PRIMETECH ELECTRONICS INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 1998

November 13, 1998

THE COMPANY

(a) Incorporation

Primetech Electronics Inc. (the "**Company**" or "**Primetech**") was incorporated on September 22, 1976 under the *Canada Business Corporations Act* under the name Tech-Rep Electronics Ltd. On July 31, 1984, the Company was amalgamated with its wholly-owned subsidiary C.M.A.C. Components Inc., and continued under the name Tech-Rep Electronics Ltd. On February 27, 1991, the Company changed its name to Primetech Electronics Inc. On September 30, 1997, the Company amalgamated with its controlling shareholder, 123182 Canada Inc., and continued under the name Primetech Electronics Inc.

The registered and principal office of the Company is located at 275 Kesmark Avenue, Dollard-des-Ormeaux, Quebec, H9B 3J1.

(b) Subsidiaries

The Company does not currently have any subsidiaries.

BUSINESS OF THE COMPANY

Overview

Primetech provides electronics manufacturing services (EMS) to major original equipment manufacturers (OEMs) in the communications, computer and consumer electronics industries. Primetech employs its engineering and manufacturing capabilities to offer its customers products manufactured to their specifications. The services provided by the Company include design, prototype, assembly and testing of printed circuit boards (PCBs) and subsystems, as well as full system integration. In its assembly operations, the Company uses pin through-hole PTH technology as well as advanced surface mount technologies (SMT) including ball grid array (BGA) and fine pitch SMT manufacturing processes. In order to provide turnkey solutions for its customers, the Company also offers services such as new product introduction (NPI) processes, advanced materials management and manufacturing technology, as well as testing, packaging and distribution services and after-sales support.

The Company's operations are currently carried on in a 55,000 sq. ft. manufacturing centre, an 11,000 sq. ft. logistics centre and a 5,000 sq. ft. mechanical assembly centre in Montreal, Quebec.

General Development of the Business

Primetech's original mission was to supply and distribute imported electronics and hybrid circuits to North American markets. After becoming one of the largest electronics representative companies in Canada, the Company, in early 1984, commenced offering electronics design and manufacturing services to key customers. During this phase of its development, Primetech developed the engineering and manufacturing capabilities to provide the resources of a responsive manufacturing partner to major industry leaders.

In 1991, the Company changed its name to Primetech Electronics Inc., reflecting its commitment to the EMS industry. Primetech's principal long-term relationships include Newbridge

Networks Corporation (since 1987), Apple Computer, Inc. (since 1990) and Sun Microsystems, Inc. (since 1991).

In May 1998, in anticipation of an initial public offering, the Company completed a reorganization pursuant to which certain non-core assets were transferred to a wholly owned subsidiary of Primetech. The shares of this subsidiary were then distributed to Primetech's shareholders pursuant to a dividend declared on May 21, 1998.

In July 1998, Primetech completed an initial public offering of common shares which raised net proceeds for the Company of approximately $28 million.

In December 1998, the Company purchased a building having an area of 123,000 sq. ft. in Kirkland, Quebec. The Company intends to consolidate its operations in such building beginning in April 1999 and it is expected that the consolidation will be completed during fiscal 1999.

Manufacturing Capabilities and Services

Primetech offers a broad range of advanced manufacturing process technologies and responsive and flexible manufacturing services. Such technologies and services include the following:

Design and Prototype Services: As its customers experience greater competition and shorter product life cycles in their respective industries, Primetech has responded by expanding its design and prototype services. By applying its NPI procedures, (including design for manufacturability and design for test capabilities), to the design and prototype of a customer's product, the Company's engineering team assists the customer in improving the manufacturability and performance reliability of the product, thereby reducing production time and costs. The Company's and its customers' design, production, quality and engineering teams work together to deliver products that will meet customers' specifications for functionality and reliability, while providing solutions that are optimized to Primetech's manufacturing environment. Following completion of the design and engineering of a product, the Company has the ability to manufacture prototypes or preproduction versions of the product for customers who require this service. Primetech only provides its design services to customers where Primetech will receive subsequent production orders.

Materials Procurement and Management: By using an advanced MIS system with real time features and working with suppliers who recognize the needs of the EMS industry, the Company is able to commit to production plan changes and materials supply changes almost instantaneously. The Company's integrated management information system MIS tracks components and materials from the time a customer provides a forecast to delivery, thus enabling the Company to efficiently procure components and materials, determine inventory levels by customer and monitor the flow of parts through each major step of the production process. Primetech's supplier relationships include flexible scheduling agreements which enable the Company to respond rapidly to changes in OEMs' production requirements.

Manufacturing: The majority of PCBs assembled by the Company utilize SMT, and an increasing percentage employ fine pitch SMT and double-sided SMT assembly. Primetech has also integrated BGA placement capabilities into its manufacturing processes. Primetech's investment in specialized equipment includes eight SMT manufacturing lines. In addition, Primetech continues to devote resources to develop new process technologies to support changing customer requirements.

The Company has developed close working relationships with key suppliers of manufacturing equipment who are continually advancing the manufacturing process. Primetech's selection of cost effective, flexible production equipment provides the Company with the tools to reduce the time required to make production line changes and meet fluctuations in production plans. Time saving reductions flow from the distributed intelligent architecture of the equipment, including intelligent feeders which can be moved from machine to machine or line to line, without the need to reprogram the equipment. This flexible set up allows the Company to react promptly to changes in the production plan while maintaining high capacity utilization. Primetech has achieved high customer satisfaction ratings for quality, flexibility and on time delivery, according to a recent customer survey conducted by the Company.

Testing: In consultation with its customers, Primetech defines the testing methodology, writes the software, and designs the test fixtures to provide a functional and cost-effective test platform. Test platforms are designed to suit the Company's requirements for flexibility. The equipment combines component verification with functional testing, allowing for efficient in-line testing. Test platforms utilize standardized revision-controlled test plans, procedures and reports. Automated optical inspection equipment has been added to the manufacturing process to inspect components not verified by electrical test methods. The Company has installed x-ray inspection equipment and increased use of automated optical inspection equipment to further enhance its testing processes.

Full System Assembly: In addition to subsystem assembly, the Company offers full system assembly services. These services are supported by the Company's business process management systems to rapidly procure components, assemble and perform testing, and distribute products to customers worldwide.

Distribution and After Sales Support: The Company manufactures products which are integrated into end products at various geographic locations. The Company custom designs packaging for shipment to OEMs, as well as shelf-ready packaging for retailers. The Company's business process management system coordinates distribution to customers worldwide on a ship to stock, just-in-time basis. In addition, after sales support is provided as needed.

Customers, Marketing and Sales

The Company is focused on establishing long-term customer relationships with OEMs operating in the communications and computer industries. Although the Company provided EMS services for approximately 50 customers in fiscal 1998, 14 of Primetech's customers associated with three major OEMs (Apple Computer, Newbridge Networks and Sun Microsystems) accounted for approximately 87% of the Company's fiscal 1998 sales with each of these OEMs indirectly accounting for more than 10% of the Company's fiscal 1997 sales. Currently, Primetech has the world supply mandate for over 250 products which it manufactures for these three OEMs.

The Company has implemented a customer team approach to provide dedicated service to its customers. Each customer team typically consists of a program manager, a senior purchasing manager and a materials planner, resulting in a cohesive group with expertise in the production process. Each team interacts with its designated customer on a regular basis and works with Primetech engineering and manufacturing personnel to enhance responsiveness to such customer. On the production floor, dedicated manufacturing cells are assigned to each customer.

The Company derives substantial recurring sales from current customers. Each program manager of a customer team is responsible for generating additional business from his or her designated customers. Similar to other EMS providers, Primetech derives a substantial portion of new customer business through its reputation and customer referrals. The Company also utilizes independent sales representatives located in Canada and the United States to develop business leads.

Employees

As of January 21, 1999, the Company had 432 full-time employees supplemented from time to time by part-time employees. The employees are not represented by a union, and the Company believes its employee relations to be very good. Internal advancement is encouraged by Primetech and is based on merit and not seniority.

Geographic Markets

The Company supplies products and services to customers operating in North America, Europe and Asia. Sales from the United States accounted for approximately 73% of the Company's revenue in fiscal 1998. The Company intends to expand by acquiring strategically located facilities which will enhance its ability to provide regional support to its customers and position Primetech to further improve its share of business from existing and new customers.

Competition

Primetech competes in the highly fragmented EMS industry which is characterized by intense competition. The Company believes that the principal competitive factors in the EMS industry are price, quality, as well as manufacturing flexibility and capability. The Company competes against numerous domestic and foreign EMS providers, including AVEX Electronics, Inc., Benchmark Electronics, Inc., Celestica Inc., Flextronics International Ltd., IEC Electronics Corp., Jabil Circuit Inc., SCI Systems, Inc. and Solectron Corporation. Many of the Company's competitors are significantly larger and have greater financial, technical and marketing resources than the Company. The Company believes that expansion of its manufacturing capacity will allow the Company to increase its penetration of present customers and provide Primetech with the capacity required to attract and service new customers. The Company believes that through its business process management system and qualified employees, it is well-equipped to manage this growth.

Facilities

The Company currently carries on its operations from three leased facilities. Primetech's principal facility in the Montreal suburb of Dollard-des-Ormeaux, Quebec contains 55,000 sq. ft. of which approximately 21,000 sq. ft. is used by the Company's executive offices, and 34,000 sq. ft. is used for surface mount technologies and pin through-hole assembly operations, final system assembly operations, and customer support functions. The building is under a ten year lease, which expires in September 2001.

In addition, the Company leases a 11,500 sq. ft. logistics centre in the Montreal suburb of Pointe-Claire, Quebec, principally used for receiving materials, quality audit and material staging. This building is under a fifteen-month lease, which expires in March 1999.

The Company also leases a 5,000 sq. ft. mechanical assembly centre in the Montreal suburb of Pointe-Claire, Quebec. The building is under an eighteen-month lease, which expires in December 1999.

In January 1999, Primetech acquired a facility in Kirkland, Quebec having an area of approximately 123,000 square feet. Construction and renovation work on the building is expect to commence in the second quarter of fiscal 1999 and once completed, the Company's current operations will be consolidated in such building.

Environmental Matters and Product Liability

The Company is required to comply with all federal, provincial, and municipal regulations regarding protection of the environment. The Company believes that its facilities currently comply in all material respects with all applicable regulations regarding environmental protection. The cost to the Company of such compliance to date has not materially affected the Company's business, financial condition or results of operations.

The Company maintains product liability and other insurance coverage which it believes to be generally in accordance with industry practices.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(a) Five-Year Consolidated Financial Information

The following table sets forth selected consolidated financial data for the last five fiscal years of the Company:

	1998 12 months	1997 12 months	1996 14 months	1995 12 months	1994 12 months
		(in thousands of dollars except per share figures)			
Sales	89,013	68,909	42,301	16,047	13,338
Income from continuing operations	8,301	4,586	1,082	796	288
Net income	11,074	430	711	817	466
Net income per share					
Basic	1.03	0.04	0.07	0.08	0.04
Diluted	1.02	0.04	0.06	0.07	0.04
Assets	56,143	24,954	17,701	9,577	8,085
Long-term debt	---	1,021	1,813	1,199	1,392

(b) Selected Quarterly Financial Data

The following table sets forth selected quarterly (except where otherwise indicated) financial data covering the last eight quarters ending with the most recently completed fiscal year of the Company:

Information by quarter

(in thousands of dollars except per share figures)

	September 98	June 98	March 98	December 97	September 97	June 97	Six Months Ended March 31, 97
Sales	23,795	21,857	21,055	22,306	17.080	20,133	31,696
Income from continuing operations	2,166	1,813	1,759	2,563	988	1,411	2,188
Net income	2,166	1,598	4,864	2,446	(104)	644	(110)
Net income per share							
Basic	0.17	0.16	0.49	0.24	(0.01)	0.06	(0.01)
Diluted	0.17	0.16	0.49	0.24	(0.01)	0.06	(0.01)

(c) Dividends

The Company has not declared any cash dividends during the five fiscal years ended September 30, 1998. The Company's current intention is to reinvest its earnings to finance the growth of its business. Any future determination to pay cash dividends will remain at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AND FINANCIAL STATEMENTS

Pages 12 through 17 of the Company's 1998 annual report are incorporated by reference in this Annual Information Form.

MARKET FOR SECURITIES

The common shares of the capital of the Company are listed on The Toronto Stock Exchange and the Montreal Exchange.

DIRECTORS AND OFFICERS

The following table sets forth the name and municipality of residence, the position held with the Company and the principal occupation of each director and officer of the Company.

Name and Municipality of Residence	Position Held with Primetech	Director Since	Principal Occupation
JOHN MCALLISTER........... Pincourt, Quebec	President, Chief Executive Officer and Director	1976	President and Chief Executive Officer of the Company
GORDON M. GRAY(2)......... Vaudreuil-Dorion, Quebec	Executive Vice-President and Director	1983	Executive Vice-President of the Company
DAVID BROWN(1)............... Vaudreuil-Dorion, Quebec	Vice-President Finance, Secretary-Treasurer and Director	1993	Vice-President Finance and Secretary-Treasurer of the Company
PAUL HARRIS(1), (2) .... Westmount, Quebec	Director	1998	Partner, Goodman Phillips & Vineberg, Montreal (Barristers and Solicitors)
JOHN SIMONS(1), (2)............ Montreal, Quebec	Director	1998	President, John H. Simons Consultants Inc. (management consultant firm)

(1) Member of the Audit Committee of the Board of Directors.
(2) Member of the Compensation Committee of the Board of Directors

During the last five years, all of the above directors and officers of the Company have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, and except for John Simons, who prior to June 1994, was President and Chief Executive Officer of Canadian Marconi Company.

As a group, the directors and senior officers of the Company beneficially own, directly or indirectly, or have control or direction over approximately 59.8% of the common shares of the capital of the Company.

The term of office of each director expires at the annual meeting of shareholders, unless such director is re-elected. There is no executive committee of the board of directors of the Company.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of Primetech's securities and options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's management proxy circular dated February 3, 1999. Additional financial information is included in the Financial

Statements of Primetech and Notes thereto for the financial year ended September 30, 1998. Copies of these documents may be obtained upon request from the Secretary of the Company at its head office, 271 Kesmark, Dollard-des-Ormeaux (Quebec) H9B 3J1, telephone (514) 421-0023.

In addition, when the securities of Primetech are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed, the following documents may be obtained free of charge from the Secretary of Primetech:

(i) one copy of the Annual Information Form, together with one copy of any documents or portion thereof incorporated by reference therein;

(ii) one copy of the comparative financial statements of Primetech for its most recently completed financial year together with the report of the auditors thereon and one copy of any interim financial statements of Primetech subsequent to the financial statements for its most recently completed financial year;

(iii) one copy of Primetech's management proxy circular for its most recent annual meeting of shareholders which involved the election of directors; and

(iv) one copy of any other documents that are incorporated by reference in the preliminary short form prospectus or the short form prospectus.

At any time, one copy of the documents referred to in subparagraphs (i), (ii) and (iii) above will be provided free of charge upon request to the Secretary.