	1,199
Others	(96)	(163)
Total income tax expense	504	940

There are no tax consequences of dividends to owners of the company.

10. Income tax expense (cont'd)

10B. Deferred tax expense recognised in profit or loss includes:

	Group	
	2017 $'000	2016 $'000
Excess of net book value of plant and equipment over tax values	18	(68)
Excess of tax values over net book value of plant and equipment	(17)	(19)
Tax loss carryforwards	(84)	829
Wear & tear allowance carryforwards	(28)	(53)
Unrecognised deferred tax assets	118	(487)
Provisions	(23)	(256)
Exchange difference	16	54
Total deferred tax expense recognised in profit or loss	–	–

10C. Deferred tax balance in the statements of financial position:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax assets:				
Excess of net book value of plant and equipment over tax values	(50)	(68)	(68)	(68)
Excess of tax values over net book value of plant and equipment	–	17	–	–
Tax loss carryforwards	2,630	2,714	196	196
Wear & tear allowance carryforwards	128	156	114	114
Unrecognised deferred tax assets	(2,600)	(2,718)	(108)	(108)
Provisions	1,222	1,245	83	83
Net balance	1,330	1,346	217	217

The above deferred tax assets of certain subsidiaries have not been recognised as the future profit streams are not probable against which the deductible temporary difference can be utilised. For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences is available for an unlimited future period subject to agreement by tax authority and conditions imposed by law including the retention of majority shareholders as defined. The estimated unrecognised deferred tax assets on accumulated tax losses carryforwards for Singapore companies is approximately $2,630,000 (2016: $2,714,000) subsisting as at the end of the reporting year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2017 $'000	2016 $'000
A. Numerators: earnings/(loss) attributable to equity		
Continuing operations: attributable to equity holders	6,006	(5,496)

	Group	
	2017 No: '000	2016 No: '000
B. Denominators: weighted average number of equity shares		
Basic	226,955	224,282
Dilutive share options effect	2,999	–
C. Diluted	229,954	224,282

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

The dilutive effect derives from transactions such as share options. The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the reporting year and (2) shares of ordinary share issuable upon assumed exercise of share options which (if any) would have a dilutive effect.

In 2016, there is no dilutive effect for the share options as they are anti-dilutive because their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

12. Property, plant and equipment

Group	Renovations $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2016	1,648	10,635	12,283
Foreign exchange adjustments	(39)	(345)	(384)
Additions	80	605	685
Written off	(65)	(90)	(155)
At 31 December 2016	1,624	10,805	12,429
Foreign exchange adjustments	(12)	(107)	(119)
Additions	113	1,390	1,503
Disposal	–	(574)	(574)
Written off	–	(202)	(202)
At 31 December 2017	1,725	11,312	13,037

12. Property, plant and equipment (cont'd)

Group	Renovations $'000	Plant and equipment $'000	Total $'000
Accumulated depreciation:			
At 1 January 2016	1,592	9,062	10,654
Foreign exchange adjustments	(38)	(326)	(364)
Depreciation for the year	55	609	664
Written off	(65)	(90)	(155)
At 31 December 2016	1,544	9,255	10,799
Foreign exchange adjustments	(12)	(104)	(116)
Depreciation for the year	49	800	849
Disposal	–	(556)	(556)
Written off	–	(202)	(202)
At 31 December 2017	1,581	9,193	10,774
Carrying value:			
At 1 January 2016	56	1,573	1,629
At 31 December 2016	80	1,550	1,630
At 31 December 2017	144	2,119	2,263

Allocation of the depreciation expense:	Group 2017 $'000	Group 2016 $'000
Cost of sales	41	329
Administrative expenses	808	335
Total	849	664

Company	Renovations $'000	Plant and equipment $'000	Total $'000
Cost:			
At 1 January 2016	761	3,493	4,254
Additions	74	368	442
Written off	(63)	(48)	(111)
At 31 December 2016	772	3,813	4,585
Additions	3	1,018	1,021
Written off	–	(72)	(72)
At 31 December 2017	775	4,759	5,534

Notes to the
Financial Statements

12. Property, plant and equipment (cont'd)

Company	Renovations $'000	Plant and equipment $'000	Total $'000
Accumulated depreciation:			
At 1 January 2016	717	2,381	3,098
Depreciation for the year	43	271	314
Written off	(63)	(48)	(111)
At 31 December 2016	697	2,604	3,301
Depreciation for the year	47	637	684
Written off	–	(72)	(72)
At 31 December 2017	744	3,169	3,913
Carrying value:			
At 1 January 2016	44	1,112	1,156
At 31 December 2016	75	1,209	1,284
At 31 December 2017	31	1,590	1,621

Certain items are under finance lease agreements (see Note 26B).

13. Investment properties

Group and company	2017 $'000	2016 $'000
At cost:		
At beginning of the year and at end of the year	9,471	9,471
Accumulated depreciation:		
At beginning of the year	521	332
Depreciation for the year	189	189
At end of the year	710	521
Carrying value:		
At end of the year	8,761	8,950
Fair value for disclosure purposes only:		
Fair value at end of the year	12,486	12,850
Rental income from investment properties (Note 6)	670	670

13. Investment properties (cont'd)

Details of leasehold properties:

Description/Location	Tenure of Land/ (Gross floor area)	Last valuation date
Singapore:		
(A) 7 Yishun Industrial Street 1, #07-38, Singapore 768162	Property: 60 years from 2011 (1,062 square metres)	Commercial property. Revalued in November 2016.
(B) 7 Yishun Industrial Street 1, #06-38/39, Singapore 768162	Property: 60 years from 2011 (2,290 square metres)	Commercial property. Revalued in November 2016.

All the investment properties were mortgaged or pledged as security for the bank facilities subsisting as at 31 December 2016 (see Note 26).

The investment properties are leased out under operating leases. Also see Note 30 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

The depreciation expense is charged under administrative expenses.

In 2017, management has estimated the value of the investment property (A) based on estimated selling price of identical property within vicinity with references to the platform managed by StreetSine Technology Group, a subsidiary of Singapore Press Holdings Ltd ("Singapore Press"). Investment property (B) with no selling price available, management has estimated the price per square metre based on previous valuation report adjusted with fluctuation of Industrial Property price index published by Singapore Government.

In 2016, the fair value of each investment property based on a valuation made by ECG Consultancy Pte. Ltd., a firm of independent professional valuers on a systematic basis. The valuation method is based on Comparable Sales Method, a comparison with recent transactions of similar properties, preferably in vicinity, and adjusted to take into account certain factors and circumstances.

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	(A) 7 Yishun Industrial Street 1, #07-38, Singapore 768162 (B) 7 Yishun Industrial Street 1, #06-38/39, Singapore 768162
Fair value and fair value hierarchy – level:	(A) $4,560,000 (2016: $4,450,000), Level 3 (2016: Level 2); (B) $7,926,000 (2016: $8,400,000), Level 3 (2016: Level 2).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent offer to sell prices for similar properties.
Significant unobservable (2016: observable) inputs and range	Price per square meters. (A) $4,294 (2016: $4,190) (B) $3,461 (2016: $3,669)
Relationship of unobservable inputs to fair value:	2017: Favourable (adverse) change in the latest selling price in the market will increase (decrease) fair value 2016: NA
Sensitivity on management's estimates – 10% variation from estimate	Impact (A) – lower by $456,000;higher by $456,000 (B) – lower by $793,000; higher by $793,000

14. Intangible assets

	Patents Group $'000	Patents Company $'000
Cost:		
At 1 January 2016	509	392
Additions	50	50
At 31 December 2016	559	442
Additions	47	47
At 31 December 2017	606	489
Accumulated amortisation:		
At 1 January 2016	469	366
Amortisation for the year	48	34
31 December 2016	517	400
Amortisation for the year	41	41
At 31 December 2017	558	441
Carrying value:		
At 1 January 2016	40	26
At 31 December 2016	42	42
At 31 December 2017	48	48

15. Development projects

	Group $'000	Company $'000
Cost:		
At 1 January 2016	7,682	6,906
Additions	2,603	2,330
Written off	(2,728)	(2,728)
At 31 December 2016	7,557	6,508
Additions	1,899	1,847
Disposals	(855)	(855)
At 31 December 2017	8,601	7,500
Accumulated amortisation:		
At 1 January 2016	6,979	6,389
Amortisation for the year	428	381
Written off	(2,728)	(2,728)
At 31 December 2016	4,679	4,042
Amortisation for the year	330	330
At 31 December 2017	5,009	4,372
Carrying value:		
At 1 January 2016	703	517
At 31 December 2016	2,878	2,466
At 31 December 2017	3,592	3,128

Development projects comprise expenditure incurred for the development of new integrated semiconductor manufacturing systems or machines.

The group has specific programmes for the commercialisation of these products.

16. Investments in subsidiaries

	Company 2017 $'000	Company 2016 $'000
Movements during the year:		
Balance at beginning of the year, at cost:	7,988	14,160
Additions of quasi-equity loans	2,919	873
Allowance for impairment losses	(4,917)	(7,045)
	5,990	7,988
Total cost comprising:		
Unquoted equity shares at cost	11,328	11,328
Quasi-equity loans (Note A)	22,446	19,527
Allowance for impairment losses on unquoted equity shares	(9,520)	(9,022)
Allowance for impairment losses quasi-equity loans	(18,264)	(13,845)
	5,990	7,988

	Company 2017 $'000	Company 2016 $'000
Movements in allowance for impairment:		
Balance at beginning of the year	22,867	15,822
Impairment loss on investments charged to profit or loss	498	6,177
Impairment loss on quasi-equity loans charged to profit or loss	4,419	868
Balance at end of the year	27,784	22,867

Note A:
These are interest free quasi-equity loans provided by the company to the following wholly-owned subsidiaries:

i) Semiconductor Precision Technology Pte Ltd, which in turn holds 100% equity interest in MIT (Shanghai) Co., Ltd; and

ii) CASEM (Asia) Pte Ltd

The company does not expect repayment of the above interest free quasi-equity loans in the foreseeable future. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

The decreasing performance of certain subsidiaries was considered sufficient evidence to trigger the impairment test. As detailed in this Note the impairment test resulted in the recognition of a loss. Accordingly it has been written down to the recoverable amount.

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of group		Effective percentage of equity held	
	2017	2016	2017	2016
	$'000	$'000	%	%
Held by the company:				
CASEM (Asia) Pte Ltd (a) Singapore Design and manufacturing of automated equipment	100	100	100	100
Semiconductor Precision Technology Pte Ltd (a) Singapore Investment holding	1,500	1,500	100	100
Generic Power Pte Ltd (a) Singapore Design and manufacturing of vision inspection system	7,904	7,904	100	100
i.PAC Manufacturing Pte Ltd (a) Singapore Contract equipment manufacturing	1,000	1,000	100	100
Automated Manufacturing Solutions Pte Ltd (a) (Formerly known as AMS Biomedical Pte Ltd) Singapore Manufacturing and repair of lifting and handling equipment	824	824	100	100
	11,328	11,328		
Held by Semiconductor Precision Technology Pte Ltd:				
MIT (Shanghai) Co., Ltd (b) People's Republic of China Design, manufacture and distribution of automated equipment and components for electronic and semiconductor industries	8,183	8,183	100	100

(a) Audited by RSM Chio Lim LLP, a member of RSM International.

(b) Audited by SBA Stone Forest CPA Co. Ltd, an affiliated firm of RSM Chio Lim LLP.

17. Other assets, non-current

	Group and Company	
	2017	2016
	$'000	$'000
Club membership at cost	83	83
Less: allowance for impairment	(40)	(40)
Less: Disposal	(43)	–
	–	43
Movement in the above allowance:		
Balance at beginning and end of the year	40	40
Less: Impairment losses previously provided now disposed	(40)	–
Balance at end of the year	–	40

The carrying value of club memberships is at cost. The fair value of the club memberships is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently it is carried at cost less allowance for impairment.

18. Inventories

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Raw materials	4,007	4,441	370	2,517
Work-in-progress	11,895	5,155	1,304	896
Finished goods	555	4,968	–	3,607
	16,457	14,564	1,674	7,020

Inventories are stated after allowance. Movement in allowance:

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at beginning of the year	3,481	6,858	1,722	4,322
Reversed to profit or loss included in other credits (a) (Note 6)	(286)	(192)	(272)	–
Charged to profit or loss included in other charges (Note 6)	717	765	435	212
Inventories previously impaired now written off	(138)	(3,950)	–	(2,812)
Balance at end of the year	3,774	3,481	1,885	1,722
Increase (Decrease) in inventories of finished goods and work-in-progress	3,705	(985)	3,199	1,273
Raw materials and consumables used	31,970	16,451	33,077	18,068

(a) The reversal of the allowance is for goods with an estimated increase in net realisable value.

There are no inventories pledged as security for liabilities.

Notes to the
Financial Statements

19. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
Trade receivables:	$'000	$'000	$'000	$'000
Outside parties	16,555	14,030	12,429	10,754
Subsidiaries (Note 3)	–	–	3	130
Less: allowance for impairment	(2,257)	(2,118)	(170)	–
Subtotal	14,298	11,912	12,262	10,884
Other receivables:				
Outside parties	9	76	10	30
Advances to employees	7	8	4	4
Subsidiaries (Note 3)	–	–	8,054	6,983
Less: allowance for impairment on other receivable from subsidiaries	–	–	(3,015)	(2,947)
Forward currency contracts (Note 31)	54	–	54	–
Subtotal	70	84	5,107	4,070
Total trade and other receivables	14,368	11,996	17,369	14,954
Movements in above allowance:				
Balance at beginning of the year	2,118	2,341	2,947	2,947
Foreign exchange adjustments	(31)	(109)	–	–
Charge (Reversal) for trade receivable to profit or loss included in other losses (gains)	170	(114)	170	–
Charge for other receivables from subsidiaries to profit or loss included in other gains	–	–	68	–
Balance at end of the year	2,257	2,118	3,185	2,947

20. Other assets, current

	Group		Company	
	2016	2016	2016	2016
	$'000	$'000	$'000	$'000
Deposits to secure services	287	99	19	54
Prepayments	529	130	294	59
	816	229	313	113

21. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Not restricted in use	21,884	17,892	18,764	14,085
Interest earning balances maturing within 1 to 4 months	13,657	14,704	12,837	12,000

The rate of interest for the cash on interest earning accounts is between 0.30% and 1.52% (2016: 0.30% and 0.95%) per annum.

22. Share capital

Group and Company	Number of ordinary shares Issued '000	Number of treasury shares Held '000	Share capital $'000	Treasury shares $'000	Total $'000
Ordinary shares of no par value:					
Balance at 1 January 2016	223,347	1,666	46,682	(251)	46,431
Reissued of treasury shares pursuant to employees' share option scheme (Note 23)	1,259	(1,259)	–	190	190
Balance at 31 December 2016	224,606	407	46,682	(61)	46,621
Exercise of share options (Note 23)	4,024	–	324	–	324
Issuance of shares under performance share plan (Note 23)	250	–	45	–	45
Reissued of treasury shares pursuant to employees' share option scheme (Note 23)	407	(407)	–	61	61
Balance at 31 December 2017	229,287	–	47,051	–	47,051

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Reissued of treasury shares related to ordinary shares of the company that are held by the company. The company reissued 407,000 (2016: 1,259,000) treasury shares during the current reporting year pursuant to its employees' share option scheme at an average fair value of $0.20 (2016: $0.18) per share.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

22. Share capital (cont'd)

	Group 2017 $'000	Group 2016 $'000
Net debt:		
All current and non-current borrowings including finance leases	117	3,753
Less: cash and cash equivalents	(21,884)	(17,892)
Net debt	(21,767)	(14,139)
Adjusted capital:		
Total equity	51,130	45,198
Adjusted capital	51,130	45,198
Debt-to-adjusted capital ratio	N/M	N/M

N/M – Not meaningful

	Company 2017 $'000	Company 2016 $'000
Net debt:		
All current and non-current borrowings including finance leases	117	3,753
Less: cash and cash equivalents	(18,764)	(14,085)
Net debt	(18,647)	(10,332)
Adjusted capital:		
Total equity	50,376	47,239
Adjusted capital	50,376	47,239
Debt-to-adjusted capital ratio	N/M	N/M

N/M – Not meaningful

In order to maintain its listing on the Singapore Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

23. Share-based payments

Employees' Share Option Scheme ("ESOS")

As at the end of the reporting year, share options granted to selected full-time employees and full-time executive directors under the Manufacturing Integration Technology Ltd Employees' Share Option Scheme to take up 11,371,400 (2016: 15,625,000) unissued ordinary shares in the company as at the end of the reporting year were outstanding as follows:-

Date of grant	Balance as at 1.1.2017	New	Lapsed	Exercised	Balance as at 31.12.2017	Exercise Price	Expiry date
						$	
Options to subscribe number of unissued ordinary shares of no par value:							
5 September 2007	75,000	–	–	75,000	–	0.1900*	4 September 2017
5 September 2007	75,000	–	–	75,000	–	0.1520**	4 September 2017
6 March 2008	50,000	–	–	30,000	20,000	0.1500*	5 March 2018
6 March 2008	50,000	–	–	30,000	20,000	0.1200**	5 March 2018
9 September 2009	–	–	–	–	–	0.1930*	8 September 2019
9 September 2009	–	–	–	–	–	0.1540**	8 September 2019
15 June 2010	–	–	–	–	–	0.1470*	14 June 2020
15 June 2010	–	–	–	–	–	0.1180**	14 June 2020
14 May 2012	178,000	–	–	48,000	130,000	0.1000*	13 May 2022
14 May 2012	250,000	–	–	70,000	180,000	0.0800**	13 May 2022
9 June 2014	2,349,000	–	57,000	1,311,000	981,000	0.0650*	8 June 2024
9 June 2014	2,889,000	–	65,000	1,739,000	1,085,000	0.0520**	8 June 2024
11 August 2014	150,000	–	–	150,000	–	0.0570*	10 August 2024
11 August 2014	225,000	–	–	225,000	–	0.0460**	10 August 2024
15 December 2014	34,000	–	–	16,000	18,000	0.0830*	14 December 2024
15 December 2014	50,000	–	–	25,000	25,000	0.0660**	14 December 2024
20 May 2016	4,625,000	–	150,000	637,600	3,837,400	0.1940*	19 May 2026
20 May 2016	4,625,000	–	150,000	–	4,475,000	0.1550**	19 May 2026
5 June 2017	–	300,000	–	–	300,000	0.2450*	4 June 2027
5 June 2017	–	300,000	–	–	300,000	0.1960**	4 June 2027
	15,625,000	600,000	422,000	4,431,600	11,371,400		

* Market price
** 20% discount to the market price

During the current reporting year, certain employees have exercised 4,431,600 share options under ESOS, and this consists of re-issuance of 407,000 treasury shares of the company held by the company. The remaining balance is satisfied through issuance of new shares of 4,024,600.

23. Share-based payments (cont'd)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the reporting year:

	Year 2017	WAEP ($) 2017	Year 2016	WAEP ($) 2016
Outstanding at beginning of year	15,625,000	0.13	8,021,000	0.06
Additional during the year	600,000	0.22	9,590,000	0.17
Exercise during the year	(4,431,600)	0.08	(1,259,000)	0.06
Expired during the year	(422,000)	0.10	(727,000)	0.11
	11,371,400	0.11	15,625,000	0.13
Exercisable at end of year	11,371,400	0.11	15,625,000	0.13

The options granted have a contractual life of 10 years and there are no cash settlement alternatives.

During the current reporting year, the fair value of share options amounting to $265,000 was estimated by the management, using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense in the profit or loss during the reporting year is approximately $179,000 (2016: $161,000) (Note 8). The inputs to the model used for share options granted in current reporting year are shown below.

	2017
Dividend yield (%)	1.29
Expected and historical volatility (%)	16.0
Risk-free interest rate (%)	1.43
Expected life of option (years)	1 to 10
Weighted average share price ($)	0.15 to 0.24

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Performance Share Plan ("PSP")

The Company had granted 300,000 ordinary shares to its employee pursuant to the performance share plan ("PSP") on 20 June 2017. During the year, the Company has issued and allotted 250,000 ordinary shares in the share capital of the Company to the employee under PSP. As at 31 December 2017, the number of outstanding performance shares held under PSP is 550,000 (2016: 500,000).

24. Dividends on equity shares

	Rate per share/cents		Group and Company	
	2017	2016	2017	2016
			$'000	$'000
Final tax exempt (1-tier) dividend paid	0.25	0.50	571	1,117
Total dividend paid in the year			571	1,117

25. Other reserves

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Foreign currency translation reserve (Note 25A)	(18)	75	–	–
Share option reserve (Note 25B)	265	222	265	222
Total at end of the year	247	297	265	222

All reserves classified on the face of the statements of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

25A. Foreign currency translation reserve

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of the year	75	393
Exchange differences on translating foreign operations	(93)	(318)
Balance at end of the year	(18)	75

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the financial statements.

25B. Share option reserve

	Group and Company	
	2017	2016
	$'000	$'000
At beginning of the year	222	113
Exercise of share options	(119)	(28)
Expiry of share options	(17)	(24)
Share based payment expenses	179	161
At end of the year	265	222

26. Other financial liabilities

	Group and Company	
	2017	2016
	$'000	$'000
Non-current:		
Financial instruments with fixed interest rates:		
Finance leases (Note 26B)	70	116
Non-current	70	116
Current:		
Bank loan (secured) (Note 26A)	–	3,590
Financial instruments with fixed interest rates:		
Finance leases (Note 26B)	47	47
Current	47	3,637
Total	117	3,753

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:-

1. A legal mortgage over investment properties (Note 13).
2. Assignment of all insurance taken on the investment properties.
3. Assignment and charge of proceeds in respect of the properties.

26A. Bank loan (secured)

In 2016, the total outstanding for Bank Loan A (secured) was $3,590,000 at floating rates of interest. The bank loan bore an interest rate of 2.37% per annum. The secured bank loan is repayable by 48 equal monthly instalments of $75,000 commencing in November 2013 and a final instalment on the remaining balance. The fair value was a reasonable approximation of the carrying amount. The fair value of the bank loan was estimated by discounting the future cash flows payable under the terms of the loan using the year-end market interest rate applicable to loans of similar credit risk, terms and conditions (Level 2).

26B. Finance lease liabilities

Group and Company	Minimum payments	Finance charges	Present value
	$'000	$'000	$'000
2017			
Minimum lease payments payable:			
Due within one year	52	(5)	47
Due within 2 to 5 years	78	(8)	70
Total	130	(13)	117
Carrying value of plant and equipment under finance leases			270

26. Other financial liabilities (cont'd)

26B. Finance lease liabilities (cont'd)

2016	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	52	(5)	47
Due within 2 to 5 years	130	(14)	116
Total	182	(19)	163
Carrying value of plant and equipment under finance leases			348

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under the finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	2017	2016
Average lease term, in years	5	5
Average effective borrowing rate per year	4.48%	4.48%

The total for finance leases and the average effective borrowing rate per year is disclosed above. Interest rate of 4.48% (2016: 4.48%) is applicable to similar finance leases (Level 2).

27. Provisions, current

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Provision for installation expenses:				
Balance at beginning of the year	93	179	93	179
Provision charged to profit or loss included in selling and distribution expenses	376	267	376	267
Provision reversed to profit or loss included in selling and distribution expenses	(105)	(175)	(105)	(175)
Used	(257)	(178)	(257)	(178)
Balance at end of the year	107	93	107	93
Provision for product warranty:				
Balance at beginning of the year	161	94	46	78
Provision charged to profit or loss included in other charges (Note 6)	127	196	127	82
Provision reversed to profit or loss included in other credits (Note 6)	(47)	(50)	(29)	(43)
Used	(176)	(79)	(79)	(71)
Balance at end of the year	65	161	65	46
Total at end of the year	172	254	172	139

27. Provisions, current (cont'd)

The provision for installation/product warranty is recognised for expected installation charges/warranty claims on certain automated equipment and vision inspection system sold by the group. A provision is made based on past experience and future expectation and an assessment of the probability of an outflow for the obligations as a whole.

The reversal of the provision relates to prior years overprovision not utilised as at reporting year end.

28. Trade and other payables, current

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	13,573	7,569	4,578	3,274
Subsidiaries (Note 3)	–	–	7	263
Subtotal	13,573	7,569	4,585	3,537
Other payables:				
Subsidiary (Note 3)	–	–	163	–
Advance received from customers	2,448	1,196	810	1,196
Forward currency contracts (Note 31)	–	136	–	136
Other payables	249	185	112	112
Subtotal	2,697	1,517	1,085	1,444
Total trade and other payables	16,270	9,086	5,670	4,981

29. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Not later than one year	757	1,086	365	511
Later than one year and not later than five years	631	895	254	188
Rental expense for the year	1,029	834	341	344

Operating lease payments represent rentals payable for offices and factory premises. The group leases certain properties under lease agreements that are non-cancellable within a year. The leases expire at various dates until 2020.

30. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	2017 $'000	2016 $'000
Group and company		
Not later than one year	615	538
Later than one year and not later than five years	771	55
Rental income for the year (Note 6)	670	670

Operating lease income commitments are for the investment properties. The lease rental income terms are negotiated for an average term of three years.

31. Derivatives financial instruments

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	2017 $'000	2016 $'000
Assets (Liabilities) – Contracts with negative fair values:		
Forward foreign exchange contracts - Hedging instruments (31A)	54	(136)
Total at end of the year	54	(136)

31A. Forward currency exchange contracts

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	Notional amount	Contract dates	Value dates	Favourable / (Unfavourable) (Notes 19 and 28)
2017	US$'000			$'000
US Dollar (US$)				
Sell for SGD	5,000	27 Oct 2017 to 28 Dec 2017	2 Jan 2018 to 27 Feb 2018	54
2016				
US Dollar (US$)				
Sell for SGD	4,000	20 Oct 2016 to 22 Dec 2016	21 Feb 2017 to 27 Apr 2017	(136)

31. Derivatives financial instruments (cont'd)

31A. Forward currency exchange contracts (cont'd)

The purpose of these contracts is to mitigate the fluctuations of expected sales and purchases (forecast transactions) denominated in the non-functional currencies. The foreign currency sales and purchase forecasts are prepared for the following year with monthly information and designated as the hedged item the part of monthly sales exceeding the purchases of the month. Cash flows are expected to occur and affect profit or loss in the month concerned.

The fair value (Level 2) of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

32. Financial information by operating segment

32A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

In 2016 the group is organised into the following major strategic operating segments that offer different products and services: (1) manufacturing and (2) distribution. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting systems. This form the basis on management reports and the primary segment information that is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance.

During the year, management has changed their internal reporting system and organise their business into the following major strategic operating segments: (1) semiconductor (2) non-semiconductor business. The change is due to the growing importance of non-semiconductor business contribution to the overall performance of the group. As a result, starting from January 2017, management has changed their internal reporting system to reflect the new strategic operating segments.

The revised segments are as follows:

The semiconductor segment is mainly engaged in designing, developing, and manufacturing of automated equipment for semiconductor and solar industry.

The non-semiconductor segment is mainly engaged in contract equipment manufacturing activities.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is the earnings from operations before depreciation / amortisation, interests and income taxes (called "Recurring EBITDA").

32. Financial information by operating segment (cont'd)

32B. Profit or loss from continuing operations and reconciliations

Segment information about these businesses is presented below:-

	Semiconductor $'000	Non-semiconductor $'000	Unallocated $'000	Group $'000
Continuing operations 2017				
Revenue by segment				
Total revenue by segment	80,490	16,172	–	96,662
Inter-segment sales	(26,880)	(3,853)	–	(30,733)
Total revenue	53,610	12,319	–	65,929
Recurring EBITDA	8,976	(1,721)	576	7,831
Interest income	115	44	–	159
Finance costs	(5)	–	(66)	(71)
Depreciation	(740)	(109)	(189)	(1,038)
Amortisation	(371)	–	–	(371)
Profit before tax from continuing operations	7,975	(1,786)	321	6,510
Income tax expense				(504)
Profit from continuing operations				6,006

Segment information about these businesses is presented below:-

	Semiconductor $'000	Non-semiconductor $'000	Unallocated $'000	Group $'000
Continuing operations 2016				
Revenue by segment				
Total revenue by segment	44,408	7,747	–	52,155
Inter-segment sales	(15,819)	(809)	–	(16,628)
Total revenue	28,589	6,938	–	35,527
Recurring EBITDA	(305)	(3,609)	569	(3,345)
Interest income	122	104	–	226
Finance costs	(6)	–	(102)	(108)
Depreciation	(373)	(291)	(189)	(853)
Amortisation	(476)	–	–	(476)
Loss before tax from continuing operations	(1,038)	(3,796)	278	(4,556)
Income tax expense				(940)
Loss from continuing operations				(5,496)

32. Financial information by operating segment (cont'd)

32C. Assets and reconciliations

2017	Semiconductor $'000	Non-semiconductor $'000	Unallocated $'000	Group $'000
Total assets for reportable segments				
Unallocated:	46,861	12,567	8,761	68,189
Deferred tax assets	217	1,113	–	1,330
Total group assets	47,078	13,680	8,761	69,519

2016	Semiconductor $'000	Non-semiconductor $'000	Unallocated $'000	Group $'000
Total assets for reportable segments				
Unallocated:	42,126	7,105	8,993	58,224
Deferred tax assets	217	1,129	–	1,346
Total group assets	42,343	8,234	8,993	59,570

32D. Liabilities and reconciliations

2017	Semiconductor $'000	Non-semiconductor $'000	Unallocated $'000	Group $'000
Total liabilities for reportable segments				
Unallocated:	10,673	5,886	–	16,559
Income tax payable	1,778	52	–	1,830
Total group liabilities	12,451	5,938	–	18,389

2016	Semiconductor $'000	Non-semiconductor $'000	Unallocated $'000	Group $'000
Total liabilities for reportable segments				
Unallocated:	8,235	1,268	3,590	13,093
Income tax payable	1,279	–	–	1,279
Total group liabilities	9,514	1,268	3,590	14,372

32. Financial information by operating segment (cont'd)

32E. Other material items and reconciliations

	Semiconductor $'000	Non-Semiconductor $'000	Unallocated $'000	Group $'000
Capital expenditure				
2017	1,039	464	–	1,503
2016	621	64	–	685
Allowance for impairment loss on inventory obsolescence, net				
2017	431	–	–	431
2016	573	–	–	573
Provision for installation expenses, net of reversal				
2017	271	–	–	271
2016	92	–	–	92
Provision for product warranty, net of reversal				
2017	80	–	–	80
2016	146	–	–	146

32F. Geographical information

The group's geographical segments are based on the location of the group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The group's operations are located in Singapore and China.

The following table provides an analysis of the group's revenue by geographical market irrespective of the origin of goods and services:-

	2017 $'000	2016 $'000
Revenue:		
China	10,568	6,625
Singapore	32,043	10,933
Europe and USA	2,739	2,747
Asia excluding China and Singapore	20,579	15,222
	65,929	35,527

The following is an analysis of the carrying amount of segment assets, and additions to plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:-

	2017 $'000	2016 $'000
Segment Assets:		
China	5,221	6,749
Singapore	64,298	52,821
	69,519	59,570

32. Financial information by operating segment (cont'd)

32F. Geographical information (cont'd)

	2017 $'000	2016 $'000
Capital Expenditure:		
China	66	59
Singapore	1,437	626
	1,503	685

32G. Information about major customers

	2017 $'000	2016 $'000
Top 1 customer in semiconductor segment	17,877	10,181
Top 2 customer in semiconductor segment	30,096	17,980
Top 3 customer in semiconductor segment	36,845	21,677

33. Financial instruments: information on financial risks

33A. Classification of financial assets and liabilities

The following table categories the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets:				
Cash and cash equivalents	21,884	17,892	18,764	14,085
Loans and receivables	14,314	11,996	17,315	14,954
Derivatives financial instruments at fair value through profit or loss	54	–	54	–
At end of the year	36,252	29,888	36,133	29,039
Financial liabilities:				
Other financial liabilities measured at amortised cost	117	3,753	117	3,753
Derivatives financial instruments at fair value through profit or loss	–	136	–	136
Trade and other payables measured at amortised cost	13,822	7,754	4,860	3,649
At end of the year	13,939	11,643	4,977	7,538

Further quantitative disclosures are included throughout these financial statements.

33. Financial instruments: information on financial risks (cont'd)

33B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market price risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The major guidelines are the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate enter into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risks.

33C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

33D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on debtors an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with debtors is controlled by setting limits on the exposure to individual debtors and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on debtors, as the exposure is spread over a large number of counter-parties and debtors unless otherwise disclosed in the notes to the financial statements below.

Note 21 discloses the maturity of the cash and cash equivalents balances.

33. Financial instruments: information on financial risks (cont'd)

33D. Credit risk on financial assets (cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2016: 30 to 90 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivables amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables:				
61 to 90 days	644	10,572	603	6,943
91 to 180 days	500	1,860	366	1,683
Over 180 days	3,539	4,807	3,459	4,732
Total	4,683	17,239	4,428	13,358

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables:				
Over 180 days	2,257	2,118	170	–
Total	2,257	2,118	170	–

The allowance which is disclosed in the Note 19 on trade receivables is based on individual accounts totalling $2,293,000 (2016: $2,118,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at end of reporting year:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Top 1 customer	3,588	5,793	3,588	5,793
Top 2 customers	6,169	7,511	6,169	7,511
Top 3 customers	7,445	8,443	7,445	8,443

33. Financial instruments: information on financial risks (cont'd)

33E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year	1 -3 years	3 -5 years	Total
Non-derivative financial liabilities:	$'000	$'000	$'000	$'000
2017:				
Gross finance lease obligations	52	78	–	130
Trade and other payables	13,822	–	–	13,822
At end of the year	13,874	78	–	13,952
2016:				
Gross borrowings commitments	3,590	–	–	3,590
Gross finance lease obligations	52	104	26	182
Trade and other payables	7,754	–	–	7,754
At end of the year	11,396	104	26	11,526

Company	Less than 1 year	1 -3 years	3 -5 years	Total
Non-derivative financial liabilities:	$'000	$'000	$'000	$'000
2017:				
Gross finance lease obligations	52	78	–	130
Trade and other payables	4,860	–	–	4,860
At end of the year	4,912	78	–	4,990
2016:				
Gross borrowings commitments	3,590	–	–	3,590
Gross finance lease obligations	52	104	26	182
Trade and other payables	3,649	–	–	3,649
At end of the year	7,291	104	26	7,421

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The following table analyses the derivative financial (liabilities) assets by remaining contractual maturity (contractual and undiscounted cash flows):

Group and company	Less than 1 year	1 -3 years	Total
Derivative financial liabilities:	$'000	$'000	$'000
2017:			
Foreign currency forward contracts	54	–	54
2016:			
Foreign currency forward contracts	(136)	–	(136)

33. Financial instruments: information on financial risks (cont'd)

33E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counter-party has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

Financial guarantee in favour of a bank to secure bank facilities for a subsidiary – At the end of the reporting year no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2016: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Bank facilities:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Undrawn borrowing facilities	4,328	7,611	4,328	6,260

TThe undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

33F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial liabilities with interest:				
Fixed rate	117	163	117	163
Floating rate	–	3,590	–	3,590
Total at end of the year	117	3,753	117	3,753
Financial assets with interest:				
Fixed rate	13,657	14,704	12,837	12,000
Total at end of the year	13,657	14,704	12,837	12,000

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective Notes 21 and 26.

Sensitivity analysis: The effect on pre-tax profit is not significant.

33. Financial instruments: information on financial risks (cont'd)

33G. Foreign currency risks

Analysis of amounts denominated in major non-functional currencies:

Group 2017:	US dollar $'000	Euro $'000	Singapore dollar $'000	Total $'000
Financial assets:				
Cash	6,668	1	111	6,780
Trade and other receivables	9,058	–	251	9,303
Total financial assets	15,726	1	362	16,089
Financial liabilities:				
Trade and other payables	1,881	137	726	2,744
Total financial liabilities	1,881	137	726	2,744
Net financial assets (liabilities) at end of the year	13,845	(136)	(364)	13,345

Group 2016:	US dollar $'000	Euro $'000	Singapore dollar $'000	Total $'000
Financial assets:				
Cash	565	1	225	791
Trade and other receivables	11,919	–	47	11,966
Total financial assets	12,484	1	272	12,757
Financial liabilities:				
Trade and other payables	1,507	175	130	1,812
Total financial liabilities	1,507	175	130	1,812
Net financial assets (liabilities) at end of the year	10,977	(174)	142	10,945

Company 2017:	US dollar $'000	Euro $'000	Total $'000
Financial assets:			
Cash	6,380	1	6,381
Trade and other receivables	8,607	–	8,607
Total financial assets	14,987	1	14,988
Financial liabilities:			
Trade and other payables	1,154	108	1,262
Total financial liabilities	1,154	108	1,262
Net financial assets (liabilities) at end of the year	13,833	(107)	13,726

33. Financial instruments: information on financial risks (cont'd)

33G. Foreign currency risks (cont'd)

Company 2016:	US dollar $'000	Euro $'000	Total $'000
Financial assets:			
Cash	519	1	520
Trade and other receivables	11,459	–	11,459
Total financial assets	11,978	1	11,979
Financial liabilities:			
Trade and other payables	1,419	104	1,523
Total financial liabilities	1,419	104	1,523
Net financial assets (liabilities) at end of the year	10,559	(103)	10,456

There is exposure to foreign currency risk as part of its normal business. In particular, there is significant exposure to US dollars currency risk due to the large value of sales are made in the US dollars. In this respect, the group enters into foreign currency contracts on a rollover basis for the purpose of hedging the excess of anticipated sales in US dollar over purchases in US dollars. Note 31 illustrates the foreign currency contracts that are in place at end of the year.

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Sensitivity analysis:				
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an unfavourable effect on post-tax profit of	(1,385)	(1,098)	(1,383)	(1,056)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Euro with all other variables held constant would have a favourable effect on post-tax profit of	14	17	11	10
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the Singapore dollar with all other variables held constant would have a favourable/ an (unfavarouble) effect on post-tax profit of	36	(14)	–	–

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction on the profit or loss.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

34. Events after the end of the reporting year

On 8 January 2018, the Company entered into a non-binding term sheet and a supplemental term sheet with China Fortune-Tech Capital Co., Ltd in relation to the proposed disposal by the Company of the entire issued and paid-up share capital of certain subsidiaries of the Company (the “Target Companies”) (the “Proposed Disposal”).

The Target Companies are, or will be, wholly owned subsidiaries of the Company undertaking the Group’s semiconductor equipment business of designing and manufacturing of automated equipment for the semiconductor industry (the “Target Business”).

The Target Business is currently undertaken by the Company together with two of its wholly owned subsidiaries, namely, i.Pac Manufacturing Pte Ltd (“i.Pac”) and Generic Power Pte Ltd (“Generic Power”).

As contemplated under the Proposed Disposal, the Company will undertake a restructuring exercise such that its assets relating to, and the activities currently undertaken by it in connection with semiconductor business will be transferred or assigned to MIT Semiconductor Pte Ltd (the “SPV”) incorporated on 10 January 2018 with an issued and paid up capital of $1 comprising 1 ordinary share, all of which are held by Manufacturing Integration Technology Ltd (the “Proposed Restructuring Exercise”). On 23 February 2018, MIT Semiconductor Pte Ltd has increased its share capital by 999,999 ordinary shares of no par value were issued for cash at $1 each.

Consequently, the target companies will comprise of i.Pac, Generic Power and SPV.

The Group will cease to undertake the Target Business and will focus on its other business of contract equipment manufacturing and customised automation if the Proposed Disposal is closed.

35. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS (“INT FRS”) were issued by the Singapore Accounting Standards Council. None of these were applicable to the reporting entity.

36. New or amended standards in issue but not yet effective

The Singapore Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange Securities Trading Limited will apply a new financial reporting framework identical to the International Financial Reporting Standards for the reporting year ending 31 December 2018 onwards.

The Group expects that the adoption of the new financial reporting framework will have no material impact on the financial statements in the year of initial application.

In addition to the adoption of the new financial reporting framework, the Group will apply the Singapore Financial Reporting Standards (International) (“SFRS(I)”) with effect from annual periods beginning on or after 1 January 2018.

For the future reporting periods, new and revised SFRS(I) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) applicable to the Group were issued by the Singapore Accounting Standards Council as below and these will only be effective for future reporting periods.

36. New or amended standards in issue but not yet effective (cont'd)

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards Financial Instruments	1 Jan 2018
SFRS(I) 9	Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 15	Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

Management has performed a preliminary assessment of the impact of SFRS(I) 9 on the financial statements based on an analysis of the entity's financial assets and on the basis of the fact and circumstances that exist as at 31 December 2017. Concerning impairment of financial assets such as loans and receivables, the entity expects to apply a simplified approach to recognise lifetime ECL for these financial assets. Management is currently assessing the extent of this impact and they anticipate that the application of the ECL model of SFRS(I) 9 will result in earlier recognition of credit losses. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review that is in progress has been completed. In particular, the implementation of the new ECL model proves to be challenging and might involve significant modifications to the entity's credit management systems.

On the basis of the current accounting treatment of the major sources of revenue (see accounting policy in Note 2 and disclosures in Note 4 on revenue) the management does not anticipate that the application of SFRS(I) 15 will have a material impact on the financial position and / or financial performance of the entity, apart from providing more extensive disclosures on the revenue transactions. However, as the entity is still in the process of assessing the full impact of the application of SFRS(I) 15 on the financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the detailed review is completed.

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and its Interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained.

SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of $1,388,000 as at 31 December 2017 (Note 29), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. Thus, the reporting entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases - unless they qualify for low value or short-term leases upon the application of SFRS(I) 16 – which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

Shareholders' Information

As at 15 March 2018

I	Class of shares	:	Ordinary share
	Number of ordinary shares in issue	:	229,975,470
	Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	4	0.11	214	0.00
100 - 1,000	929	25.74	921,479	0.40
1,001 - 10,000	1,922	53.26	8,620,111	3.75
10,001 - 1,000,000	737	20.42	47,294,137	20.56
1,000,001 and above	17	0.47	173,139,529	75.29
TOTAL	3,609	100.00	229,975,470	100.00

II Treasury Shares and Subsidiary Holdings : NIL

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	MIT TECHNOLOGIES PTE LTD	120,627,910	52.45
2	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,027,681	4.36
3	DBS NOMINEES (PRIVATE) LIMITED	7,283,300	3.17
4	RAFFLES NOMINEES (PTE) LIMITED	6,032,700	2.62
5	KWONG KIM MONE	4,984,118	2.17
6	PHILLIP SECURITIES PTE LTD	4,948,600	2.15
7	CHAN KOK TUNG TOM	3,039,726	1.32
8	UOB KAY HIAN PRIVATE LIMITED	2,949,300	1.28
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,973,000	0.86
10	LIM CHIN TONG	1,804,000	0.78
11	HONG LEONG FINANCE NOMINEES PTE LTD	1,786,000	0.78
12	KWONG KAM SENG	1,379,147	0.60
13	CHUA SOK KHIM	1,350,000	0.59
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,335,800	0.58
15	LOW BOON YONG	1,287,400	0.56
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,191,700	0.52
17	ESTATE OF KONG KIM YIT, DECEASED	1,139,147	0.50
18	NG CHIAU MENG	1,000,000	0.43
19	TEO EE NAM (ZHANG DAILAN)	849,800	0.37
20	OCBC SECURITIES PRIVATE LIMITED	795,100	0.35
	TOTAL	175,784,429	76.44

Shareholders' Information

As at 15 March 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Kwong Kim Mone [1]	4,984,118	2.17	120,627,910	52.45
Kwong Kim Ho [2]	-	-	120,627,910	52.45
MIT Technologies Pte Ltd	120,627,910	52.45	-	-

Notes:

1 Kwong Kim Mone holds a total of 125,612,028 shares, of which 4,984,118 shares are held in his own name and 120,627,910 shares held in the name of MIT Technologies Pte Ltd ("MITT"). Kwong Kim Mone is deemed interested in the shares of MITT by virtue of section 7 of the Companies Act, Cap. 50.

2 Kwong Kim Ho is deemed interested in the shares of MITT by virtue of section 7 of the Companies Act, Cap. 50.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

40.25% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MANUFACTURING INTEGRATION TECHNOLOGY LTD (the "Company") will be held at Sapphire III, Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Thursday, 26 April 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Independent Auditor's Report thereon.

(Resolution 1)

2. To declare a final tax-exempt dividend of 0.75 Singapore cents per ordinary share for the financial year ended 31 December 2017 (FY2016: Nil):

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Constitution of the Company:

Mr Lim Chin Tong **(Resolution 3)**
Mr Kam Boon Cheong **(Resolution 4)**

Mr Lim Chin Tong will, upon re-election as Director of the Company, remain as Executive Director of the Company and a member of the Investment Committee and will be considered non-independent.

Mr Kam Boon Cheong will, upon re-election as Director of the Company, remain as Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Investment Committee and will be considered independent.

4. To approve the payment of Directors' Fees up to S$150,000 for the year ending 31 December 2018, to be paid yearly in arrears (FY2017: up to S$150,000).

(Resolution 5)

5. To re-appoint Messrs RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from new shares arising from the conversion or exercise of any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 7)**

8. **Authority to issue shares under the MIT Employee Share Option Scheme 2009**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing MIT Employee Share Option Scheme 2009 (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and MIT Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

9. **Authority to issue shares under the MIT Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing MIT Performance Share Plan (the "Plan") and (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of the existing shares held as treasury shares and/or the new shares as may be required to be delivered pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the Plan, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes pf the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

10. **Proposed Renewal of the Share Buy Back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") transacted on the Singapore Exchange Securities Trading Limited (the "SGX-ST") through the SGX-ST's ready market trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy Back Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; and

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate are carried out in full to the Prescribed Limit mandated;

(c) in this Ordinary Resolution:

"Prescribed Limit" means that number of issued Shares representing ten per centum (10%) of the total number of issued Shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the total number of issued Shares of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any subsidiary holdings and Shares which are held as treasury shares will be disregarded for purposes of computing the ten per centum (10%) limit;

"Relevant Period" means the period commencing from the date of the Annual General Meeting at which the renewal of the Share Buy Back Mandate is approved and thereafter, expiring on the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is earlier; and

"Maximum Price", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, one hundred and twenty per centum (120%) of the Average Closing Price (as hereinafter defined),

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Buy Back Mandate, in any manner as they think fit, which is permissible under the Companies Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient and necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Wong Yoen Har
Company Secretary
Singapore, 11 April 2018

Notice of Annual General Meeting

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

(iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards granted or to be granted under the Plan, provided always that the aggregate number of shares to be issued in respect of the Plan and Scheme collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

(iv) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company to buyback issued Shares from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the prices of up to but not exceeding the Maximum Price, being in accordance with the terms and subject to the conditions set out in Appendix to Shareholders dated 11 April 2018, the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited. This authority will, unless revoked or varied at general meeting, continue in force until the earlier of (i) the date that the next Annual General Meeting of the Company is held or required by law to be held and (ii) the date on which the purchase or acquisition of Shares are carried out in full to the Prescribed Limit mandated.

The Company may use internal sources of funds and/or external borrowings to finance the purchase or acquisition of its Shares pursuant to the Share Buy Back Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital or profits, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Purely for illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 December 2017, based on certain assumptions, are set out in paragraph 2.8 of the Appendix to Shareholders dated 11 April 2018. Please refer to the said Appendix for more details.

Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at Block 5004 Ang Mo Kio Ave. 5, #03-12, TECHplace II, Singapore 569872 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank.

MANUFACTURING INTEGRATION TECHNOLOGY LTD
Company Registration No. 199200075N
(Incorporated in the Republic of Singapore)

IMPORTANT
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and/or SRS Operator.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Approved Nominees and/or SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We ____

of ____

being a member/members of MANUFACTURING INTEGRATION TECHNOLOGY LTD (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held Sapphire III, Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Thursday, 26 April 2018 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For[1]	Number of Votes Against[1]
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Payment of proposed final dividend		
3	Re-election of Mr Lim Chin Tong as Director		
4	Re-election of Mr Kam Boon Cheong as Director		
5	Approval of Directors' Fees up to S$150,000 for the year ending 31 December 2018		
6	Re-appointment of Messrs RSM Chio Lim LLP as Independent Auditor		
7	Authority to issue new shares		
8	Authority to issue shares under the MIT Employee Share Option Scheme 2009		
9	Authority to issue shares under the MIT Performance Share Plan		
10	Proposed Renewal of the Share Buy Back Mandate		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this .... day of 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

....
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.
   "Relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Block 5004 Ang Mo Kio Ave. 5, #03-12, TECHplace II, Singapore 569872 not less than forty-eighty (48) hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.
9. Investors who have used their CPF/SRS monies ("CPF/SRS Investors") to buy shares in the Company may attend and cast their vote at the Meeting in person. CPF/SRS Investors who are unable to attend the Meeting but would like to vote, may inform CPF Approved Nominees and/or SRS Operators to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

(1) Fold along this line

Affix
Postage
Stamp

Manufacturing Integration Technology Ltd

Blk 5004 Ang Mo Kio Ave 5
#03-12 TECHplace II
Singapore 569872

(2) Fold along this line

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.