

## **InnoTek Limited**

(Company Registration No. 199508431Z)  
(Incorporated in the Republic of Singapore)

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### **INNOTEK 25th ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2021 RESPONSES TO SHAREHOLDERS' QUESTIONS**

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The Board of Directors of InnoTek Limited together with its subsidiary, Mansfield Manufacturing Co. Ltd, would like to thank shareholders for submitting their questions in advance of our 25<sup>th</sup> Annual General Meeting to be held by electronic means on 29 April 2021.

Below are our responses to shareholders' questions through the following categories :

- (1) Operations
- (2) Finance related , Cash and other investment
- (3) Others

Please refer to our responses to the questions as set out in Appendix 1.

The questions and our responses will also be posted on our website at :

[www.innotek.com.sg](http://www.innotek.com.sg)

By Order of the Board

Linda Sim Hwee Ai

Company Secretary

## Answers to questions of InnoTek Shareholders at the 25th AGM on 29 April 2021

Category	No	Questions	Response	
Operation Related	1	Beyond its existing capabilities, what kind of skill sets is the management looking to acquire to expand into new segments/customers?	We are in the process of developing new fields of business, mainly focusing on the development and supply of medical equipment, 5G related products.	
	2	What kind of M&A targets is management looking for, if any?	Our M&A targets are mainly in the Chinese and East/Southeast Asian markets, in our current industries as well as new business. We do not rule out going into partnership with suppliers of our core technology and reputable customers. We will actively look out for these targeted establishments.	
	3	Does management have a revenue growth target over a period of time? If so, could you share your target and how to achieve this?	Expanding our business has always been the strategic direction of our Management Team. In the field of Office Automation (OA), we are looking for the expansion of assembly operation. In the automotive segment, we will strengthen our foundation through strategic cooperation with core customers, and play important roles in their domestic and foreign supply chains. At the same time we will continue to develop new customers	
	Congratulations on a pleasing set of results. Well Done!			
	4	1	What are the latest employee numbers at Innotek?	1 The total number of employees of the group as of the end of March 2021 is 1,872.
		2	Are there plans to expand the workforce to keep pace with the business (if any)?	2 In recent years, we have strictly controlled the number of employees, resulting in improved performance. Going forward, we will continue to control the number of indirect labor, and at the same time strengthen other strategic departments (Marketing, Technology, Quality control, etc.) to improve the Group's performance and product quality. We are looking into the expansion in the area of Assembly.
	5	Page 8 of Annual Report ("AR") , Mr Lou commented on auto industry shift towards EV, has there been new customers in this area?	We are now monitoring the trend of China's auto development towards EV, and have begun supplying EV car customers some existing products. Also we will continue to monitor customer trends in this area	
	6	Page 6 of AR - Is parts assembly for both Auto and OA a deepening value proposition for InnoTek in future? Can the AR feature this in future?	Progressing from parts manufacturing to parts assembly is a strategic direction of our Group, as this will improve the value-added of our products. We will pay attention to this aspect .	
	7	On TV/display segment, after Covid demand for 2020, are there new customers in this area?	In the field of TV/Display, we will focus on strengthening our position and relationship with existing customers, in addition to developing new customers.	
8	On a macro level, with bifurcation due to China/US trade war/rivalry, will the company pursue a 2-tier model for customers both in and outside China by exploring more production sites outside China? or expand in Thailand? Thank you once again, both to Board and management of InnoTek. Really appreciate all the hard work and effort that has gone in to steer the company through another tough year Looking forward to more good years ahead under Mr Chandaria and Mr Lou.	The Board & Management of InnoTek like to thank all shareholders for their continued trust and support in the management of the Company. We will continue to pay attention to the impact of Sino US relations and international situation changes, pay close attention to the trends & needs of our customers, and supply services to our customers in Southeast Asia region, including Thailand.		
9	Describe InnoTek's financial performance over the past few years. What strategies have you put in place to maintain or accelerate the growth trajectory?	The Group has been profitable since 2016. Sales remained stable (with the exception of 2019 Sino US trade war and 2020 COVID-19's impact, where sales declined). In the past 5 years, our basic strategy was to increase revenue and reduce expenditure and expand innovation. We have stabilized our key customers and also developed a new batch of customers. The introduction of automation and staff incentive mechanism continuously optimise the production cost.		

## Answers to questions of InnoTek Shareholders at the 25th AGM on 29 April 2021

Category	No	Questions	Response
Operation Related (Cont'd)	10	What are the factors that are critical to InnoTek's success against competition? What differentiates InnoTek from competition?	In the past InnoTek was not competitive, mainly in terms of cost and quality. The company has been improving its technical capability. In recent years, we have been focusing on improving QCDS (quality, cost, delivery and service), which has yielded great results and won the trust of our customers.
	11	What notable developments can shareholders expect from InnoTek in the coming year(s)?	We are paying close attention to the recovery of various industries after COVID-19 and will continue to seize the opportunity to cooperate with customer to meet their needs. We strive for continuous growth in revenue and profit, while balancing increasing material prices and labour costs .
	12	Were there any notable new customers that InnoTek has won? If it is commercially sensitive to mention the name, can you give some colour on them so that we can appreciate the progress InnoTek has made?	Through the development in recent years, we have gained some new customers in Auto, TV and other Industries. We will continue to work hard to maintain good relationship with these customers and secure their trust in us. We are unable to share the names at this time due to confidentiality.
	13	Specifically on automotive segment, given the long qualifying period and long production cycle, InnoTek were not winning new programmes in the periods prior to the entrance of current CEO Mr Lou, this has lead to a vicious cycle of existing program ended with no new programmes to replace them in the past years. However, with the entrance of CEO Mr Lou, he has stabilised the operations and the company, won the faith of existing and new customers, this should lead to a virtuous cycle from a low base of automotive activities. Could we know what kind of growth trajectory for the automotive segment can we expect in the next few years?	According to the IHS Markit report, light vehicles will maintain a certain growth in both China and overseas markets in the next few years. Within China alone, the number of light vehicles is likely to increase from 23.7 million units in 2020 to 28 million units in 2023, and the rate of growth is expected to increase. This presents a great opportunity for us and we will seize this opportunity to work closely with our customers and expand our market share.
	14	Are we expecting the revenue for the Auto division and OA division to be higher in 2021 compared to 2020 as of 31 Mar 2021?	China's auto industry has seen a strong recovery, and we hope the recovery in demand for OA products experienced in the second half of FY'20 will continue in 2021. Given these factors, we look forward to higher revenue for these two divisions .
	15	You have listed Wistron, SONY, AMTC, KONKA and Skyworth as our customers in the TV/Display division. Did we manage to add any new customers in the TV/Display division as of 31 Mar 2021? If yes, could you provide the list?	We are expanding our new customers in the TV / display sector due to confidentiality and to protect the interest of our customers, we are not able to provide the list at this stage.
	16	You have stated on page 8 of FY2020 Annual Report that "Looking ahead, China's AUTO division is experiencing great change, with a clear shift towards electric vehicles ("EV"). For InnoTek, our precision metal components also serve EV manufacturers.". Is there any new technology or process required to serve the EV manufacturers?	To provide stamping parts for EV vehicles is a goal of our Group and an important topic for our management. However, we need to do more research and investment on technology to use lighter materials in the manufacturing process .
	17	Is our Auto division profit margin lower than TV/Display division in general?	The profitability of each business segment products varies depending on the competitive and economic environment. TV/display products require more manufacturing processes and auto division programmes are longer term and more stable.

## Answers to questions of InnoTek Shareholders at the 25th AGM on 29 April 2021

Category	No	Questions	Response
Finance related , Cash and Other Investments Related	18	Management has been trying to extract cash from its overseas subsidiaries in China to repatriate back to Singapore for a number of years. Could you update us on the progress and the planned use of the cash?	We have been able to sweep cash from our operations in China by first using the reserves not required for their operation to pay dividends to Mansfield Manufacturing Company Limited, HK ("MSF HK"). The funds has been used by MSF HK to declare dividend to InnoTek and fully repaid the loan from InnoTek. The remaining funds were retained for their own working capital and investment requirements such as Mansfield Thailand. Funds received by InnoTek have been used to declare dividend to InnoTek shareholders and to provide for future investment requirements.
	19	I understand that the tax concession in China has already expired. Has the company managed to apply for or renew the tax concession?	The high technology tax concessionary incentive of a subsidiary of our group had expired in 2020, and we had obtained the approval to continue enjoying this incentive policy for another 3 years.
Others	20	What are some of the key Environmental, Social and Governance ("ESG") factors that are material to the Group?	Please refer to the our 2019 Sustainability Report in our InnoTek website at <a href="http://innotek.listedcompany.com/sr.html">http://innotek.listedcompany.com/sr.html</a> for the key ESG factors that are material to the Group. The Group will release the 2020 Sustainability Report to InnoTek shareholders by end of May 2021.
	21	What is InnoTek's value proposition to its shareholders and potential investors? What do you think investors may have overlooked about InnoTek's business?	InnoTek's value proposition to its shareholders and potential investors are :
			1 Offer strong expertise in precision components to supply and add value to top Chinese and globally diversified customers in multiple sectors.
	22	Can Chairman Mr Neal Chandaria and CEO Mr Lou Yiliang share their respective business/management philosophy? Were there any conflict? And how their business/management philosophy has make a difference to the successful turnaround of InnoTek?	2 Strong execution based on efficiency and productivity. We look to provide consistent growth and profitability so as to provide stable and growing return to shareholders and investors. We hope that investors will appreciate our strong balance sheet , diversified customer base and our strong technical expertise and execution skill.
			1 The Chairman, CEO, Board of Directors and management team work in close coordination and cooperation to execute the plans of the Company.
2 Management philosophy is to focus on the customers' needs and superior execution to ensure strong efficiency and productivity, as well as developing staff skill and talent. The Group is guided by its Mission Statement and Core Values (page 2&3 of 2020 Annual Report) to avoid difference in business and management philosophy.			
23	I understand that the company has ceased to announce the Group's unaudited financial statement on a quarterly basis. But as a company that values and appreciates long term shareholders' support and importantly, your obligation to shareholders, could I request that you provide a regular quarterly business update on the company's performance so that shareholders are keep abreast of its operations and activities?	3 The business strategy is to focus on higher margin products that add value to customers and to diversify with the industry leading customers in our existing and new sectors. The successful turnaround of InnoTek was the result of both business and management philosophy working closely together.	
		The Company has provided update of the unaudited 1st quarter 2021 results for information to shareholders in its FY2020 AGM slide. We would consider providing such update as required in the future.	