



Manufacturing Integration Technology Ltd.

(Company Registration NO. 199200075N)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUERIES FROM SGX-ST ON THE COMPANY'S ANNUAL REPORT 2020

The board of directors (the “**Board**”) of Manufacturing Integration Technology Ltd. (the “**Company**”) wishes to announce the response to the following queries received from Singapore Exchange Securities Trading Limited (the SGX-ST”) relating to the Company’s Annual Report for the financial year ended 31 December 2020 (“Annual Report 2020”):

Query 1

- (a) With reference to the audited consolidated statement of cash flows on page 69 of the Company’s Annual Report 2020, please provide an explanation for the material difference in the following:
- (i) Net cash flows used in operating activities of approximately \$667,000, as compared to the unaudited financial results announcement of the Company of \$779,000; and
 - (ii) Net cash flows used in financing activities of approximately \$1,003,000, as compared to the unaudited financial results announcement of the Company of \$935,000 for the financial year ended 31 December 2020.

Company’s response:

	Unaudited	Audited	Variance		Note
	S\$'000	S\$'000	S\$'000	%	
Net cash flows used in operating activities	(779)	(667)	112	14.4	(i)
Net cash flows used in financing activities	(935)	(1,003)	(68)	7.2	(ii)
Net increase in cash and cash equivalents	6,630	6,630	-	-	
Cash and cash equivalents at 31 December 2020	15,550	15,550	-	-	

Notes:

1. The variance in (i) and (ii) are mainly due to the effect of currency translation differences in consolidation of MIT Group foreign operation’s – MIT (Shanghai) Co., Ltd in accordance with SFRS(I) 1-21 (44) *The Effects of Changes in Foreign Exchange Rates*.
2. These variances do not have any impact to the Net increase in cash and cash equivalents and Cash and cash equivalents as at 31 December 2020.

Query 2

Please also explain whether and how the Company has complied with Listing Rule 704(6).

- (b) Provision 2.2 of the Code of corporate governance 2018 (the “Code”) states that, “Independent directors make up a majority of the Board where the Chairman is not independent”.

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2 of the Code as independent directors do not make up a majority of the Board where the Chairman is not independent. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Company’s response:

The Board has six (6) Directors, comprises five (5) Non-Executive Directors with three (3) of them independent and one (1) Executive Director, thus providing a strong independent element on the Board, and there are adequate safeguards and checks in place to ensure that decision making process by the Board is independent. Although the independent directors are not in a majority, the Board has always discussed important issues robustly and have always been able to reach a consensus on the votes without having to rely on any majority votes to decide nor having an individual or small group of individuals dominate the Board’s decision-making process.

The Board also has a Lead Independent Director to provide leadership in situations that may be conflicted.

The mix of Directors as a group provide an appropriate balance and diversity. The Board has also considered the current size, scope, nature of operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, especially in the current economic climate where cost considerations and agility of the Board in decision-making are critical to the Company.

In view of the foregoing, the Board is of the view that the Board’s composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

Query 3:

Provision 2.4 of the Code states that, “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.”

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please state if the Company has a formal board diversity policy and clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Company's response:

The Board has adopted a Board Diversity Policy which sets out the framework for promoting diversity on the Board of the Company. In the process of searching for qualified persons to serve on the Board, the Nominating Committee ("NC") shall strive for the inclusion of diverse groups and the final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board.

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment. In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board believes that board diversity is more than just about gender diversity and embraces other factors such as backgrounds, skill sets, life experiences, abilities and beliefs for a better Board performance.

The benefits of Board diversity could only be harnessed if Directors adopt an independent mind-set when carrying out their responsibilities. In order to gather and leverage on diverse perspectives, the Non-Executive Chairman strives to cultivate an inclusive environment where all Directors are able to speak up and participate in decision making. The ultimate decision for new Board appointments will be based on merit and contribution that the selected candidates are expected to bring to the Board.

The Board is made up of a team of high calibre whose diverse expertise and experience in strategic planning, accounting and finance, legal and regulatory, business and management, industry knowledge combined provides core competencies necessary to lead and govern the Group effectively.

Each Director has been appointed on the strength of his caliber, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group's strategies and the performance of its business.

In view of the foregoing, the Company believes that it has complied with Provision 2.4 of the Code having directors who as a group provide the appropriate balance and mix of skills, knowledge, experience.

By Order of the Board
Manufacturing Integration Technology Ltd.

Lim Chin Hong
Executive Director and Chief Executive Officer

26 April 2021