

SPINDEX INDUSTRIES LIMITED

(Registration No. 198701451M)

RESPONSE TO QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE 2020 ANNUAL REPORT

The Board of Directors (the “**Board**”) of Spindex Industries Limited (the ‘**Company**’) and its subsidiaries (the “**Group**”) wishes to announce the following in response to the questions raised by shareholders:

- 1. What is the impact of COVID-19 moving forward, and what is the outlook for Spindex in FY2021?**

Company’s Response:

The business environment continues to remain cautious and challenging. In addition to the trade tariffs, Covid-19 has compounded the economic uncertainties on the supply and demand for our products. We expect volatility to increase, with increased pricing pressures from all our customers and potential supply chain risks. We will monitor market conditions closely and manage the business prudently from a long term perspective. Our efforts to consistently improve our competitive edge will position us well with our customers.

- 2. Will your new Hanoi plant take over some of China’s capacity?**

Company’s Response:

The new plant at Hanoi will provide the Group with the flexibility to take on new projects with existing and new customers. We constantly evaluate the optimal balance of our productive resources across all our plants in the region with the Hanoi and China facilities and are strategically positioned to serve our customers.

- 3. What is the plan for the Company with regards to the large cash balance; with respect to the market cap, 50m / 90m?**

Company’s Response:

The Board takes into account several factors in deciding the amount of cash position in the Group. Such factors include, but are not limited to:

Cash being used for the renewal and expansion of plant (eg. building of new factories) and equipment to allow the Group to better allocate resources and be competitive over the longer term.

Maintaining sufficient cash resources in the uncertain business environment.

The cash reserves will also provide the Group with the financial flexibility to capitalise on business opportunities as and when they arise.

4. **Given the increasing labour costs in China and the trade tariffs with the US, why are you investing to expand your operations in China?**

Company's Response:

China remains an important and strategic location for our customer base. The supporting industries are well developed and competitive. The new facility in Nantong, which is located near developed logistical infrastructure, suits our expansion. This will allow us to allocate our resources correctly and be more competitive over the long term.

5. **Your balance sheet is strong. Will you consider growth through acquisition?**

Company's Response:

Our balance sheet strength and cash balances provide us with the flexibility to capitalise on new business opportunities. We will consider growth through organic expansion, acquisitions and joint ventures. Our joint venture, setup with Acuger Precision Corporation in Hanoi, allows us to improve our product capability to customers within the Group's geographical presence.

BY ORDER OF THE BOARD

Tan Choo Pie @ Tan Chang Chai

Chairman

22 October 2020