

**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 First Quarter ended 31 March 2019

Group	Note	First Quarter Ended 31-Mar		Change %
		2019 S\$'000	2018 S\$'000	
Revenue		44,235	47,612	(7.1)
Cost of sales	1(a)(i)(a)	(34,667)	(40,185)	(13.7)
Gross profit		9,568	7,427	28.8
Other items of expense				
Selling and distribution		(757)	(894)	(15.3)
Administrative expense	1(a)(i)(b)	(6,007)	(6,099)	(1.5)
Finance cost		(32)	-	NM
Other expenses	1(a)(i)(c)	(60)	(897)	(93.3)
Share of results of joint venture	1(b)(i)(B)	(78)	-	NM
Total other item of expenses		(6,934)	(7,890)	(12.1)
Other items of income				
Interest income		246	155	58.7
Other income	1(a)(i)(c)	1,558	1,163	34.0
Total other items of income		1,804	1,318	36.9
Profit before tax		4,438	855	NM
Income tax expense		(547)	(738)	(25.9)
Profit for the period attributable to owners of the company		3,891	117	NM
Other comprehensive income :				
Foreign currency translation		(230)	1,985	NM
Other comprehensive income for the period , net of tax		(230)	1,985	NM
Total comprehensive income for the period attributable to owners of the Company		3,661	2,102	74.2
Earnings per share attributable to owners of the Company (cents per share)				
Basic	Para 6	1.72	0.05	NM
Diluted	Para 6	1.70	0.05	NM
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:

		Quarter Ended 31-Mar	
		2019	2018
		S\$'000	S\$'000
Note			
(a) Major items included in cost of sales are :			
- Inventories recognised as an expense in cost of sales	1(a)(i)(d)	(17,406)	(20,077)
- (Provision)/ write-back for inventory obsolescence		(27)	50
- Depreciation of property, plant and equipment ("PPE")		(904)	(847)
- Depreciation of right-of-use assets	Para 5	(116)	-
- Wages and salaries	1(a)(i)(e)	(7,108)	(8,787)
(b) Major items included in administrative expenses are :			
- Depreciation of PPE		(339)	(288)
- Amortisation of prepaid land lease payments	Para 5	-	(13)
- Amortisation of intangible assets		(25)	(19)
- Depreciation of right-of-use assets	Para 5	(67)	-
- Wages and salaries	1(a)(i)(f)	(3,324)	(3,074)
(c) Major items included in other expenses and other income are :			
- Items related to Investment Portfolio			
Gain/(loss) on disposal of other investments		22	(34)
Net fair value gain/(loss) on investment securities		221	(364)
Dividend income from other investments		13	28
Foreign currency gain - realised forward contract	1(a)(i)(g)	-	185
Loss on derivative (unrealised)	1(a)(i)(g)	-	(65)
		<u>256</u>	<u>(250)</u>
- Foreign currency loss - others	1(a)(i)(h)	(60)	(589)
- Write-back of allowance for doubtful debts		1	24
- Property rental income	1(a)(i)(i)	766	704
(d) Reduced mainly due to change of design of component parts and product mix.			
(e) Q1'18 wages and salaries were lower mainly due to a decrease in direct and indirect labour headcount. (Headcount: March 2019 = 1,878, March 2018 = 2,210)			
(f) Despite lower headcount, Q1'18 wages and salaries were higher mainly due to higher bonus provision. (Headcount: March 2019 = 290, March 2018 = 305)			
(g) There was no derivatives for Q1'19 as the current investment portfolio managed by the new investment bank are mainly S\$ based and therefore no hedging needs.			
(h) Despite weakening of HK\$ vs RMB, the lower foreign currency loss in Q1'19 was mainly due to the reduction of HK\$ intercompany receivable from and RMB intercompany payable by HK subsidiaries.			
(i) In Q1'19, Suzhou plant rented out a portion of the existing 3 rd floor excess area resulting in higher rental income in Q1'19 compared to Q1'18.			

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

Balance Sheets (Unaudited)

		Group		Company	
		As at 31-Mar-19 S\$'000	As at 31-Dec-18 S\$'000	As at 31-Mar-19 S\$'000	As at 31-Dec-18 S\$'000
	Note				
Non-current Assets					
Property, plant and equipment		31,819	33,332	24	26
Investment properties		27,070	26,308	-	-
Prepaid land lease payment	H	-	1,753	-	-
Intangible assets		334	359	-	-
Investment in subsidiary	A	-	-	74,739	74,500
Investment in joint venture	B	1,486	1,562	-	-
Right-of-use assets	H	3,471	-	81	-
Deposit paid for purchases of property, plant and equipment		337	267	-	-
Other receivables	C	1,110	1,111	-	-
Deferred tax assets		796	801	-	-
		66,423	65,493	74,844	74,526
Current Assets					
Inventories		25,229	25,159	-	-
Trade and other receivables	D	53,261	70,344	2,924	2,950
Contract assets	E	1,757	1,807	-	-
Prepayments		658	618	40	46
Other investment	F	32,756	25,494	12,045	12,598
Cash and short-term deposit	G	39,615	34,649	1,891	1,268
		153,276	158,071	16,900	16,862
Total Assets					
		219,699	223,564	91,744	91,388
Current Liabilities					
Lease liabilities	1(b)(ii)	550	34	71	-
Trade and other payables	D	53,659	62,642	856	672
Contract liabilities	E	2,520	3,112	-	-
Provisions		8	8	-	-
Income tax payable		5,312	4,978	54	15
		62,049	70,774	981	687
Net Current Assets					
		91,227	87,297	15,919	16,175
Non-current Liabilities					
Provision		501	515	-	-
Lease liabilities	1(b)(ii)	1,249	26	10	-
Deferred tax liabilities		2,643	2,653	545	545
		4,393	3,194	555	545
Total Liabilities					
		66,442	73,968	1,536	1,232
Net Assets					
		153,257	149,596	90,208	90,156
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(11,739)	(11,739)	(11,739)	(11,739)
Retained earnings		66,544	62,921	4,169	4,117
Other reserves		431	393	(243)	(243)
Total Equity					
		153,257	149,596	90,208	90,156

Notes to Group Balance Sheet

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

Company	As at 31-Mar-19 S\$'000	As at 31-Dec-18 S\$'000
Equity shares, at cost	47,061	47,061
Loans to a subsidiary	27,678	27,439
Total	74,739	74,500

B This relates to Anhui KM Technology, the 49%:51% joint venture ("JV") of the Group's wholly owned subsidiary, Mansfield Manufacturing Company Limited, together with Shenzhen Jielunte Technology Co. Ltd (formerly known as Shenzhen Konka Precision Mould Manufactory Co. Ltd.). The Group recognised its share of the loss of S\$78K from the JV in Q1'19.

C These are mainly long-term rental and utilities deposit for PRC factory facilities.

D Trade receivables and trade payables reduced at end of March 2019 compared to end of December 2018 mainly due to lower sales and purchases in Q1'19 compared to the last quarter of 2018 due to the long Chinese New Year holidays.

E Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of tooling. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for sale of tooling. Contract liabilities are recognised as revenue as the Group performs its contractual obligation.

F The breakdown of other investments are as follows:

Group	As at 31-Mar-19 S\$'000	As at 31-Dec-18 S\$'000
Investment portfolio (**)	12,045	12,598
Structured deposits	20,711	12,896
Total	32,756	25,494

** These are quoted equities, trusts and bonds securities held for trading and managed by an investment bank 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.

G Increase in cash and short-term deposit was mainly due to increase in net cash generated from operating activities.

H 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.

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

	As at 31-Mar-19 S\$'000	As at 31-Dec-18 S\$'000
Amount repayable in one year or less, on demand		
- Finance lease - secured	34	34
- Lease liabilities	516	-
	550	34
Amount repayable after one year		
- Finance lease - secured	17	26
- Lease liabilities	1,232	-
	1,249	26
Total	1,799	60

Details of any collateral

Secured borrowing as at 31 March 2019 are finance leases for certain items of motor vehicles amounting to S\$51,000 (31 December 2018: S\$60,000).

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

		Quarter Ended 31-Mar	
		2019	2018
GROUP	Note	S\$'000	S\$'000
Operating activities :			
Profit before tax		4,438	855
Adjustment items	I	970	2,383
Cash flows from operations before reinvesting in working capital		5,408	3,238
Working capital changes ,excluding changes relating to cash		7,287	7,377
Cash generated from operating activities		12,695	10,615
Net interest income received and tax paid		28	24
Net cash generated from operating activities		12,723	10,639
Cash flows from investing activities :			
Purchase of property, plant and equipment		(507)	(2,931)
Deposit (paid) /refund for property, plant and equipment		(69)	47
Proceeds from disposal of PPE		224	16
Additions to intangible assets		-	(18)
Proceeds from disposal of other investments		1,521	1,871
Purchase of other investments		(741)	(813)
Dividend from other investments		13	28
Increase in bank balance under portfolio investment management		(156)	(310)
Increase in structured deposit		(7,815)	(18,548)
Net cash used in investing activities		(7,530)	(20,658)
Cash flows from financing activities :			
Proceeds from re-issuance of treasury shares		-	290
Payment of lease liabilities		(166)	(6)
Net cash (used in) /generated from financing activities		(166)	284
Net change in cash and cash equivalents		5,027	(9,735)
Effect of exchange rate changes on cash and cash equivalents		(218)	178
Cash and cash equivalents as at beginning of period		33,980	35,154
Cash and cash equivalents as at end of period	J	38,789	25,597

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

I Details of adjustment items as follows:

GROUP	Note	Quarter Ended 31-Mar	
		2019 S\$'000	2018 S\$'000
Depreciation of property, plant and equipment		1,243	1,135
Amortisation of intangible assets		25	19
Amortisation of prepaid land lease payments	1(b)(i)(H)	-	13
Depreciation of right-of-use assets	1(b)(i)(H)	183	-
Loss on disposal of PPE and intangible assets		-	29
(Gain)/loss on disposal of other investments		(22)	34
Share option expense		-	61
Allowance for doubtful debts written back		(1)	(24)
Net fair value (gain)/loss on investment securities		(220)	364
Net fair value loss for derivatives		-	65
Interest expense		32	-
Interest income		(246)	(155)
Allowance for /(write-back of) inventory obsolescence		27	(50)
Effect of exchange rate changes		(108)	939
Share of results of joint venture		78	-
Provision for severance benefits and restructuring expenses		(8)	(19)
Dividend income from other investments		(13)	(28)
Total		<u>970</u>	<u>2,383</u>

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

GROUP	As at 31 March	
	2019 S\$'000	2018 S\$'000
Cash and bank balances	37,987	23,595
Cash and bank balance under portfolio investment management	826	939
Fixed deposits	802	2,002
Total cash and bank balance per balance sheet	39,615	26,536
Less : Cash and bank balance under portfolio investment management	(826)	(939)
Cash and cash equivalents at end of period	38,789	25,597 *

* The increase in cash and cash equivalents from 31 March 2018 to 31 March 2019 was mainly due to higher net cash generated from operating activities offset by purchase of PPE during this period and dividend paid in May 2018

- 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

		Attributable to owners of the Company								
GROUP	Total Equity S\$'000	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
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 Q1'19	3,891	-	-	3,891	-	-	-	-	-	-
Other Comprehensive Income										
Foreign currency translation	(230)	-	-	-	-	(230)	-	-	-	(230)
Other comprehensive income	(230)	-	-	-	-	(230)	-	-	-	(230)
Total comprehensive Income	3,661	-	-	3,891	-	(230)	-	-	-	(230)
Others										
Transfer to statutory reserve (Note (i))	-	-	-	(268)	-	-	268	-	-	268
Balance at 31 March 2019	153,257	98,021	(11,739)	66,544	521	(4,412)	3,834	1,252	(764)	431
2018										
Balance at 1 January 2018 (FRS framework)	133,932	98,021	(12,997)	47,886	599	(1,281)	521	1,252	(69)	1,022
Cumulative effects of adopting SFRS(1)	103	-	-	(454)	-	-	557	-	-	557
At 1 January 2018 (SFRS(1) framework)	134,035	98,021	(12,997)	47,432	599	(1,281)	1,078	1,252	(69)	1,579
Profit for Q1'18	117	-	-	117	-	-	-	-	-	-
Other Comprehensive Income										
Foreign currency translation	1,985	-	-	-	-	1,985	-	-	-	1,985
Other comprehensive income	1,985	-	-	-	-	1,985	-	-	-	1,985
Total comprehensive Income	2,102	-	-	117	-	1,985	-	-	-	1,985
Contribution by and distribution to owners										
Treasury shares reissued pursuant to employee share option plan	290	-	981	-	(111)	-	-	-	(580)	(691)
Grant of equity-settled share options to employees	61	-	-	-	61	-	-	-	-	61
Total contribution by and distribution to owners	351	-	981	-	(50)	-	-	-	(580)	(630)
Others										
Transfer to statutory reserve (Note (i))	-	-	-	(197)	-	-	197	-	-	197
Balance at 31 March 2018	136,488	98,021	(12,016)	47,352	549	704	1,275	1,252	(649)	3,131

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	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 Q1'19, representing total comprehensive income	52	-	-	52	-	-	-
Balance at 31 March 2019	90,208	98,021	(11,739)	4,169	521	(764)	(243)

2018

Balance at 1 January 2018	91,185	98,021	(12,997)	5,631	599	(69)	530
Loss for Q1'18, representing total comprehensive income	(655)	-	-	(655)	-	-	-
<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	290	-	981	-	(111)	(580)	(691)
Total transactions with owners in their capacity as owners	351	-	981	-	(50)	(580)	(630)
Balance at 31 March 2018	90,881	98,021	(12,016)	4,976	549	(649)	(100)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

(a) Share Capital

Number of ordinary shares as at 31 March 2019 and 31 December 2018 is 246,656,428.

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

	As at 31/3/2019	As at 31/3/2018
Options granted under the InnoTek Employees' Share Option Plan I *	-	480,000
Options granted under the InnoTek Employees' Share Option Scheme II **	7,500,000	5,000,000
	<u>7,500,000</u>	<u>5,480,000</u>

- * On 23 May 2013, 7,730,000 options were granted to the Group's and the Company's employees under the "InnoTek Employee's Share Option Scheme II" plan which was approved by shareholders at the Extraordinary General Meeting held on 30 April 2008. The option price for the grant was S\$0.28 per share which 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 Grant of Option as determined by the Remuneration Committee. 6,760,000 options had been forfeited since May 2013 due to staff resignation. 290,000 treasury shares were reissued for share option on 31 May 2017. For Q1'18, 200,000 treasury shares were reissued for share option on 27 March 2018.
- ** 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, another 2,500,000 share options was granted to Mr. Lou at an option price of S\$0.52. 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. This offer was announced in SGX on the 29 March 2019.

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 31 March 2019 and 31 December 2018	<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 31/3/2019		As at 31/3/2018	
	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>(20,831)</u>	<u>(12,016)</u>
Net number of issued shares at the end of period	<u>226,305</u>	<u>86,282</u>	<u>225,825</u>	<u>86,005</u>

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

There were no sales, transfer, disposal, cancellation and/or use of Treasury Shares 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.

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(1) 16 Leases, which is effective for annual financial periods beginning on or after 1 January 2019. The changes arising from the adoption of SFRS(1) 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(1) 1-17 Leases. Upon adoption of SFRS(1) 16 , the Group recognised right-of-use assets of S\$1,938,000 and lease liabilities of S\$1,938,000 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 :	Quarter Ended 31 March	
	2019	2018
(i) Based on the weighted average number of shares (in cents)		
Earning per share	<u>1.72</u>	<u>0.05</u>
Weighted average number of shares ('000)	<u>226,305</u>	<u>224,220</u>
(ii) On a fully diluted basis (in cents)		
Earning per share	<u>1.70</u>	<u>0.05</u>
Adjusted weighted average number of shares ('000)	<u>228,337</u>	<u>226,140</u>

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 31-Mar-19	As at 31-Dec-18	As at 31-Mar-19	As at 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	67.7 cents	66.1 cents	39.9 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

Review for the Quarter ended 31 March 2019 (Q1'19)

	Q1'19 S\$'000	Q1'18 S\$'000	Q1'19 vs Q1'18 S\$'000	Q1'19 vs Q1'18 %
Turnover				
MSF - In S\$	44,235	47,612	(3,377)	(7.1)
MSF - In HK\$	HKD 256,135	HKD 282,640	(HKD 26,505)	(9.4)
Average S\$/HK\$ exchange rate	5.79	5.94		
Net profit attributable to owners of the parent				
MSF - before exchange rate impact	3,864	1,291	2,573	199.3
Exchange loss	(27)	(519)	492	94.8
MSF Group	3,837	772	3,065	397.0
MSF Group - HK\$'000	HKD 22,209	HKD 4,602	HKD 17,607	382.6
InnoTek - before exchange rate impact	87	(584)	671	114.9
Exchange loss	(33)	(71)	38	53.5
InnoTek	54	(655)	709	108.2
InnoTek Group - before exchange rate impact	3,951	707	3,244	458.8
Exchange loss	(60)	(590)	530	89.8
Total Innotech Group	3,891	117	3,774	NM
Basic EPS (cents)	1.72	0.05	1.67	NM
NM denotes " Not meaningful"				

Turnover

The Group's revenue for the January-to-March 2019 quarter ("Q1'19") decreased S\$3.4 million or 7.1% to S\$44.2 million from S\$47.6 million in Q1'18. The lower revenue was mainly due to:

- (1) Revenue for TV and Display products decreased in Q1'19 compared to Q1'18; mainly due to the reduction in sales of bezel below 55 inches as the industry trend transits to plastic frames and the demand moves towards large-size television. This was offset by commercial display product where the current order is coming to its tail-end. Besides, demand for TV back panels temporarily declined due to domestic customers switching to new models.
- (2) Revenue decreased for Auto products in Q1'19 compared to Q1'18; Since the second half of 2018, China's automotive industry has entered into a period of adjustment and overall sales for this segment has declined. Some customers have advanced end-of-life of their existing products and slow-down their launching of new programmes.
- (3) Revenue from OA products increased in Q1'19 compared to Q1'18 due mainly to increase in OA tooling sales. Customers are still shifting their production to Southeast Asia, making adjustment to PRC suppliers and focusing on cost control.

Paragraph 8 (Cont'd)

Net Profit

InnoTek Group Q1'19 profit was S\$3.9 million, an increase of S\$3.8 million compared to the profit of S\$0.1 million in Q1'18 due mainly to:

- (1) Despite lower sales in Q1'19, Mansfield Group ("MSF") profit was S\$3.8 million in Q1'19, S\$3.0 million higher than the profit of S\$0.8 million in Q1'18 due mainly to:
 - a) MSF's gross profit ("GP") margin increased in Q1'19 compared to Q1'18 due mainly to :
 - Stamping operation and precision Machining operation continued to reduce its headcount and improve production efficiency resulting in lower direct and indirect wages.
Contribution from sales of precision Machining products launched after Q2'18 after higher test run expenses incurred last year.
 - Change of design of component parts and product mix.
 - Reduction in outsourcing cost through change in business structure and cost control.
 - b) Lower exchange loss in Q1'19 compared to Q1'18 mainly due to the reduction of HK\$ intercompany receivable from and RMB intercompany payable by HK subsidiaries. (1(a)(i)(h))
- (2) InnoTek's profit in Q1'19 was S\$0.1 million, S\$0.8 million favourable compared to the loss of S\$0.7 million in Q1'18 due mainly to:
 - Net investment portfolio gain managed by the investment bank in Q1'19 compared to a loss in Q1'18 (refer to 1(a)(i) (c)) as equity and bonds prices improved in Q1'19 as compared to the initial impact of trade war between China and US in Q1'18.
 - Lower staff cost and rental expense for the new office commencing April 2018.

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 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

With U.S. imposing tariffs on Chinese goods coupled with global economy uncertainty, China's economy is facing pressure from the beginning of this year. This has strongly impacted the automotive sector, which has been the major contributor of Group's revenue. Since March this year, the Chinese government has adopted a series of policy measures including fiscal expenditure increment, tax reduction and financial easing etc. to stimulate and expand domestic demand. It remains to be seen if these measures are able to bring the Chinese economy back on track to normal growth in the second of this year.

Regarding the automobile segment, the Group's new orders have started mass production in 2019. Due to the current uncertainty in China's automotive industry, certain customers have begun to adjust their production in China, which has impacted their new sales orders for the newly secured projects. In spite of this, the Group's major customers have expressed strong confidence in the quality and functionality of the delivered products, hence the Group remains optimistic towards its automotive business for contributing steadily to the revenue in the future.

While production of TV bezels for TV screens of up to 55 inches is still declining following the accelerated conversion to plastic frames, the Group expects demand to continue for larger TV bezels. In addition, sales of heat sinks and automotive display panels will continue to stabilise sales for the Group's Precision Machining business..

Paragraph 10 (Cont'd)

The Group's major office automation ("OA") customers are still in the process of transferring their production from China to Southeast Asia. These customers have adopted centralised selection of suppliers with greater emphasis placed on cost control. The Group's OA business is still growing steadily, reaping the fruits from the Group's capability to respond to customers' strict requirements on product quality, delivery time and cost. The Group intends to increase its market share by shifting from single-component supply to assembling. Mansfield (Thailand) is on the track to start its mass production in Q2'19 with the support from the Dongguan facility. It will become an integral part of the supply chain management of the customers.

The Group remains overall cautious about prospects in the near term. The Group will continue its actions in promoting production automation and streamlining the employee incentive scheme to improve the productivity. In the meanwhile, the Group will continue to strengthen ties with existing customers and actively develop the new customers. Looking forwards, the Group will stay tune for the new investment opportunities with an aim to achieve the stable and potential growth of its businesses in the future.

11. Dividend

(a) Current Financial period Reported On

Any dividend declared for the present financial period? No

(b) Corresponding period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closing date

Not applicable

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

No dividend has been declared for the present financial period as the company practise is to declare dividend at the end of the financial year.

- 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.**

Interested parties transactions for the 3 months ended 31 March 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 Konkia Mould Plastic Co., Ltd	20,950	N/A
Dongguan Grand Mould Technology Co., Ltd	124,522	NA
All Brilliant Ltd	31,566	NA
Anhui KM Technology	108,648	N/A
Wuhan Grand Mould Plastic Co. Ltd	201,829	N/A

- 14. 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.

15. STATEMENT PURSUANT TO SGX LISTING RULE 705(5) OF THE LISTING MANUAL

The directors confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company and of the Group for the first quarter ended 31 March 2019 to be false or misleading in any material aspects.

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

BY ORDER OF THE BOARD

Lou Yiliang
Chief Executive Officer
29 April 2019

