

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3),
 HALF YEAR and FULL YEAR RESULTS**

**1(a) An income statement (for the Group) together with a comparative statement for the corresponding period
 of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 For the Fourth Quarter ended 31 December 2019**

Group	Note	Fourth Qtr Ended		Change %	12 months Ended		Change %
		31-Dec			31-Dec		
		2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Revenue		50,989	55,815	(8.6)	186,721	218,299	(14.5)
Cost of sales	1(a)(i)(a)	(40,574)	(43,703)	(7.2)	(145,956)	(171,573)	(14.9)
Gross profit		10,415	12,112	(14.0)	40,765	46,726	(12.8)
Other items of expense							
Selling and distribution		(874)	(932)	(6.2)	(3,452)	(3,867)	(10.7)
Administrative expense	1(a)(i)(b)	(5,721)	(6,942)	(17.6)	(23,997)	(25,828)	(7.1)
Finance cost		(74)	(1)	NM	(164)	(1)	NM
Other expenses	1(a)(i)(c)	(466)	(847)	(45.0)	(312)	(1,903)	(83.6)
Share of results of joint venture		110	37	197.3	3	(1)	NM
Total other item of expenses		(7,025)	(8,685)	(19.1)	(27,922)	(31,600)	(11.6)
Other items of income							
Interest income		312	559	(44.2)	1,174	944	24.4
Other income	1(a)(i)(c)	1,064	4,532	(76.5)	5,338	7,275	(26.6)
Total other items of income		1,376	5,091	(73.0)	6,512	8,219	(20.8)
Profit before tax		4,766	8,518	(44.0)	19,355	23,345	(17.1)
Income tax expense	1(a)(i)(f)	(516)	(1,231)	(58.1)	(2,697)	(3,106)	(13.2)
Profit for the period attributable to owners of the company		4,250	7,287	(41.7)	16,658	20,239	(17.7)
Other comprehensive income :							
Foreign currency translation		(869)	(80)	986.3	(3,675)	(2,901)	26.7
Net Surplus on revaluation of building		1,298	-	NM	1,298	-	NM
Other comprehensive income for the period , net of tax		429	(80)	(636.3)	(2,377)	(2,901)	(18.1)
Total comprehensive income for the period attributable to owners of the Company		4,679	7,207	(35.1)	14,281	17,338	(17.6)
Earnings per share attributable to owners of the Company (cents per share)							
Basic	Para 6	1.88	3.22	(41.6)	7.36	8.98	(18.0)
Diluted	Para 6	1.86	3.20	(41.9)	7.30	8.92	(18.2)
NM denotes Not Meaningful							

Notes to Group Consolidated Statement of Comprehensive Income

1(a) (i) Profit for the period is arrived at after (charging) / crediting the following items:

	Note	Fourth Qtr Ended		12 Months Ended	
		31-Dec		31-Dec	
		2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000
(a) Major items included in cost of sales are :					
- Inventories recognised as an expense in cost of sales		(22,295)	(22,713)	(77,033)	(88,971)
- Net allowance for inventory obsolescence		(204)	(166)	(414)	(498)
- Net reversal of impairment loss/(impairment loss) on capitalised contract costs		319	(152)	319	(152)
- Depreciation of property, plant and equipment ("PPE")		(975)	(748)	(3,721)	(3,704)
- Amortisation of right-of-use assets	Para 5	(87)	-	(433)	-
- Wages and salaries	1(a)(i)(d)	(7,839)	(8,580)	(29,257)	(36,430)
(b) Major items included in administrative expenses are :					
- Depreciation of PPE		(334)	(330)	(1,359)	(1,251)
- Amortisation of prepaid land lease payments	Para 5	-	(13)	-	(53)
- Amortisation of intangible assets		(24)	(25)	(100)	(101)
- Amortisation of right-of-use assets	Para 5	(58)	-	(259)	-
- Wages and salaries		(3,376)	(3,924)	(13,267)	(13,417)
(c) Major items included in other expenses and other income are :					
- Items related to Investment Portfolio					
Net gain / (loss) on disposal of other investments		-	-	27	(155)
Net fair value gain / (loss) on investment securities		177	(241)	543	(251)
Dividend income from investment securities		42	14	163	166
Interest income from investment bonds		128	96	403	330
Foreign currency loss - realised forward contract		-	(13)	-	(44)
Net gain / (loss) on derivative (unrealised)		-	4	-	(112)
		<u>347</u>	<u>(140)</u>	<u>1,136</u>	<u>(66)</u>
- Foreign currency (loss)/gain - others	1(a)(i)(e)	(154)	(202)	710	(198)
- Net fair value (loss)/gain on investment property		(304)	197	(304)	197
- Allowance for expected credit losses		(8)	(389)	(8)	(319)
- Property rental income		681	766	2,934	2,912
- Net gain on disposal of PPE		11	964	43	1,273
Non-recurring items:					
- (Provision) / write-back of tax expense	1(a)(i)(f)	-	(997)	498	1,080
- Mansfield Weihai exit expense	1(a)(i)(g)	83	1,097	335	(821)
- Write-back of impairment loss on PPE	1(a)(i)(h)	149	1,163	149	1,163
		<u>232</u>	<u>1,263</u>	<u>982</u>	<u>1,422</u>

(d) Q4'19 wages and salaries were lower mainly due to a decrease in direct and indirect labour headcount. (Headcount: December 2019 = 1,809, December 2018 = 2,120)

(e) Exchange gain in 2019 was mainly due to the strengthening of HK\$ vs RMB for HK\$ inter-company receivables from and RMB intercompany payables by HK subsidiaries.

(f) There was write-back of 2017 tax provision in May 2018 amounting to S\$2.1 million (RMB9.9 million) following the award by Dongguan Provincial Government agencies in May 2018 of high technology tax concessionary rate of 15% for 3 years starting 2017. This was offset by a 10% deferred tax provision of S\$997K made in December 2018 for Magix Dongguan and Sun Mansfield's dividend declaration to Magix Hong Kong and Lens Tool & Die Hong Kong in Q3'19. As concessionary rate of 5% was granted for actual payment in Q3'19, the excess provision of S\$498K was written-back in Q3'19.

(g) Excess provision for Wei Hai exit expense made in Q3'18 was reversed in Q1'19 due mainly to net gain from disposal of equipment.

(h) Write-back of impairment loss in 2018 relates to Magix Mechantronics (Dongguan) Co. Ltd as its value in use of the cash-generation unit exceeded the recoverable amount while that for 2019 relates to the Suzhou plant which rented out a portion of the existing 3rd floor excess area.

1(b) (i) A statement of financial position (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets (Unaudited)

	Note	As at 31-Dec-19 S\$'000	As at 31-Dec-18 S\$'000	As at 31-Dec-19 S\$'000	As at 31-Dec-18 S\$'000
Non-current Assets					
Property, plant and equipment		29,202	33,332	15	26
Investment properties		27,391	26,308	-	-
Prepaid land lease payment	E	-	1,753	-	-
Intangible assets		300	359	-	-
Investment in subsidiary	A	-	-	47,061	74,500
Investment in joint venture		1,519	1,562	-	-
Right-of-use assets	E	25,099	-	51	-
Deposit paid for purchases of property, plant and equipment		456	267	-	-
Other receivables		1,417	1,111	-	-
Deferred tax assets		692	801	-	-
		86,076	65,493	47,127	74,526
Current Assets					
Inventories		25,220	25,159	-	-
Trade and other receivables	B	58,656	70,344	5,847	2,950
Contract assets		1,467	1,807	-	-
Loan to subsidiary	A	-	-	13,500	-
Prepayments		354	618	47	46
Other investment	C	24,297	25,494	24,297	12,598
Cash and short-term deposit	D	48,444	34,649	1,664	1,268
		158,438	158,071	45,355	16,862
Total Assets		244,514	223,564	92,482	91,388
Current Liabilities					
Finance lease liabilities	1(b)(ii), E	3,193	34	41	-
Trade and other payables	B	52,019	62,642	701	672
Contract liabilities		1,922	3,112	-	-
Provisions		5	8	-	-
Income tax payable		3,711	4,978	16	15
		60,850	70,774	758	687
Net Current Assets		97,588	87,297	44,597	16,175
Non-current Liabilities					
Provisions		474	515	-	-
Finance lease liabilities	1(b)(ii), E	20,333	26	10	-
Bank loan	1(b)(ii), F	224	-	-	-
Deferred tax liabilities	G	1,721	2,653	643	545
		22,752	3,194	653	545
Total Liabilities		83,602	73,968	1,411	1,232
Net Assets		160,912	149,596	91,071	90,156
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(11,739)	(11,739)	(11,739)	(11,739)
Retained earnings		74,822	62,921	4,602	4,117
Other reserves		(192)	393	187	(243)
Total Equity		160,912	149,596	91,071	90,156

Notes to Group Balance Sheet

A The breakdown of the investment in subsidiary are as follows:

Company	As at 31-Dec-19 S\$'000	As at 31-Dec-18 S\$'000
Equity shares, at cost	47,061	47,061
Loans to a subsidiary	-	27,439
Total	47,061	74,500

The reclassification from investment in subsidiary to loan to a subsidiary as at 31 December 2019 is mainly due to the subsidiary's intention to repay the loan in 2020.

B Trade receivables and trade payables reduced at end of December 2019 compared to end of December 2018 mainly due to lower sales and purchases in Q4'19 compared to Q4'18.

C The breakdown of other investments is as follows:

Group	As at 31-Dec-19 S\$'000	As at 31-Dec-18 S\$'000
Investment portfolio (*)	24,297	12,598
Structured deposits (**)	-	12,896
Total	24,297	25,494

* These are quoted equities, trusts and bonds securities held for trading and managed by a financial institution in Singapore. The fair value was computed based on the last transacted bid prices on the stock exchange or in active markets at the end of the reporting period.

** These are less than 3 months' tenor short-term deposit placed with PRC established banks.

D Increase in cash and short-term deposit was mainly due to movement back of fund from maturing short-term structured deposit under investment, cash generated from operation offset by increase in investment securities in portfolio investment management, dividend paid in May 2019 and purchase of PPE.

E These relates to operating leases that are affected by the new SFRS(I) 16 that came into effect on 1 January 2019. Prepaid land lease payment has also been reclassified to right-of-use assets effective 1 January 2019. Please refer to paragraph 5. New rental leases were signed towards the end of December 2019 for 3 factories in Dongguan effective 1 January 2020 for 6 years. In line with SFRS(I) 16, these leases were capitalised with an equivalent amount recognised in short-term and long-term lease liability. (Para 5)

F Thailand subsidiary secured a THB 50 million (S\$2.3 million) 5-year bank loan signed on 3 May 2019 secured against the mortgage of the Thailand plant. The Thailand subsidiary has made the first drawdown of the loan amounting to THB 5 million (S\$0.2 million) on 31 July 2019.

G Reduced due to dividend withholding tax paid in Q3'19 after Magix Dongguan and Sun Mansfield declared dividend to Magix Hong Kong and Lens Tool & Die Hong Kong, respectively. Deferred tax was provided in 2018 at rate of 10%, but actual was at concession rate of 5%.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	Note	As at 31-Dec-19 S\$'000	As at 31-Dec-18 S\$'000
Amount repayable in one year or less, on demand			
- Finance lease - secured		16	34
- Lease liabilities		3,177	-
	E	3,193	34
Amount repayable after one year			
- Finance lease - secured		10	26
- Lease liabilities		20,323	-
Total lease liabilities	E	20,333	26
Bank Loan - secured	F	224	-
		20,557	26
Total		23,750	60

Details of any collateral

- (1) The secured finance lease as at 31 December 2019 are finance leases for certain items of motor vehicles amounting to S\$26,000 (31 December 2018: S\$60,000).
- (2) The THB 50 million (S\$2.3 million) bank loan was secured against the Thailand factory. As of December 2019, the drawdown was THB 5 million (S\$224,000) (Note F)

1(c) **A statement of cash flows (for the Group) , together with a comparative statement for the corresponding period of the immediately preceding financial year**

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

GROUP	Note	Fourth Qtr Ended 31-Dec		12 months Ended 31-Dec	
		2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Operating activities :					
Profit before tax		4,766	8,518	19,355	23,345
Adjustment items	H	949	(3,747)	2,149	1,365
Cash flows from operations before reinvesting in working capital		5,715	4,771	21,504	24,710
Working capital changes , excluding changes relating to cash		(2,353)	201	51	(4,047)
Cash generated from operating activities		3,362	4,972	21,555	20,663
Net interest income received and tax paid		(543)	(347)	(3,662)	(2,163)
Net cash generated from operating activities		2,819	4,625	17,893	18,500
Cash flows from investing activities :					
Purchase of property, plant and equipment		(391)	(3,354)	(2,063)	(9,986)
Deposit (paid)/refunded for property, plant and equipment		(61)	1,686	(188)	2,295
Proceeds from disposal of PPE		8	1,690	249	1,763
Additions to intangible assets		-	(31)	(49)	(370)
Proceeds from disposal of other investments		909	2,940	5,088	13,678
Purchase of other investments		(10,945)	(6,299)	(16,128)	(11,958)
Dividend from other investments		42	14	163	166
Increase/(decrease) in bank balance under portfolio investment management		9,939	3,213	(404)	(39)
Decrease/(increase) in financial investment at fair value		24,426	(583)	12,896	(12,896)
Net cash generated from/(used in) investing activities		23,927	(724)	(436)	(17,347)
Cash flows from financing activities :					
Dividend paid on ordinary shares by the company		-	-	(3,395)	(2,262)
Proceeds from re-issuance of treasury shares		-	-	-	424
Proceeds from bank borrowing		-	-	224	-
Repayment of obligation under finance lease		(119)	(45)	(616)	(26)
Net cash used in financing activities		(119)	(45)	(3,787)	(1,864)
Net change in cash and cash equivalents		26,627	3,856	13,670	(711)
Effect of exchange rate changes on cash and cash equivalents		(408)	47	(279)	(463)
Cash and cash equivalents as at beginning of period		21,152	30,077	33,980	35,154
Cash and cash equivalents as at end of period	I	47,371	33,980	47,371	33,980

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

H Details of adjustment items as follows:

GROUP	Note	31-Dec		31-Dec	
		2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Depreciation of property, plant and equipment (PPE)		1,309	1,078	5,080	4,955
Amortisation of intangible assets		23	25	100	101
Amortisation of prepaid land lease payments	1(b)(i)(E)	-	13	-	53
Amortisation of right-of-use assets	1(b)(i)(E)	145	-	692	-
Net gain on disposal of PPE		(11)	(964)	(43)	(1,273)
Net (gain)/loss on disposal of other investments		-	-	(27)	155
Reversal of impairment loss on property, plant and equipment		-	(1,163)	(149)	(1,163)
Grant of equity-settled share options to employees		118	-	306	61
Net allowance for expected credit losses		8	389	8	319
Net fair value (gain) /loss on investment securities		(177)	241	(543)	251
Net (gain)/loss for derivatives		-	(4)	-	112
Net fair value loss/(gain) on investment properties		304	(197)	304	(197)
Interest expense		74	1	164	1
Interest income		(312)	(559)	(1,174)	(944)
Net allowance for inventory obsolescence		204	166	414	498
Net (reversal of impairment loss)/impairment loss on capitalised contract costs		(319)	152	(319)	152
Exchange differences		(265)	(827)	(2,473)	(1,357)
Share of results of joint venture		(110)	(37)	(3)	1
Net reversal of provisions		-	(2,047)	(25)	(194)
Dividend income from other investments		(42)	(14)	(163)	(166)
Total		949	(3,747)	2,149	1,365

I For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:

GROUP	As at 31 December	
	2019 S\$'000	2018 S\$'000
Cash at bank and on-hand balances	42,824	33,879
Cash at bank under portfolio investment management	1,073	669
Fixed deposits	4,547	101
Cash and short-term deposit per balance sheet	48,444	34,649
Less : Cash at bank under portfolio investment management	(1,073)	(669)
Cash and cash equivalents per cashflow statement	47,371	33,980

* The increase in cash and cash equivalents from 31 December 2018 to 31 December 2019 was mainly due to cash generated from operation and funds from maturing of short-term structured deposit under other investment as at 31 December 2019, offset by increase in investment securities in investment portfolio, dividend paid in May 2019 and purchase of PPE.

1(d)(i) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders , together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of changes in equity

GROUP	Total Equity S\$'000	Attributable to owners of the Company									
		Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Statutory reserve S\$'000	Fair value reserve of financial assets at FVOCI S\$'000	Asset Revaluation reserve S\$'000	Gain or loss on reissuance of Treasury shares S\$'000	Total other Reserve S\$'000
2019											
Balance at 1 January 2019	149,596	98,021	(11,739)	62,921	521	(4,182)	3,566	-	1,252	(764)	393
Profit for 2019	16,658	-	-	16,658	-	-	-	-	-	-	-
<u>Other Comprehensive Income</u>											
Foreign currency translation	(3,675)	-	-	-	-	(3,675)	-	-	-	-	(3,675)
Net surplus on revaluation of building	1,298	-	-	-	-	-	-	-	1,298	-	1,298
Other comprehensive income	(2,377)	-	-	-	-	(3,675)	-	-	1,298	-	(2,377)
Total comprehensive Income	14,281	-	-	16,658	-	(3,675)	-	-	1,298	-	(2,377)
<u>Contribution by and distribution to owners</u>											
Grant of equity-settled share options to employees	306	-	-	-	306	-	-	-	-	-	306
Dividends on ordinary shares	(3,395)	-	-	(3,395)	-	-	-	-	-	-	-
Total contribution by and distribution to owners, representing total transactions with owners in their capacity as owners	(3,089)	-	-	(3,395)	306	-	-	-	-	-	306
<u>Others</u>											
Fair value reserve of financial assets measured at FVOCI	124	-	-	-	-	-	-	124	-	-	124
Transfer to statutory reserve (Note (i))	-	-	-	(1,362)	-	-	1,362	-	-	-	1,362
Balance at 31 December 2019	160,912	98,021	(11,739)	74,822	827	(7,857)	4,928	124	2,550	(764)	(192)

Statement of changes in equity (cont'd)

GROUP	Total Equity S\$'000	Attributable to owners of the Company								
		Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Gain or loss on reissuance of Treasury shares S\$'000	Total other Reserve S\$'000
2018										
Balance at 1 January 2018 (Restated)	134,035	98,021	(12,997)	47,432	599	(1,281)	1,078	1,252	(69)	1,579
Profit for 2018	20,239	-	-	20,239	-	-	-	-	-	-
Other Comprehensive Income										
Foreign currency translation	(2,901)	-	-	-	-	(2,901)	-	-	-	(2,901)
Other comprehensive income	(2,901)	-	-	-	-	(2,901)	-	-	-	(2,901)
Total comprehensive Income	17,338	-	-	20,239	-	(2,901)	-	-	-	(2,901)
Contribution by and distribution to owners										
Treasury shares reissued pursuant to employee share option plan	424	-	1,258		(139)	-	-	-	(695)	(834)
Grant of equity-settled share options to employees	61	-	-	-	61	-	-	-	-	61
Dividends on ordinary shares	(2,262)	-	-	(2,262)	-	-	-	-	-	-
Total contributions by and distribution to owners, representing total transactions with owners in their capacity as owners	(1,777)	-	1,258	(2,262)	(78)	-	-	-	(695)	(773)
Others										
Transfer to statutory reserve (Note (i))	-	-	-	(2,488)	-	-	2,488	-	-	2,488
Balance at 31 December 2018	149,596	98,021	(11,739)	62,921	521	(4,182)	3,566	1,252	(764)	393

Note (i): In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, such subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the accumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Statement of changes in equity (cont'd)

COMPANY	Total equity S\$'000	Attributable to owners of the Company						
		Issued capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Share option reserve S\$'000	Fair value reserve of financial assets at FVOCI S\$'000	Gain or loss on reissuance of treasury shares S\$'000	Total other reserves S\$'000
2019								
Balance at 1 January 2019	90,156	98,021	(11,739)	4,117	521	-	(764)	(243)
Profit for 2019, representing total comprehensive income	3,880	-	-	3,880	-	-	-	-
<u>Contributions by and distribution to owners</u>								
Grant of equity-settled share options to employees	306	-	-	-	306	-	-	306
Dividends on ordinary shares	(3,395)	-	-	(3,395)	-	-	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	(3,089)	-	-	(3,395)	306	-	-	306
<u>Others</u>								
Fair value reserve of financial assets measured at FVOCI	124	-	-	-	-	124	-	124
Balance at 31 December 2019	91,071	98,021	(11,739)	4,602	827	124	(764)	187
2018								
Balance at 1 January 2018	91,185	98,021	(12,997)	5,631	599	-	(69)	530
Profit for 2018, representing total comprehensive income	748	-	-	748	-	-	-	-
<u>Contributions by and distribution to owners</u>								
Grant of equity-settled share options to employees	61	-	-	-	61	-	-	61
Treasury shares reissued pursuant to employee share option plan	424	-	1,258	-	(139)	-	(695)	(834)
Dividends on ordinary shares	(2,262)	-	-	(2,262)	-	-	-	-
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	(1,777)	-	1,258	(2,262)	(78)	-	(695)	(773)
Balance at 31 December 2018	90,156	98,021	(11,739)	4,117	521	-	(764)	(243)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

(a) Share Capital

Number of ordinary shares as at 31 December 2019 and 30 September 2019 is 246,656,428.

Number of shares that may be issued on conversion of all outstanding options are as follows:-

	As at 31/12/2019	As at 31/12/2018
Options granted under the InnoTek Employees' Share Option Scheme II **	10,000,000	5,000,000
	<u>10,000,000</u>	<u>5,000,000</u>

** 2,000,000 share options were granted to Executive Director and Chief Executive Officer of InnoTek Group, Mr. Lou Yiliang at an option price of S\$0.185 on 19 January 2016. Another 3,000,000 share Options were granted to him on 9 March 2017 at an option price of S\$0.35. On 29 March 2019, 2,500,000 share options was granted to Mr. Lou at an option price of S\$0.52. Another 2,500,000 share options was granted to Mr. Lou at an option price of S\$0.484 on 21 November 2019. The option price for the grant was based on the average of the last dealt prices for the shares on the SGX-ST over five consecutive Market Days immediately preceding the Date of the Grant of Option as determined by the Remuneration Committee. These offers were announced in SGX on the 29 March 2019 and 21 November 2019 respectively.

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 31 December 2019 and 30 September 2019	<u>20,351</u>	<u>11,739</u>

1(d)(iii) To show the total number of issued shares excluding Treasury Shares as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

	As at 31/12/2019		As at 31/12/2018	
	No of shares '000	S\$'000	No of shares '000	S\$'000
Total number of issued shares at the end of period	246,656	98,021	246,656	98,021
Number of Treasury Shares at the end of period	<u>(20,351)</u>	<u>(11,739)</u>	<u>(20,351)</u>	<u>(11,739)</u>
Net number of issued shares at the end of period	<u>226,305</u>	<u>86,282</u>	<u>226,305</u>	<u>86,282</u>

1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of Treasury Shares as at the end of the current financial period reported on.

There were no sales, transfer, cancellation and/or use of Treasury Shares as at the end of the current financial period.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the current financial period reported on.

There were no sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period.

2. Whether the figures have been audited, or reviewed and in accordance with the standard (e.g. The Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by auditors.

3. Whether the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

The figures have not been audited or reviewed by auditors.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-
(a) Updates on the efforts taken to resolve outstanding audit issues (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern

There are no adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuers most recently audited annual financial statements have been applied.

The same accounting policies and method of computation have been applied to the financial statements as in the most recently audited annual financial statements, except that in the current financial year, the Group has adopted all the new and revised standards which are effective for the annual financial periods beginning on or after 1 January 2019.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 January 2019, the Group adopted SFRS(I) 16 Leases, which is effective for annual financial periods beginning on or after 1 January 2019. The changes arising from the adoption of SFRS(I) 16, have been applied retrospectively and the Group has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirement of SFRS(I) 1-17 Leases. Upon adoption of SFRS(I) 16, the Group recognised right-of-use assets of S\$1,853,000 and lease liabilities of S\$1,853,000 as at 1 January 2019. In addition, the Group reclassified prepaid land lease payments of S\$1,753,000 to right-of-use assets as at 1 January 2019.

6. Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earning per ordinary share of the Group based on net earnings attributable to the shareholders of the Company :	Fourth Qtr Ended		12 Months Ended	
	31 December		31 December	
	2019	2018	2019	2018
(a) Based on the weighted average number of shares (in cents)				
Earning per share	1.88	3.22	7.36	8.98
Weighted average number of shares ('000)	226,305	226,305	226,305	225,303
(b) On a fully diluted basis (in cents)				
Earning per share	1.86	3.20	7.30	8.92
Adjusted weighted average number of shares ('000)	228,138	227,785	228,347	226,793

7. Net assets value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year

	Group		Company	
	As at	As at	As at	As at
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset backing per ordinary share based on the total number of issued share excluding treasury shares as at the end of the period reported on	71.1 cents	66.1 cents	40.2 cents	39.8 cents

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group business. The review must discuss any significant factors that affected the turnover costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital assets or liabilities of the Group during the current financial period reported on

(A) Review for the Quarter ended 31 December 2019 (Q4'19)

Turnover (Q4'19 vs Q4'18)

The Group's revenue for the October-to-December 2019 quarter ("Q4'19") decreased S\$4.8 million or 8.6% to S\$51.0 million from S\$55.8 million in Q4'18. The lower revenue was mainly due to:

- (1) Revenue for TV and Display products decreased in Q4'19 compared to Q4'18 mainly due to a significant drop in demand for precision-machined products. The industry is trending towards plastic frames for less than 55 inches TV, resulting in a reduction in sales of bezels under 55 inches, offset by growing demand for larger-size TV bezels. Revenue from this segment was also affected by the end-of-life of the Group's current commercial display products and heatsinks. However, this was offset by higher revenue for TV back panel from the stamping segment.
- (2) Revenue decreased for Auto products in Q4'19 compared to Q4'18, following China's year-on-year auto sales decline for the 18th consecutive months in December 2019. From January to December 2019, China's sales of automobiles decreased by 8.2% compared with the same period last year impacted by the new emissions standards introduced by China and the US-China trade tension. (Source: 13 January 2020 Reuters). Some customers have brought forward the end-of-life of their existing products and slowed down the launch of new products.
- (3) Revenue from Office Automation ("OA") products increased in Q4'19 compared to Q4'18 mainly due to higher sales for tooling from OA customers offset by lower demand of office automation products across the industry.

Net Profit (Q4'19 vs Q4'18)

InnoTek Group Q4'19 profit was S\$4.3million, a decrease of S\$3.0 million compared to Q4'18 mainly due to:

Unfavourable variance

- a) Reduction in sales
- b) Reversal in Q4'18 for excess Q3'18 provision for WeiHai exit expense not repeated in Q4'19 (Note 1(a)(i)(g))
- c) Lower amount of write-back of impairment loss of PPE previously provided (Note 1(a)(i)(h))
- d) S\$0.1 million share option expense for share option granted to CEO on 21 November 2019.

Offset by favourable variance

- e) Lower expenses such as reduction in headcount and improved production efficiency, resulting in lower direct and indirect wages, and selling and distribution expense.
- f) Provision for deferred tax of S\$997K in Q4'18 not repeated in Q4'19.
- g) Gain of S\$0.3 million from the investment portfolio in Q4'19 compared to loss of S\$0.1 million in Q4'18 (Note 1(a)(i)(c))

(B) Review for the 12 months ended 31 December 2019 (12M'19)

Turnover (12M'19 vs 12M'18)

The Group's revenue for the January-to-December 2019 period ("12M'19") decreased by S\$31.6 million or 14.5% to S\$186.7 million from S\$218.3 million in 12M'18. The lower revenue in 12M'19 as compared to 12M'18 for TV and display and Auto products were mainly due to the same reasons for their lower revenue for Q4'19 as compared to Q4'18. 12M'19 OA revenue reduced compared to 12M'18 due to lower demand of OA products across the industry offset by higher OA and automotive tooling.

(B) Review for the 12 months ended 31 December 2019 (12M'19) - cont'd

Net Profit (12M'19 vs 12M'18)

The InnoTek Group recorded a profit of S\$16.7 million for 12M'19, lower by S\$3.6 million from the profit of S\$20.2 million in 12M'18, due mainly to:

Unfavourable variance

- (a) Lower gross profit ("GP") of S\$6.0 million due to lower sales in 12M'19 compared to 12M'18. Despite the lower sales, the Group was able to achieve slightly higher GP margin of 21.8% in 12M'19 compared to 21.4% in 12M'18 due to the ongoing implementation of cost reduction initiatives by the Group such as production automation to reduce headcount and incentive to reward improved productivity.
- (b) Lower write-back of net tax provision in 12M'19 as compared to 12M'18 (Refer to Note 1(a)(i)(f)).
- (c) Higher stock option expense by S\$0.2 million in 12M'19 compared to 12M'18 as total of 5 million share options was granted to CEO in 2019. (Refer to Note 1(d) (ii) (a))

Offset by favorable variance

- (d) Lower costs of development of new products recognized in 12M'19 compared to 12M'18.
- (e) Wei Hai exit expenses of S\$0.8 million in 12M'18 as compared to the reversal of excess provision in 12M'19. (Refer to Note 1(a)(i)(g)).
- (f) Exchange gain in 12M'19 compared to exchange loss in 12M'18 (Refer to Note 1(a)(i)(e)).
- (g) Net investment portfolio gain managed by the investment bank in 12M'19 compared to a loss in 12M'18. (Refer to Note 1(a)(i) (c))

9. A forecast, or projected statement, has been previously disclosed to shareholders, any variance between it and the actual results

None

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

China's GDP growth ended the year 2019 at 6.1% (source: China National Bureau of Statistics released 17 January 2020), which is lower than expected. The large-scale Covid-19 virus outbreak in early 2020 has had a significant negative impact on the China economy. It is not known when the outbreak will end and its impact to the China's economy is still uncertain. The Group will face a challenging business operating environment in 2020.

The Group has commenced mass production of new orders for the automobile business. However, due to the impact of the virus outbreak, China's overall automotive demand is declining, and its production supply chain is also being impacted, there will be demand adjustment in the short term. We look forward to the recovery of China automobile industry in the medium and long term for demand for our automotive product orders.

Production of TV bezels for high-definition ("HD") screens below 55 inches is on the decline following the accelerated conversion to plastic. However, it is expected that the demand for TV bezels will continue for larger-size HDTV and the Group has already secured orders from our major customers.

For the OA business, 2020 will be a challenging year due to the decrease in total global demand, changes in customer's production process and the impact of the current virus outbreak. Our group will continue its effort to maintain or improve ranking with our customers through the supply of quality products. The Group's first plant outside China located in Thailand to support a major OA customer began mass production in January 2020.

Paragraph 10 - Continued

Due to the uncertainty of the economy caused by US-China trade tension and recent outbreak of the coronavirus, the Group is moving ahead cautiously. The Group is making every effort in outbreak prevention while commit to customers' delivery.

The impact of the virus, coupled with lower revenue due to the Chinese New Year long holiday, will pose major challenges for the performance in Q1FY2020. Subject to business recovery after the Covid-19 virus crisis by Q2FY2020, the Group will strive to mitigate the Q1FY2020 shortfall with an improved performance over the second and third quarters of FY2020.

11. Dividend

(a) Current Financial period Reported On

Any dividend declared for the present financial period? Yes

Name of dividend	Final One-Tier Tax Exempt Dividend
Dividend Type	Cash
Dividend rate (cents per ordinary share)	1.5 cent
Tax rate	NIL

(b) Corresponding period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Special One-Tier Tax Exempt Dividend	Final One-Tier Tax Exempt Dividend
Dividend Type	Cash	Cash
Dividend rate (cents per ordinary share)	0.5 cent	1.0 cent
Tax rate	NIL	NIL

(c) Date payable

Date payable for the proposed final dividend to be announced at a later date.

(d) Books closing date

Books closing date for proposed final dividend to be announced at a later date.

12. If no dividend has been declared / recommended , a statement to that effect and provide the reasons

Dividend was declared for the present financial period.

13. Interested Person Transactions – Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial period which it is required to report on pursuant to Rule 705 in the format as required in Rule 907

Interested parties transactions for the 12 months ended 31 December 2019

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>) S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Dongguan Konka Mould Plastic Co., Ltd	157,696	N/A
Dongguan Grand Mould Plastic Co., Ltd	257,045	NA
All Brilliant Ltd	131,853	NA
Anhui KM Technology	324,978	N/A
Wuhan Grand Mould Plastic Co. Ltd	797,947	N/A

The Company does not have any shareholders' mandate for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

Not required as this is announcement for full year.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. **Segmental revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements , with comparative information for the immediately preceding year.**

Segment Results

By Business Segment (Group Figures S\$'000)

	Mansfield						Corporate and Others		Per consolidated financial statements	
	Precision Components and Tooling		Precision Machining		Total					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Business Segments										
Revenue										
External customers	142,308	145,012	44,413	73,287	186,721	218,299	-	-	186,721	218,299
Results :										
External interest income	720	315	7	284	727	599	447	345	1,174	944
Depreciation and amortisation	(3,365)	(1,557)	(2,455)	(3,532)	(5,820)	(5,089)	(52)	(20)	(5,872)	(5,109)
Net fair value (loss)/ gains on investment property	(304)	59	-	138	(304)	197	-	-	(304)	197
Dividend income from other investments	-	-	-	-	-	-	163	166	163	166
Net gain / (loss) on disposal of PPE	45	1,273	(2)	-	43	1,273	-	-	43	1,273
Foreign currency gain/(loss)	425	(321)	51	80	476	(241)	234	(1)	710	(242)
Reversal of impairment loss on PPE	149	-	-	1,163	149	1,163	-	-	149	1,163
Rental income	1,305	1,299	1,629	1,613	2,934	2,912	-	-	2,934	2,912
Share of results of joint venture	3	(1)	-	-	3	(1)	-	-	3	(1)
Finance cost	(162)	(1)	-	-	(162)	(1)	(2)	-	(164)	(1)
Other non cash expenses	297	(519)	(392)	(450)	(95)	(969)	263	(579)	168	(1,548)
Segmental profit/(loss) before tax	7,890	1,718	11,205	22,497	19,095	24,215	260	(870)	19,355	23,345
Investment in joint venture	1,519	1,562	-	-	1,519	1,562	-	-	1,519	1,562
Additions to non-current assets	2,257	7,708	43	355	2,300	8,063	-	34	2,300	8,097
Segment assets	161,507	125,902	56,919	81,966	218,426	207,868	26,088	15,696	244,514	223,564
Segment liabilities	73,444	52,156	8,747	20,580	82,191	72,736	1,411	1,232	83,602	73,968

Segment Results (Cont'd)

By Geographical Location (Group Figures S\$'000)

	Revenue		Non-current Assets	
	2019	2018	2019	2018
Hong Kong/PRC	184,348	216,440	79,588	59,287
Thailand	2,373	1,859	5,730	5,379
Singapore	-	-	66	26
Total	186,721	218,299	85,384	64,692

Non-current assets consist of property, plant and equipment (PPE), investment properties, intangible assets, prepaid land lease payments, investment in joint venture, deposit paid for PPE and non-current other receivables as presented in the balance sheet.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not material changes in contributions to turnover and earnings by the business or geographical segments

18. A breakdown of sales

	Latest Period S\$'000	Previous Period S\$'000	% increase/ (decrease)
(a) Sales reported for first half year	89,327	99,978	(10.7)
(b) Profit after tax before minority interest reported for first half year	7,728	5,830	32.6
(c) Sales reported for second half year	97,394	118,321	(17.7)
(d) Profit after tax before minority interest reported for second half year	8,930	14,409	(38.0)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary dividend	3,395	2,262

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held , if any, during the year
Okura Ippei	66	Brother of Mr. Lou Yiliang, Executive Director and CEO of the Company	Director of Mansfield Manufacturing Co. Ltd, Hong Kong, a wholly-owned subsidiary of the Company, since 16/12/2015	No change

Signed by Neal Manilal Chandaria, Chairman and Lou Yiliang, Chief Executive Officer

BY ORDER OF THE BOARD

Lou Yiliang
Chief Executive Officer
28 February 2020

