

**INNOTEK LIMITED**

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

**RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERY  
 REGARDING 2019 ANNUAL REPORT**

In response to the query raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") in its email of 29 May 2020 in connection with the Company's FY2019 Annual Report, the Board of Directors of InnoTek Limited (the "Company") wishes to clarify as follows:

**SGX-ST's Query****Question (a)**

With reference to the audited consolidated cash flow statement on page 58 of the Company's Annual Report 2019, please provide an explanation for the material difference in

- (i) The amount of the net cash flows used in investing activities of approximately \$4,881,000, as compared to the unaudited financial results announcement of the Company of \$436,000 for the financial year ended 31 December 2019; and
- (ii) The amount of the cash and cash equivalents at 31 December 2019 of approximately \$42,926,000, as compared to the unaudited financial results announcement of the Company of \$47,371,000 for the financial year ended 31 December 2019.

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

**Answer to Question (a)**

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to announce the material variances between the audited financial statements of the Group for FY2019 (the "Audited Results") and the Preliminary Results following the finalization of the audit.

Below are the details of the variances between the Audited Results and the Preliminary Results:

As at 31 December 2019	SGX Query	Preliminary Unaudited S\$'000	Per Audited Results S\$'000	Difference	Note
<b><u>Cashflow</u></b>					
Net cash used in investing activities	2(a) (i)	(436)	(4,881)	(4,445)	Note 2
Cash and cash equivalent as per cashflow statement	2(a) (ii)	47,371	42,926	(4,445)	Note 2
<b><u>Balance Sheet</u></b>					
Cash and short-term deposit		48,444	43,999	(4,445)	Note 1
Other Investment		24,297	28,742	4,445	Note 1
Impact to Net Assets		72,741	72,741	-	

**Note**

- Subsequent to the SGX announcement on 28 February 2020, there was a reclassification of structured deposit balances from cash and short-term deposit to other investment of S\$4,445,000 as the nature of these structured deposits are a combination of a fixed deposit and an investment product with principal guaranteed at maturity and where the returns can vary based on an underlying that they are linked to.
- As a result of the reclassification in Note 1, S\$4,445,000 was transferred out of cash and to structured deposit in other investment (AR page 104 note 18) under net cash used in investing activities. The ending balance for cash and cash equivalent in the cashflow statement was reduced by an equivalent amount accordingly.

Question (b)

Listing Rule 1207(10C) states that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.

Please disclosed whether and how Listing Rule 1207(10C) has been complied with.

Answer to Question (b)

In page 31 and page 32 of the Annual Report, it was disclosed as follows:

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The Group has set up an Internal Audit Department ("IAD") in Mansfield headed by Mr. Ukawa Masatsugu, a Director of Mansfield Manufacturing Company Limited in addition to the appointment of Mazars LLP, an independent assurance service provider ("internal auditor" or "IA"), to perform the internal audit works of the Group. The IAD has a team who works closely with the IA to discharge its function properly. The IA's primary line of reporting is to the ARMC Chairman and the IA have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC. The ARMC is of the view that the IA has adequate resources to perform the functions and maintained their independence from the activities that IA audits.

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Apart from the internal auditors, the external auditor, Ernst & Young LLP, also contribute an independent perspective on relevant internal controls arising from their financial audit and report their findings to the ARMC.

The Board has together with the ARMC reviewed the adequacy and effectiveness of the Group's risk assessment programmes and internal control processes. The Board has received assurance on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management system. Based on the work performed by the internal auditors during the financial year as well as the statutory audit by the external auditors, and reviews performed by Management, the Board with the concurrence of the ARMC, is of the opinion that the Group's system of internal controls including financial, operational, compliance and information technology risk controls and risk management systems were adequate and effective as at 31 December 2019 in providing reasonable assurance of the effectiveness of the Group under the current business environment.

Hence the Listing Rule 1207(10C) has been complied with.

By Order of the Board  
Linda Sim Hwee Ai  
Company Secretary