



**PNE INDUSTRIES LTD**  
Company Registration no. 199905792R  
(Incorporated in the Republic of Singapore)

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**ANNUAL GENERAL MEETING TO BE HELD ON 21 JANUARY 2021  
- RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS**

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The Board of Directors of PNE Industries Ltd (the "**Company**", together with its subsidiaries, the "**Group**") refer to the notice of the annual general meeting ("**AGM**") dated 5 January 2021.

The Company would like to thank shareholders for submitting their questions in advance of the Company's 21<sup>st</sup> AGM to be held by way of electronic means on 21 January 2021 at 9.00 a.m. in accordance to the deadline set out in the notice of AGM.

The questions and responses are as follows:

**Question 1:**

**Given the recent outbreak of Covid-19 cases in Malaysia, which is a key location for the Group's manufacturing facilities, has the manufacturing capacity been affected due to labour shortages/mandated shutdowns? How is the Group mitigating this?**

**Company's response:**

Our factory in Johor Bahru has taken measures to mitigate the risk of Covid-19 infection for our employees. Social distancing and other Covid-19 safety measures including the temperature monitoring of our employees, mandatory face mask wearing, increased frequency of sanitization, disinfection of facilities etc. are carried out within our factory. We also ensure no over-crowding in our hostel and conduct regular checks at our hostel. We also deploy round-the-clock security guard to ensure our employees adhere to our Covid-19 regulations at the hostel. Moving forward, we remain highly concerned about the possibility of a partial or complete temporary closure of our operations again in future, whether due to general restrictions imposed by the authorities because of an escalation of the pandemic, or due to specific directive by the authorities on us because of possible positive tests or contacts by any of our staff with suspected or confirmed COVID-19 patients.

**Question 2:**

**The Group's top 3 customers account for over 70% of the total revenue. Are the prospects and order book of these customers reasonably robust in terms of new products, product ramps or end of life cycles, to give you good visibility into FY21?**

**Company's response:**

The Group expect orders from its customers to remain stable but due to this pandemic, business climate remains uncertain. Furthermore, the electronic components manufacturers are projecting a component shortage crisis in 2021 which adds more uncertainties to our business outlook. This pandemic has added turnaround time in different phases of production development and stretching the time frame of new product introduction.

**Question 3:**

**Does the Group expect Brexit to have a direct negative impact on the Group's business?**

Company's response:

The Group does not expect Brexit to have a significant direct negative impact on our business as we do not export goods to the UK. Nevertheless, Brexit has led to much uncertainty in the European economy. With a considerable portion of our customers based in Europe, the market for our products may still be affected.

**Question 4:**

**The dividend/share for FY20 is 8 cents, compared to EPS of 7.4 cents. While we are grateful for the generous payout, is the kind of payout sustainable from an accounting perspective? Would the Group consider a one-off special dividend or capital reduction if management deems there are excess capital?**

Company's response:

The Group manages its fund cautiously and in this unprecedented period, the Group feels it can release some of its fund back to its shareholders. As always, the Group continually looks out for investment opportunities to enhance shareholders' values. Even with the current payout, the Group still has sufficient fund to deploy should there be good opportunities for the Group to act on.

**Question 5:**

**Why is the decline in revenue from Netherlands/Poland so sharp this year? Does the decline relate to a single customer?**

Company's response:

As reported in our FY2019 Annual Report, there was a surge in our contract manufacturing segment sales in that year due to a customer's strategic expansion of its sales channels. The decline in FY2020 is due to the absence of this activity.

**Question 6:**

**Can the management provide more details regarding the business of DSP Innovation BV ("DSP"). What is the synergy of this investment to the business of PNE?**

Company's response:

DSP is in the business of providing solutions for integration of health, welfare, building maintenance, systems, ICT and energy management. DSP uses a universal and vendor-neutral infrastructure that connects wireless equipment and systems based on open standards. Please refer its official website at <https://www.swyco.com/en> for more details of its business.

We produce the devices for DSP's products and see the potential of its business. We worked with the founder directly and see in him an entrepreneur with drive and passion in his business.

By Order of the Board

TAN MENG SIEW  
Company Secretary  
Singapore

Date: 20 January 2021