



NTEGRATOR International Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration Number 199904281D)

ANNOUNCEMENT ON RESPONSES TO QUERIES RECEIVED FROM THE SGX-ST ON 17 MARCH 2022

Introduction

The Board of Directors (the “**Board**”) of NTEGRATOR International Ltd. (the “**Company**” or “**NTEGRATOR**” and together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company on 14 March 2022 titled “*NTEGRATOR Enters into Two Contracts with a Regional Network Service Provider Worth a Total of Approximately S\$29.0 Million*” (the “**Press Release**”).

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) had on 17 March 2022 issued queries on the Press Release. The Company sets out the queries received from the SGX-ST and the Company’s responses to these queries below.

Unless otherwise defined in this announcement, capitalised terms shall have the meanings assigned to them in the Press Release.

	Query	Response
1.	Please clarify who is the “regional telecommunication giant”.	<p>The “regional telecommunication giant” is the single third party external customer as previously disclosed on Page 95 of our Annual Report for the financial year ended 31 December 2020 (“FY2020”).</p> <p>Due to the client’s contract confidentiality and competitive reasons, we are unable to disclose the identity of the “regional telecommunication giant”.</p>
2.	<p>It is stated that the 2 contracts include:</p> <p>(i) A two-year contract of S\$26.0 million is for a mega installation, maintenance and diversion services of fibre and copper cables in the East, West, North and Central zones in Singapore with an <u>option by the customer</u> to extend the contract for an additional year for S\$13.0 million; and</p> <p>(ii) A two-year contract of approximately S\$3.0 million is for the provision, installation and maintenance of direct exchange lines (“DEL”), air blown fibre system, fibre cable works, customer</p>	

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	<p>premises equipment (“CPE”) and other miscellaneous related services in the Central zone with an <u>option by the customer</u> to extend the contract for an additional S\$1.5 million approximately.</p>	
	<p>- Will there be a separate announcement on securing of the 2 contracts with more details?</p>	<p>The Company wishes to inform that there will not be a separate announcement consisting of additional details on the securing of the 2 contracts as the Company is of the view that sufficient details on the 2 contracts have already been disclosed in the Press Release, including but not limited to the nature of the contracts which are:-</p> <ul style="list-style-type: none"> • Island wide cable diversion; • Provision, installation and maintenance of fibre cables and other telecommunication equipment for commercial buildings.
	<p>- Please clarify when were the contracts signed between the 2 parties.</p>	<p>The contracts were signed on 10 March 2022.</p>
	<p>- What are the terms of the contracts and are there any payment milestones for the contracts?</p>	<p>The two contracts are frame contracts whereby the Company will receive separate multiple orders up to the contract value pursuant to these contracts from customers in order to complete the frame contract.</p> <p>Upon completing each individual order, the Company will bill the customer.</p>
<p>3.</p>	<p>Is the option to extend the 2 contracts by an additional year contingent upon fulfilment of certain requirements? If so, what are they?</p>	<p>There is no specific requirement stated in the Contract to be fulfilled as the decision to exercise the option is up to the customer’s discretion.</p>
<p>4.</p>	<p>It is disclosed that the Group has a total order book of S\$96.9m (comprising existing order book of S\$67.9m, and additional order book of S\$29m from the 2 contracts) for the next 24 months up to FY2024. However, “all orders are subject to possible cancellation, expiration, deferment, rescheduling or variations by customers”.</p>	
	<p>- What is Ntegrator’s historical cancellation, expiration, deferment, rescheduling or variation rate of previous contracts of similar nature?</p>	<p>Based on the Company’s historical track record, there have been no cancellation of previous contracts of similar nature.</p> <p>As at the date of this announcement, based on the Company’s historical record, the following situations have occurred:</p> <ul style="list-style-type: none"> • Contracts were extended due to orders not completed on time especially during

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		<p>the Covid-19 pandemic during the past two years.</p> <ul style="list-style-type: none"> • Prior to the expiring of a contract, the customer has issued a new tender/contract to replace the expired contract. <p>The Company has not had any historical variations of previous contracts of a similar nature due to the fact that when the scope of work exceeds the contracted value, the Company would then enter into new contracts rather than varying the existing contract.</p>
	<p>- What is the industry average for similar cancellation / variations?</p>	<p>To the best of our knowledge, the Company is unaware of any industry average or of any cancellation / variations in this telecommunication industry except for cancellation / variations due to liquidation issues.</p>
<p>5.</p>	<p>The Company's ED, Mr Christian Heilesen was quoted, amongst others, that the Group will strive to <u>maintain gross profit margin of 20%</u>.</p> <p>- Please explain the basis for the 20% gross profit margin and whether this amounts to a profit forecast and whether auditors have reviewed the assumptions and bases for the profit forecast.</p>	<p>The basis for the 20% gross profit margin is our historical financial track record for the financial years since the Company's listing up to the financial year ended 31 December 2021 ("FY2021") (with the exception of FY2020), as previously reported to shareholders. For FY2021, our gross profit improved from 8.3% in FY2020 to 21.4% in FY2021. The Company has on average maintained a gross profit margin of more than 20% except for FY2020 due to the Covid-19 pandemic.</p> <p>As the Company is striving to maintain its gross profit margin based on historical levels and no forecast was given on future profits, the Company is of the view that the statement is not a profit forecast.</p>
<p>6.</p>	<p>The Company has an existing order book of \$67.9m. Please provide an update on the status of completion of these order book contracts.</p>	<p>The existing order of \$67.9 million consists of the balance contract amount brought forward from 31 December 2021. The outstanding order book contracts are due for completion by the Company in 2022 and 2023.</p>
<p>7.</p>	<p>It is stated that "<i>The contracts are not expected to have any material impact on earnings of the Group for the financial year ending 31 December 2022.</i>"</p> <p>Considering that the Company's current market cap is \$6.27m, the Group's FY2021 Revenue is S\$25.7m, the value of the 2 contracts amount to S\$29.0m for 2 years and another \$14.5m for the 3rd year), please explain why the 2 new contracts are not</p>	<p>Although the contract is expected to have a positive contribution to the Company as explained in Query 5 above, due to the manpower constraints as a result of the Covid-19 pandemic and rising costs in general, the Company does not expect the entry into these contracts to have any material impact on the earnings of the Group for the financial year ending 31 December 2022 ("FY2022").</p> <p>Given that the options to extend the contracts by an additional year for S\$14.5 million are at</p>

	Query	Response
	expected to have material impact on earnings of the Group.	the option of the customer, the Company has not considered this amount in assessing whether the entry into these contracts will have any material impact on the earnings of the Group for FY2022.

By Order of the Board
Ntegrator International Ltd.

Christian Kwok-Leun Yau Heilesen
Executive Director

21 March 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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