

RESPONSE TO SGX-ST REQUEST FOR ADDITIONAL INFORMATION ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

The Board of Directors of Avi-Tech Electronics Limited (the "**Company**") wishes to announce the information set out below in response to the request by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for additional information in respect of the Company's Annual Report for the financial year ended 30 June 2012.

SGX-ST Query

- (a) We note that the Group's Statements of Financial Position and the Consolidated Statement of Cash Flows presented on pages 43 and 47 of the Annual Report ("**Annual Report**") are materially different from that announced by the Company on 24 August 2012 ("**Results Announcement**"). In this respect, please clarify and disclose a reconciliation of the differences.

Company's response

The differences are as follows:

- (i) there is a reclassification of fixed deposit of S\$1,000,000 which was included in the Results Announcement under "Investing activities - Withdrawal from fixed deposits" as this amount of S\$1,000,000 represents a fixed deposit pledged for a period extending beyond 3 months to a financial institution for a bank loan. Further details are set out in Notes 7 and 18 of the Annual Report; and
- (ii) there is a re-classification of bank loan of S\$8,555,000 under current liabilities (as stated in the Results Announcement) to bank loan of S\$3,444,000 under current liabilities and bank loan of S\$5,111,000 under non-current liabilities (as stated in the Annual Report at page 43). The amount of \$5,111,000 represents a line of credit from a bank which bears an effective interest rate of 1.34%, is secured by a lien over deposits of the Company amounting to \$6,000,000 and financial guarantee provided by the Company and is repayable by 18 August 2013. Further details are set out in Note 18 of the Annual Report.

SGX-ST Query

- (b) With reference to the substantial shareholdings disclosed on page 91 of the Annual Report, please disclose how the deemed interests held by the substantial shareholders are held or derived.

Company's response

Mr Lim Eng Hong's deemed interest in 26,390,000 shares as at 3 October 2012 as disclosed on page 91 of the Annual Report arises from his deemed interest in the 20,590,000 shares held by his spouse, Loh Zee Lan, Nancy, 5,680,000 shares held by his daughter, Lim Wei Ling, Elaine and 120,000 shares held by his son, Lim Tai Meng, Alvin as at such date.

By Order of the Board

Lim Eng Hong
Chief Executive Officer
24 October 2012