

INNOTEK LIMITED

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

RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES REGARDING 2020 ANNUAL REPORT

In response to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") in its email of 22 April 2021 in connection with the Company's FY2020 Annual Report, the Board of Directors of InnoTek Limited (the "Company") wishes to clarify as follows:

SGX-ST's Queries

Question (a)

Listing Rule 907 requires issuers to disclose the aggregate value of interested person transactions entered into during the financial year under review in the prescribed presentation format. Please make the necessary disclosure in the prescribed presentation format.

Answer to Question (a)

Following is the disclosure in the prescribed presentation format:-

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> (excluding transactions less than \$100,000)
Dongguan Konka Mould Plastic Co. Ltd.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 47.38%	\$758,175	None
All Brilliant Limited	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 62.5%	\$32,549	None
Wuhan Grand Mould Plastic Co. Ltd.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 47.38%	\$802,813	None
Anhui KM Technology Co. Ltd.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 47.38%	\$22,967	None

Question (b)

Provision 8.2 of the Code of corporate governance 2018(the “Code”) states that, “The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee’s relationship with the relevant director or the CEO or substantial shareholder.

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 8.2 of the Code with regard to the disclosure of remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Answer to Question (b)

In compliance with Provision 8.2 of the Code, the remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, have been disclosed on page 30 of the Company’s Annual Report 2020 (“AR 2020”) in bands of S\$250,000 to below S\$500,000.

Mr. Okura Ippei, brother of Mr. Lou Yiliang, the CEO and Executive Director of the Company, total remuneration package falls within the band of S\$300,000 to below S\$400,000.

Based on the remuneration framework set out on page 30 of AR 2020, the compensation package of the key management personnel (“KMP”) of which Mr. Okura Ippei’s name is reflected under the band of S\$250,000 to below S\$500,000, comprise a fixed component (in the form of a base salary and where applicable, allowances determined by the Company’s respective location Human Resource policies), a variable component (comprising year-end variable bonuses and special bonuses). The determination of the quantum of the variable components takes into account amongst other factors, the KPI set for the KMP, who have a greater ability to influence the Group’s performance, would have a greater proportion of their remuneration comprising the variable component directly linked to the corporate and individual performance.

In recommending and determining the remuneration package for Mr. Okura Ippei, the brother of Mr. Lou Yiliang, Mr. Lou did not participate in the deliberation of his remuneration package which is determined by the Remuneration Committee in which Mr. Lou is not a committee member. The Company exercises broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of its shareholders.

In view of the above, the Company believes that its current disclosure is consistent with the intent of Principle 8 of the Code as shareholders are given information on the level and mix of remuneration in percentage terms and is fully aware and will not be prejudiced as a result of the difference in width of the bands.

Save as disclosed above, the Company confirms that there are no employees of the Group who are substantial shareholders, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the financial year ended 31 December 2020.

By Order of the Board
Linda Sim Hwee Ai
Company Secretary

26 April 2021