



AVI-TECH ELECTRONICS LIMITED

19A Serangoon North Avenue 5 Singapore 554859

Tel: (65) 6482 6168 Fax: (65) 6482 6123

Website: <http://www.avi-tech.com.sg>

FOR IMMEDIATE RELEASE

Avi-Tech Electronics launches Initial Public Offering of 88 million shares at S\$0.33 each

- *Over 20-year track record as one of the region's leading providers of total Burn-In Solutions with numerous awards including Enterprise 50 No.1 Ranking in 1999.*
- *Established long term close working relationships with key global semiconductor customers.*
- *Healthy gross profit margin and strong order book of more than S\$14.35 million as at the Latest Practicable Date.*
- *Well positioned to capitalise on any change in demand for Burn-In solutions for semiconductor devices used in automotive products and microprocessors, outsourcing of Burn-In services and increased complexity of semiconductors.*

Singapore, 11 July 2007 – Avi-Tech Electronics Limited ('Avi-Tech') one of the region's leading 'one-stop' total Burn-In solutions providers to the semiconductor industry, today announced the launch of its initial public offering ('IPO') of 88 million new shares ('the New Shares') in connection with its listing on the Main Board of the Singapore Exchange Securities Trading Limited ('SGX-ST'). Its prospectus, dated 11 July 2007, relating to the IPO (the 'Prospectus') has been registered by the Monetary Authority of Singapore ('MAS') today.

Westcomb Capital Pte Ltd is the issue manager with **Westcomb Securities Pte Ltd** as the placement agent and underwriter for this IPO.

THE INVITATION

The Invitation comprises 88,000,000 shares representing approximately 25.1 % of Avi-Tech's enlarged share capital of 350,400,096 shares. Of the 88,000,000 shares being offered, 3,000,000 are being offered for public subscription. The remaining 85,000,000 shares are for placement, including 200,000 internet placement shares offered through the internet website www.ePublicOffer.com, and 8,800,000 reserved shares set aside for Non-Executive Directors, employees, suppliers, business associates and others who have contributed to the success of the Group.

At S\$0.33 per share, Avi-Tech is priced at an historical price earnings ratio of 9.8 times, based on the Groups net earnings per share of S\$0.337 for FY2006.

USE OF PROCEEDS

The IPO will raise net proceeds of S\$26.79 million of which approximately:

- S\$6.00 million will be used for the expansion of its customer base and widening of its portfolio services
 - S\$8.00 million will be used for potential mergers and acquisitions
 - S\$3.00 million will be used for the expansion of overseas operations
- with the remainder for the purposes of general working capital.

The Invitation will be opened on 12 July 2007, 2 p.m., and is expected to close on 23 July 2007, 12 noon. Trading of the Invitation Shares, on the SGX-ST on a 'ready' basis is expected to commence on 25 July 2007.

BUSINESS OVERVIEW

Over 20-year track record as one of the region's leading providers of total Burn-In Solutions

Incorporated and headquartered in Singapore since 1981, Avi-Tech is one of the region's leading 'one-stop' total Burn-In solutions providers to the semiconductor industry. Avi-Tech's business activities can be broadly categorised into the following segments:

- **Burn-In and Related Services** which encompasses Static Burn-In, Dynamic Burn-In and Test During Burn-In for semiconductor manufacturers, as well as tape and reel service for products that need to be delivered in reel form.

- **Design and Manufacture of Burn-In Boards and Boards Related Products** which involves the design, manufacture and assembly of Burn-In Boards for different types of Burn-In.
- **Engineering Services** which comprise full turnkey system integration services (built to design) and equipment manufacturing (design and build) services including parts procurement and fabrication, assembly and verification. Avi-Tech's **Equipment Distribution** business involves distribution of equipment and related products used in the semiconductor industry, in particular, third party Burn-In and test equipment used in the semiconductor industry for the Burn-In, testing and packaging of semiconductor devices. Avi-Tech also provides field service and application support for all equipment manufactured and distributed, in particular, equipment installation services, training and after sales service as well as first line repair services for locally-based customers of overseas technology partners.

Avi-Tech has global clientele located in Singapore, Taiwan, Malaysia, the People's Republic of China ('PRC'), USA, Europe, Thailand and the Philippines. Its major customers are key players in the global semiconductor business.

Mr E.H. Lim, Chief Executive Officer of Avi-Tech, said, "We have an established track record of over 20 years providing Burn-In solutions and related products and services. We have achieved success due to unrelenting commitment to satisfying customer needs in an efficient, and cost-effective manner. Avi-Tech is both a total solutions provider to the semiconductor industry as well as a niche player in that industry, providing system integration services for refrigeration-based High Power Burn-In Systems. It is our ability to constantly innovate, developing capabilities in technologies to meet our customers' requirements, that has allowed Avi-Tech to succeed in this industry and to offer good growth prospects."

FINANCIAL PERFORMANCE

Group revenue has grown from S\$22.59 million in FY2004 to S\$36.57 million in FY2006 with healthy gross profit margin and strong order book of more than S\$14.35 million as at the Latest Practicable Date

Avi-Tech has experienced strong growth for the past three years. Group revenue has grown from S\$22.59 million in FY2004 to S\$36.57 million in FY2006. In line with revenue growth, net profits before tax has grown from S\$5.49 million in FY2004 to S\$11.11 million in FY2006. The

Group has been achieving gross profit margin growth ranging from 37.7% in FY2004 to 42.5% in FY2006 with a healthy order book amounting to S\$14.35 million as at the Latest Practicable Date.

PROSPECTS & FUTURE PLANS

Well positioned to capitalise on any change in demand for Burn-In solutions for semiconductor devices used in automotive products and microprocessors, outsourcing of Burn-In services and increased complexity of semiconductors.

Avi-Tech is poised to benefit from the prospects of the semiconductor industry because of increasing demand for semiconductor devices, especially in the automotive and microprocessor sectors, and continued outsourcing of Burn-In services by semiconductor manufacturers to specialised Burn-In and testing companies. Additionally, the increasing complexity of semiconductors, will create opportunities for Avi-Tech to provide its Burn-In services and create a higher demand for High Power Burn-In systems for the Burn-In and test of such complex semiconductor devices for which Avi-Tech currently occupies a niche position as a service provider of such High Power Burn-In systems.

Mr Lim said, "Avi-Tech intends to seize the opportunities that a vibrant semiconductor industry presents. We will strengthen our market position and expand our customer base as well as widen our operational and technical capabilities in respect of products and services. We intend to do this through a continued focus on cost effective solutions, higher productivity, development of new technological capabilities and synergistic and strategic tie-ups with new technological partners. We will also consider setting up overseas facilities depending on customer needs." Presently, the Group is in the process of setting up Burn-In facilities in its new factory in Suzhou, PRC.

Proposed dividend of not less than 20%* of net profits attributable to shareholders for FY2007 and FY2008

"Avi-Tech's track record demonstrates our ability to leverage on our experience and expertise and augurs well for our next growth phase with this IPO. We are confident that our proven business model, strong fundamentals, and the prospects of the semiconductor industry, will

* The actual dividend declared in respect of any particular financial year or period will be subject to factors outlined in the Prospectus dated 11 July 2007 under "Dividend Policy". Investors should note that the statements above are merely statements of Avi-Tech's present intentions and shall not constitute a legally binding statement of future dividends.

make our Group an attractive investment proposition to potential investors. Furthermore, subject to the financial performance of the Group, our cash position, and investments opportunities that may present themselves, we intend to distribute not less than 20%* of net profit attributable to our Shareholders as dividend in FY2007 and FY2008," added Mr Lim.

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This press release should be read in conjunction with the full text of the final registered prospectus dated 11 July 2007. A copy of the final prospectus is available on the MAS OPERA website <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>

Copies of this Prospectus and the Application Forms may be also obtained on request, subject to availability, during office hours from Westcomb Securities Pte Ltd, 5, Shenton Way, #09-08, UIC Building, Singapore 068808 and from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. Anyone wishing to subscribe for the New Shares will need to make an application in the manner set out in the Prospectus. Full details of the application procedures are set out in the Prospectus.

About Avi-Tech

Incorporated in Singapore in 1981, Avi-Tech Electronics Limited is one of the region's leading 'one-stop' total Burn-In solutions providers to the semi-conductor industry. Our principal business activities involve the provision of Burn-In and Related Services, Design and Manufacture of Burn-In Boards and Boards Related Products and Engineering Services and Equipment Distribution.

For more information, please visit <http://www.avi-tech.com.sg>

For media enquiries, please contact:

Lim Siew Yin, 29 Communications, Tel: +65 9858 4673, Fax: +65 6728 6029,
siewyin@29communications.com.sg

Angelina Pereira, 29 Communications, Tel: +65 91914756, Fax: +65 6728 6029,
angiep@29communications.com.sg

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