INNOTEK

ANNUAL REPORT 2021

STEADY GROWTH THROUGH INNOVATION

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MISSION STATEMENT

Our mission is to provide innovative products, technologies and business solutions for our customers to help them achieve their operating and business goals.

We will continuously invest in technology and develop an operational structure that allows our customers to meet their cost targets while simultaneously assuring a good return to our shareholders. We always respect the value of our employees and invest in them, our most important asset, as they are the fuel for our growth as an organisation.

INNOTEK

CORE VALUES

TEAMWORK

- Zero tolerance for political behaviour
- Be vested in the success of our subordinates, peers and superiors
- Build consensus as much as possible without hindering decision making
- Respect for the individual, as all team members provide something of value

COMMUNICATION

- Don't be defensive
  – assume good intentions from others
- Reveal your issues
  – no hidden agendas and don't keep problems internally
- Be a good listener
  – attack the problem, not the person

CREATIVITY

- Encourage "out-of-the box" thinking among employees
- Challenge existing paradigms in all that we do
- Create an environment that encourages new ideas from employees, while fostering teamwork

ACHIEVEMENT

- Drive towards excellence in all that we do
- Growth in profitability and shareholder value are our measures of success
- Respect is earned, not granted, regardless of position

BALANCE

- If it's not fun, change it – we are probably not doing it right
- Respect for the family as well as the business
- Realise the equal value of all functions within the organisation
- Balance the organisational success with the caring of people

COMMITMENT

- Do what you say you will do, in all relationships
- Continuous customer satisfaction – embrace the customers and suppliers as our partners
- Take the time to develop our employees

CORPORATE INFORMATION

Sun Mansfield Plant

REGISTERED OFFICE
160 Robinson Road
#24-12 SBF Center
Singapore 068914
Telephone: (65) 6535 0689
Facsimile: (65) 6533 2680
Website: www.innotek.com.sg

PLACE OF INCORPORATION
Singapore

COMPANY REGISTRATION NUMBER
199508431Z

DATE OF INCORPORATION
28 November 1995

BOARD OF DIRECTORS
Mr. Neal Manilal Chandaria, Chairman
Mr. Lou Yiliang
Mr. Steven Chong Teck Sin
Mr. Sunny Wong Fook Choy
Mr. Teruo Kiriyama
Dr. Xu Jinsong

COMPANY SECRETARIES
Ms. Linda Sim Hwee Ai
Ms. Goh Siew Geok

AUDIT & RISK MANAGEMENT COMMITTEE
Mr. Steven Chong Teck Sin, Chairman
Mr. Neal Manilal Chandaria
Mr. Teruo Kiriyama

NOMINATING COMMITTEE
Mr. Teruo Kiriyama, Chairman
Mr. Neal Manilal Chandaria
Mr. Sunny Wong Fook Choy

REMUNERATION COMMITTEE
Mr. Sunny Wong Fook Choy, Chairman
Mr. Teruo Kiriyama
Mr. Steven Chong Teck Sin

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Audit Partner-in-charge:
Ms. Tee Huey Yenn (since 31 December 2019)

PRINCIPAL BANKERS
Overseas Chinese Banking Corporation Limited
Bank of Singapore Limited
Bank of China Limited

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

CHAIRMAN'S LETTER TO SHAREHOLDERS

MR. NEAL MANILAL CHANDARIA
Chairman, Non-Executive and Non-Independent Director

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of InnoTek Limited ("InnoTek" or the "Group"), I am pleased to share with shareholders our financial performance for the financial year ended 31 December 2021 ("FY'21").

This has been a year of great significance at several levels. We entered a second year of the COVID-19 pandemic, which brought sustained disruptions to business activities and supply chains. At the same time, InnoTek expanded our geographical footprint, revised our product portfolio and ventured into emerging sectors.

These developments are taking place against a backdrop of heightened volatility in the operating environment. Manufacturers are cautious, while costs of raw materials, freight and labour have all increased. Projects timelines have been delayed.

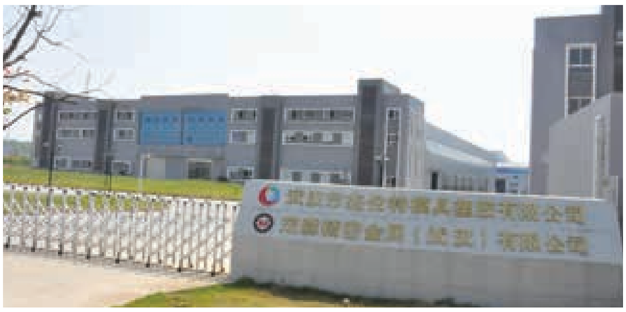
Despite these exceptional challenges, the Group closed a sixth consecutive year of profitability while executing our growth strategies. Once again, I would like to thank our CEO Mr. Lou Yiliang for leading the InnoTek team through these arduous challenges while executing our transformation efforts.

Allow me to outline some of the key initiatives which are intended to help InnoTek move up the value chain in the respective sectors:

First, we took the decision to exit the TV back-panel business as the low margins do not justify the significant new investment required for larger-sized TVs. As such, InnoTek intends to focus on bezels and other TV components, where we have an edge and the potential to achieve higher margins.

Second, InnoTek has embarked on a diversification strategy, to increase revenue streams and add resilience to our business. Already, we have secured several projects for customers in the medical devices, 5G servers, gaming machines and semiconductor industries. As the adoption of these technologies continues to gain traction, we are working to establish long-term partnerships and grow alongside these customers.

Third, within the Automobile segment, we are looking to enhance our technical capabilities and leverage our experience in automobile products to further develop our product offerings for the Electric Vehicles ("EV")



Mansfield Wuhan Plant

CHAIRMAN'S LETTER TO SHAREHOLDERS

industry. The global growth trend for EVs is very clear, and in China we see increasing opportunities to apply our skill sets to this sector. Indeed, we have secured a steel stamping project with an EV battery producer, and are looking to further strengthen our partnerships with local and global automotive part manufacturers.

Fourth, we established Mansfield Vietnam Co. Ltd. ("Mansfield Vietnam") in Bac Ninh Province, Vietnam in August 2021, our second facility out of China, to support our customers in the TV/Display segment. Construction fully completed by February 2022, and the facility has already secured orders and commenced mass production.

Lastly, we are expanding our product variety within our Office Automation ("OA") business segment, while meeting our customer demands for smaller batches. We are also offering sub-assembly of parts, moving up the value chain from single-part manufacturing.

As we stabilise business for both Mansfield Vietnam and Mansfield (Thailand) Co. Ltd. in Rayong, Thailand, we are confident our geographical expansion will strengthen our supply chain and operations.

Singapore Corporate Awards 2020/2021

I am also pleased to share that InnoTek clinched the Corporate Excellence and Resilience Award for companies with market capitalisation of less than S$300 million as at 31 December 2020 at the Singapore Corporate Awards 2020/2021 (Special Edition).

The award is a great honour, and underscores the tastement to the hard work and commitment of the InnoTek team. We remain committed to maintaining a high standard of corporate governance, by bringing comprehensive and timely updates to shareholders.

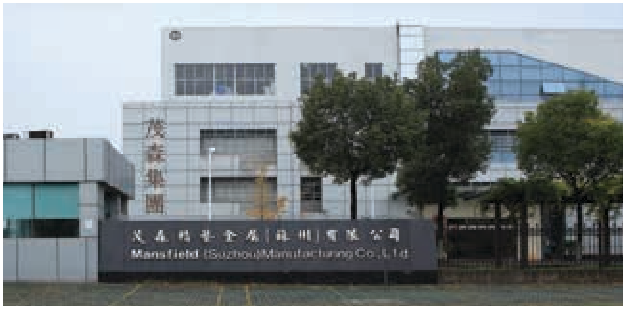
FY2021 Performance

Overall revenue for the year in review declined 5.2% to S$173.6 million from S$183.2 million in FY'20, mainly due to the slowdown in the second half of the year ("2H'21"), as the TV/Display segment saw lower revenue contribution, offset by improved performance in the Auto and OA business segments.

We also faced challenges with increased costs for labour, logistics and raw materials due to the disruptions caused by the pandemic. As a result, gross

Mansfield Thailand Plant

Magix Mechatronics (Dongguan) Plant



Mansfield Suzhou Plant

Feng Chuan Tooling (Dongguan) Plant

profit margin in FY'21 decreased to 19.4% from 24.6% a year ago. In line with lower gross profit, net profit for FY'21 declined to S$11.5 million from S$13.9 million, respectively.

The Auto business segment continues to remain robust, particularly in the EV sector. We are seeing lower demand for the TV/Display segment, as the initial demand for home entertainment in FY'20 has since dissipated as stay-at-home restrictions have been progressively eased.

For the OA segment, while sentiment continues to be dampened by the pandemic, we expect a gradual recovery in business activity. We also expect revenue contribution from our other business segments to increase, as we establish new partnerships and secure more projects.

On the outlook, we are assessing the global situation carefully. On one hand, we have room to be cautiously optimistic that business momentum will see a steady increase in FY'22 as global economies slowly recover from the impact of the pandemic. On the other, as all of us are aware in recent days, the Russian-Ukraine conflict has cast a shadow of uncertainty over the geopolitical climate, with higher energy prices – and the impact of higher inflation – a cause for concern.

Dividend

The Board has proposed a first and final cash dividend of 2.0 Singapore cent per ordinary share, subject to approval at the upcoming Annual General Meeting. Despite the decline in net profit, the dividend remains consistent with the payout in FY'20, and represents an increase from 1.5 Singapore cent paid out in FY'19 and FY'18. The FY'21 dividend underscores our commitment to returning consistent long-term value to shareholders.

Once again, I would like to thank our shareholders for their loyalty and support, as InnoTek continues our diversification strategy amid the challenges of the pandemic.

Appreciation

I would like to express my gratitude to our customers and business partners for their support, and the InnoTek staff for their hard work and dedication during this challenging period. InnoTek would not be where we are today without their contributions.

I would also like to welcome Dr. Xu Jinsong, who joined us as a Non-Executive Independent Director in July 2021. I am confident Dr. Xu's experience in the engineering sector will provide strong support in the Group's efforts in becoming a strategic supplier.

Last but not least, I would like to thank our shareholders for their faith throughout the years. I look forward to growing our business segments and further adding value to our shareholders in the years to come.

MR. NEAL MANILAL CHANDARIA
Chairman, Non-Executive and
Non-Independent Director

CEO MESSAGE

Mr. Lou Yiliang
CEO, Executive and Non-Independent Director

Dear Valued Shareholders,

Despite the challenges during the financial year ended 31 December 2021 ("FY'21"), including the continued disruptions caused by COVID-19, InnoTek has remained resilient, closing our sixth consecutive year of profits.

As I write this message, the world is closely watching the conflict in Ukraine, and how it will impact business as well as costs of raw materials and energy. This geopolitical uncertainty has further compounded earlier challenges related to the continued disruption of supply chains and business sentiment due to the pandemic.

While our financial performance improved in the first half of 2021 ("1H'21") following the initial impact of the pandemic, the growth rate of the Chinese economy slowed in the latter half. Hence, we did not experience the cyclical uptick in financial performance for the traditionally stronger second half. As a result, we recognised lower revenue in FY'21, while net profit declined 17.0% to S$11.5 million from S$13.9 million a year ago.

Business Review

Turnover for our Automobile business segment, our main revenue contributor, increased 20.4% year-on-year, continuing its recovery trend from FY'20. The Group has been striving to expand our business within the Electric Vehicles ("EV") industry, which continues to grow in adoption; albeit at a slower pace due to the continued global shortage of semiconductors.

Meanwhile, performance within the Office Automation ("OA") business segment also improved, as the industry recovers gradually from the effects of the pandemic. As the trend shifts towards producing components in smaller batches, we have continued to meet customers' demands, while expanding our product portfolio to increase revenue within the segment.

The TV/Display segment was impacted by the waning demand for home entertainment, as stay-at-home measures have been progressively lifted globally and employees return increasingly to their offices. During the year, InnoTek ceased the production of TV back panels to focus on other higher-margin products such as large-sized TV bezels above 65 inches. As a result, revenue contribution from the segment decreased significantly in FY'21.

Mansfield Thailand Co. Ltd. ("Mansfield Thailand"), our subsidiary in Rayong, Thailand, had received orders for OA and Automobile products; however, production has been hampered amid the spread of COVID-19 in the region. We are looking to integrate more internal resources to strengthen the facility in Thailand.

In August 2021, the Group established Mansfield Vietnam Co. Ltd. ("Mansfield Vietnam"), a new facility located in Bac Ninh Province, Vietnam, to support an existing customer. We have received initial orders, and have begun mass production. As more companies adopt a "China+1" strategy to reduce over-dependence on production in China and strengthen their supply chain, we expect business activities to increase for both Mansfield Vietnam and Mansfield Thailand.

Lastly, InnoTek has embarked on several strategies to diversify our business operations. Over the past year, we have established long-term partnerships and have made forays into medical devices, gaming machines, 5G

CEO MESSAGE

Power box of Copy Machine

Air Bag housing

Bracket of Active Grille Shutter

Metal parts of Car Door Panel

infrastructure and the semiconductor industry. Demand for these new, emerging technologies will continue to increase over the long-term, and we intend to transform ourselves to become a leading supplier for customers in these sectors.

Financial Review

Revenue for the year in review decreased 5.2% to S$173.6 million in FY'21 from S$183.2 million in FY'20, while net profit after tax in FY'21 decreased S$2.4 million to S$11.5 million from S$13.9 million in FY'20.

FY'21 gross profit declined 25.1% to S$33.7 million from S$45.0 million in FY'20, as the pandemic continued to disrupt supply chains around the globe, and increase costs of raw materials, labour and logistics. As a result, gross profit margin for FY'21 stood at 19.4%, 5.2 percentage points lower than 24.6% a year ago.

Earnings per share for FY'21 declined to 5.04 Singapore cents compared to 6.13 Singapore cents in FY'20. However, net asset value per share increased to 83.2 cents as at 31 December 2021 from 78.6 cents a year ago. We maintain a net cash balance, and our robust balance sheet will enable us to respond swiftly amid the volatile operating environment.

Outlook

Despite the lower top and bottom line, we are seeing several silver linings. As we continue to build upon the foundation of our diversification strategy to increase revenue and forge new partnerships, we expect revenue contribution from this segment to grow in the next 2 to 3 years.

For the automobile segment, we are focusing our resources to capitalise on becoming a strategic supplier for the EV industry which is rapidly gaining adoption. Beyond producing conventional components such as car seats, car brakes and airbags, we have secured a steel stamping project with a leading EV battery producer. Building upon this, we will continue to capture market share by leveraging our deep domain knowledge in this sector, as well as strengthening our relationship with our customers.

On the OA front, we expect the segment to continue its recovery trend in the coming quarters, and are diversifying our services from single-part manufacturing to sub-assembly of products, which will provide higher margins. The shift will allow us to offer more solutions, allowing for a "stickier" customer base.

We expect the TV/Display segment to gradually stabilise, as the demand for larger TV bezels will continue to remain robust. Our exit from the TV back panel business will allow us to dedicate more resources towards other higher-margin components.

Several headwinds remain on the horizon. The COVID-19 situation remains fluid, as authorities in China have announced new measures to curb the spread of the virus in line with the country's "dynamic-zero" approach. We continue to closely monitor the situation for potential impacts to operations. Meanwhile, the Russian-Ukraine conflict has compounded business uncertainty.

In response, InnoTek will continue to sharpen our competitive edge and deepen our relationships with customers through our commitment to Quality, Cost, Delivery and Services ("QCDS"). We will also implement cost-containment measures and invest in automation to keep operating costs down.

Appreciation

I would like to extend my appreciation to our business partners, customers and suppliers for their support. I would also like to thank our management team and employees for their dedication and patience through this difficult period. Most of all, I would like to extend my gratitude to our shareholders, for their trust in InnoTek. As we forge ahead with our diversification strategy, I am confident our stakeholders will see a stronger InnoTek in the years to come.

Mr. Lou Yiliang
CEO, Executive and Non-Independent Director

BOARD OF DIRECTORS

Mr. Neal Manilal Chandaria
Chairman, Non-Executive and Non-Independent Director

Mr. Neal Manilal Chandaria joined InnoTek as a Non-Executive and Non-Independent Director on 2 November 2015 and is a member of the Nominating Committee. Mr. Chandaria was appointed Chairman of the Board and member of the Audit & Risk Management Committee on 27 April 2017. He is a senior executive at Comcraft Group, which is globally active in various sectors including steel, aluminum, plastics, packaging and information technology. Based in Singapore, he has been helping Comcraft develop its businesses in Asia for more than 25 years. He was previously involved in Comcraft's businesses in Africa and Europe.

Mr. Chandaria graduated from Stanford University with a degree in economics. He is the Honorary Consul of the Republic of Kenya in Singapore. Mr. Chandaria was re-elected as a Director of the Company at the 2019 AGM and is due for re-election at this year's AGM.

Mr. Lou Yiliang
CEO, Executive and Non-Independent Director

Mr. Lou Yiliang was appointed Executive Director of InnoTek and Chief Executive Officer of InnoTek's Mansfield Group on 2 November 2015. In 2017, Mr. Lou was appointed Chief Executive Officer of InnoTek Limited.

Born in Shanghai, Mr. Lou has vast experience in the consumer electronics and home appliances businesses in Asia. He started his career as an entrepreneur in the 1980s by helping to procure Toshiba consumer electronic products from Japan to China. The business helped pave the way for the transfer of technology from Toshiba in Japan to major Chinese manufacturers of TV sets and other consumer electronics. These included Chang Hong, Haier, Hisense and Konka.

In 2000, Mr. Lou set up Toyo Communication Technology (Shenzhen) Co. Ltd., which makes and assembles printed circuit boards and provides electronic manufacturing services.

In 2006, Mr. Lou formed a joint venture Konka Precision Mould Plastic Co. Ltd. with major TV manufacturer Konka to develop precision moulds for TV and office automation components as well as automotive products.

Mr. Lou is the Chairman of Konka Precision Mould Plastic Co. Ltd., which has a 51:49 joint venture company, Anhui KM Technology Company Limited, with Mansfield Manufacturing Company Limited, a wholly-owned subsidiary of InnoTek.

Besides Chinese, Mr. Lou is also proficient in Japanese. He was re-elected as a Director of the Company at the 2020 AGM.

BOARD OF DIRECTORS

Mr. Steven Chong Teck Sin
Non-Executive and
Independent Director

Mr. Steven Chong Teck Sin joined InnoTek as a Director on 17 September 2012 and is the Chairman of the Audit & Risk Management Committee and member of the Remuneration Committee.

Mr. Chong has extensive experience as director of public listed companies in Singapore, particularly in the technology sector. Between 1999 and 2004 he served as Executive Director & Group Managing Director (Commercial) of Seksun Corporation Ltd, which was then listed on the Main Board of the Singapore Exchange ("SGX"). He later held non-executive directorships in several other SGX and Australia Stock Exchange ("ASX") listed companies.

Mr. Chong was also a board member of the Accounting and Corporate Regulatory Authority ("ACRA"), a statutory board of Singapore's Ministry of Finance from April 2004 to March 2010, as well as a board member of Singapore's largest charity called the National Kidney Foundation ("NKF") from October 2008 to July 2010. Mr. Chong currently sits on the board of public companies listed on the SGX, ASX and the Hong Kong Stock Exchange.

Mr. Chong graduated with a Bachelor of Engineering degree from the University of Tokyo in 1981 on a government scholarship and subsequently obtained a Masters of Business Administration from the National University of Singapore in 1987 through part-time study.

Mr. Chong had been with the Company for more than 9 years and was subject to re-election as an Independent Director for purposes of Rule 210(5)(d)(ii)(A) as well as Rule 210(5)(d)(iii)(B) of the SGX-ST Listing Manual and was re-elected as an Independent Director of the Company at the 2020 AGM.

Mr. Sunny Wong Fook Choy
Non-Executive and
Independent Director

Mr. Sunny Wong Fook Choy joined InnoTek as a Non-Executive Independent Director on 17 November 2014 and is the Chairman of the Remuneration Committee and member of the Nominating Committee.

Mr. Wong has extensive experience as director of pubic listed companies in Singapore. He sits on the board of Civmec Limited, Excelpoint Technology Ltd. and Mencast Holdings Limited.

A practising advocate and solicitor of the Supreme Court of Singapore, he has extensive experience in legal practice. He was founder and managing director of the legal firm Wong Tan & Molly Lim LLC, where he is currently a consultant.

Mr. Wong holds a Bachelor of Law (Honours) degree from the National University of Singapore. Mr. Wong was re-elected as a Director of the Company at the 2020 AGM.

BOARD OF DIRECTORS

Mr. Teruo Kiriyama
Non-Executive and
Independent Director

Mr. Teruo Kiriyama was appointed to the Board of InnoTek as an Independent Director on 2 November 2015 and is the Chairman of the Nominating Committee and member of the Audit & Risk Management Committee and Remuneration Committee. He brings to InnoTek a wealth of experience, having held various senior management positions in Japanese conglomerate Toshiba Corporation for almost two decades.

Mr. Kiriyama was advisor to Toshiba Corporation from 2014 to 2015. Before this, he was Toshiba's Corporate Vice-President from 2011 to 2014, during which time he was also the Chairman and CEO of Toshiba China. Under his watch, Toshiba China generated annual sales of some US$6 billion and boasted a 35,000-strong workforce amid a period of political sensitivity for Japanese businesses in China.

Besides China, Mr. Kiriyama was also involved in Toshiba's operations in Europe, the United States, Canada and several emerging markets. He graduated from Japan's Doshisha University in Kyoto with a degree in economics.

He was re-elected as a Director of the Company at the 2019 AGM and is due for re-election at this year's AGM.

Dr. Xu Jinsong
Non-Executive and
Independent Director

Dr. Xu Jinsong was appointed a Non-Executive and Independent Director of InnoTek Limited on 15 July 2021.

Dr. Xu is an Associate Professor of Shanghai Jiao Tong University since 2001, involved in teaching and research activities in Naval Architecture and Ocean Engineering fields, focusing on R&D projects in ship performance analysis and autonomous shipping.

Dr. Xu participated in the Singapore Maritime Institute research program "Maritime Training and Operation Simulation of Dynamically Positioned Vessels" from July 2014 to June 2017 as an Academic Collaborator.

As a co-founder and Non-Independent Director of Seastel Marine System (Shanghai) Co. Ltd. ("Seastel") from August 2010 to March 2015, Dr. Xu was responsible for R&D administration and products marketing in ship motion control and autonomous shipping.

Dr. Xu graduated from Naval Architecture and Ocean Engineering, Shanghai Jiao Tong University, Shanghai, PRC with a Bachelor of Science degree in 1989 and obtained his Ph.D. from Naval Architecture and Ocean Engineering, Memorial University of Newfoundland (Canada) in 2000.

As Dr. Xu was appointed a Director of the Company in 2021, he will be subject to re-election at this year's AGM pursuant to Article 107 of the Company's Constitution.

SENIOR MANAGEMENT

Mr. Okura Ippei
Chief Marketing Officer,
Director, Mansfield Group

Mr. Okura Ippei was appointed as Director of Mansfield responsible for group sales of Mansfield Manufacturing Company Limited, Hong Kong in December 2015. On 1 December 2021, he was appointed Chief Marketing Officer of Mansfield Group. Mr. Okura has extensive industry experience in research, manufacturing and corporate management.

Prior to joining Mansfield, Mr. Okura worked in research at the National Laboratory for High Energy Physics (KEK) from 1989 to 1993. He joined Toyoichi Tsusho Co., Ltd. in 1993, where he was involved in technical cooperation and trade between China and Japan. He became the Director at Shenzhen Konka Precision Mould Plastic Co., Ltd. in 2006. In 2014, he joined Anhui KM Technology Company Limited as Managing Director.

Mr. Okura holds a master's degree in science from Tokyo Gakugei University.

Mr. Ukawa Masatsugu
GM, Internal Audit Department,
Chief Administration Officer,
Director, Mansfield Group

Mr. Ukawa Masatsugu joined Mansfield Group as General Manager, Internal Audit Department in December 2015. Since April 2018, he is a Chief Administration Officer for Mansfield Group Administration.

Prior to joining Mansfield, Mr. Ukawa was in investment banking at Nomura Securities Co., Ltd. from 1986 to 2010. Between 1993 and 2008, he was the resident CEO of NOMURA CITIC International Investment Consulting Co., Ltd, an investment consultancy in Beijing, China founded by Nomura. Over the course of his work at NOMURA CITIC Co., Mr. Ukawa successfully established multiple Sino-Japanese joint ventures in various fields.

From 2010 to 2015, Mr. Ukawa was a director of KITO Co., a professional crane equipment manufacturer. He was responsible for managing the company's business in China, and served as the General Manager of Jiangyin KITO Crane Co., Ltd, a subsidiary of KITO Co. located in Jiangyin, China.

Mr. Ukawa brings to Mansfield Group more than 30 years of experience in investment banking, finance and corporate management in both China and Japan. With his extensive knowledge of Chinese and Japanese corporate culture and business models, Mr. Ukawa is well positioned to lead the Mansfield Group management.

Mr. Ukawa graduated from Japan's Waseda University with a degree in economics.

SENIOR MANAGEMENT

Ms. Ivy Neo Meow Khim
Finance Director

Ms. Ivy Neo Meow Khim joined Mansfield (Suzhou) Manufacturing Company Limited as Financial Controller in May 2014. After a year and a half, she was re-designated as Finance Director of Mansfield Group where she oversees the Group's financial affairs and corporate functions and works closely with the core leadership team. From July 2021, Ms. Neo was promoted to the position of Finance Director of InnoTek Limited.

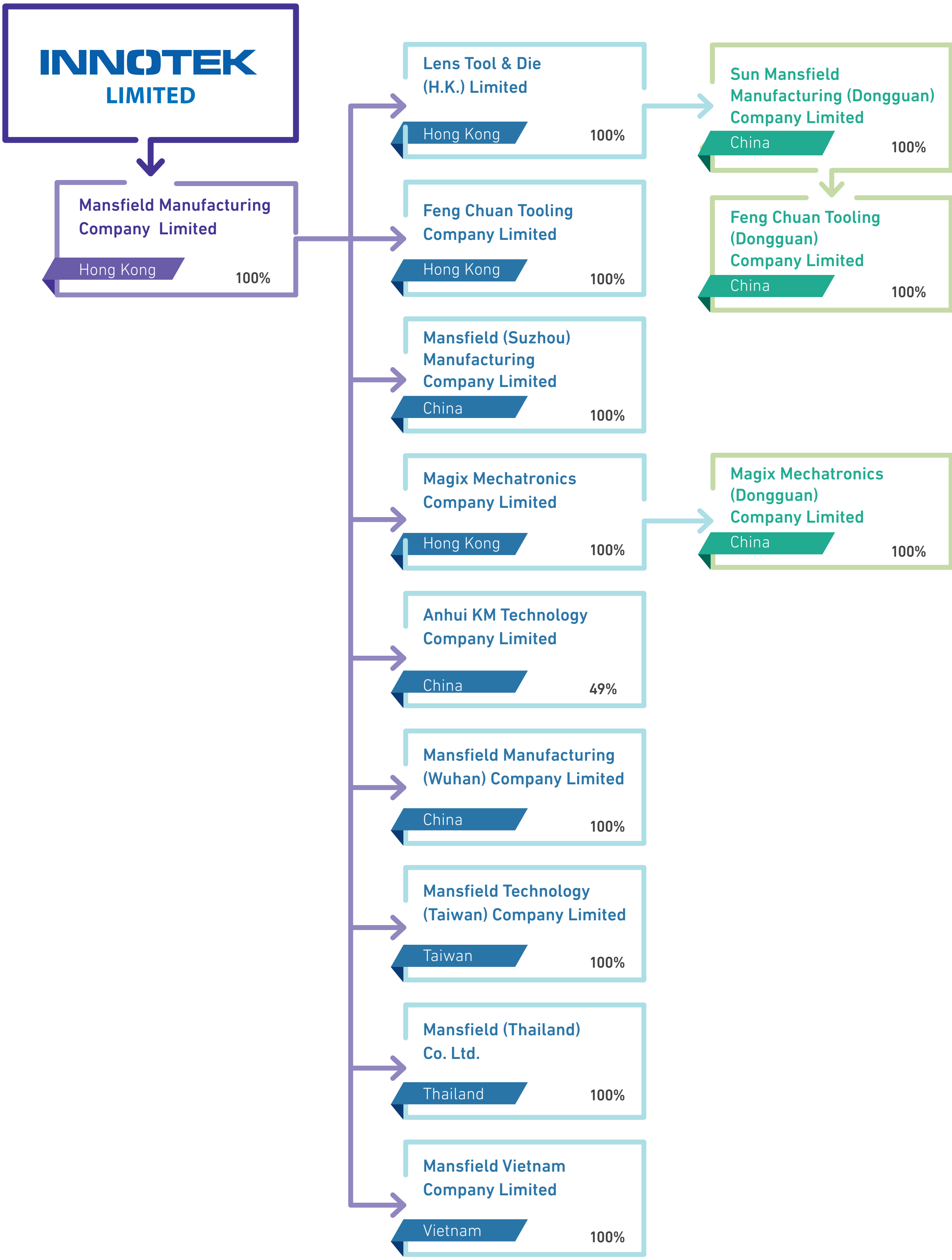
Ms. Neo has over 30 years of financial exposure with more than 10 years working experience in the PRC manufacturing environment. Prior to joining the Company, Ms. Neo's experience spans across various companies including Sino-American Joint venture, Yaguang Nypro Precision Molding (Tianjin) Co. Ltd, Celestica Holdings (HK) Ltd, Thomson Multimedia Co Ltd, Keppel Shipyard and Singapore Press Holdings.

Ms. Neo graduated from Victoria University of Australia with a Master of Business Administration (Accounting) and is an associate member of the Australia CPA.

Robotic Arms in Sun Mansfield Plant

GROUP STRUCTURE

As at 31 March 2022



INNOTEK LOCATIONS

InnoTek Limited
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Fax : (852) 2481 0946
www.mansfield.com.hk

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Fax : (852) 2481 0946

Magix Mechatronics (Dongguan) Company Limited
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He Dong Industrial Zone, Yantian,
Fenggang Town, Dongguan City,
Guangdong Province, China
PC : 523740
Tel : (86) 769-8203 9188
Fax : (86) 769-8203 9100

Mansfield Technology (Taiwan) Company Limited
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XiZhi District, New Taipei City, Taiwan
PC : 22101

Anhui KM Technology Company Limited
No. 618, Huaihexi Road, Chuzhou, Anhui Province,
China
PC : 239000
Tel : (86) 550-391 9088

Mansfield Vietnam Company Limited
Lot CN07-6, Yen Phong Expanse Industry Zone,
Yen Trung Communie, Yen Phong District,
Bac Ninh Province, Vietnam
PC : 221510

FINANCIAL HIGHLIGHTS

FOR THE YEAR (S$ IN THOUSANDS)	2018	2019	2020	2021
Turnover	218,299	186,721	183,192	173,580
Operating profit	15,128	13,308	18,615	6,386
Profit before tax	23,345	19,355	19,224	9,474
Profit after tax attributable to owners of the Company	20,239	16,658	13,868	11,509

AT YEAR END (S$ in THOUSANDS)

Shareholders equity	149,596	160,912	177,945	189,843
Property, plant and equipment, investment properties and right-of-use assets	61,477	81,774	81,332	85,053
Loan and borrowings	0	224	1,654	1,111
Add: Lease liabilities (SFRS(i) 16 effective 1 January 2019)	60	23,526	21,720	22,789
Less: cash and deposits	(47,545)	(48,444)	(73,295)	(70,406)
Net cash	47,485	24,694	49,921	46,506
Weighted average number of shares	225,303	226,305	226,305	228,240
Number of shares at end of period	226,305	226,305	226,305	228,305

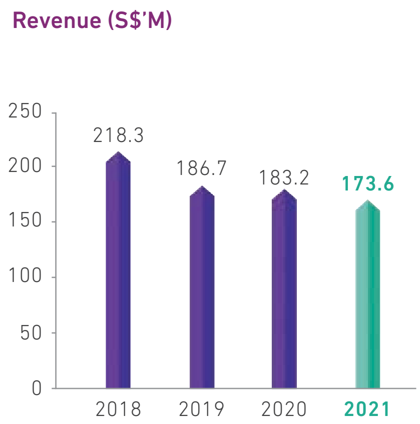
PER SHARE (SINGAPORE CENTS)

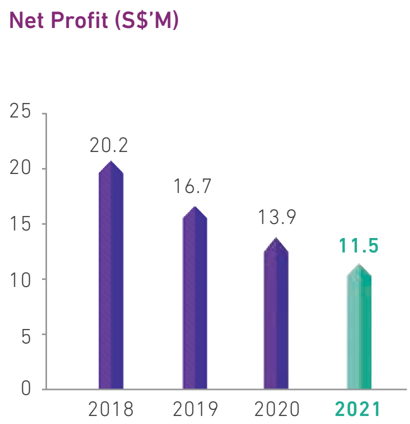
Profit after tax attributable to owner of the Company	9.0	7.4	6.1	5.0
Net assets	66.1	71.1	78.6	83.2
Gross dividend (Cents)	1.5	1.5	2.0	2.0
Net cash	21.0	10.9	22.1	20.4

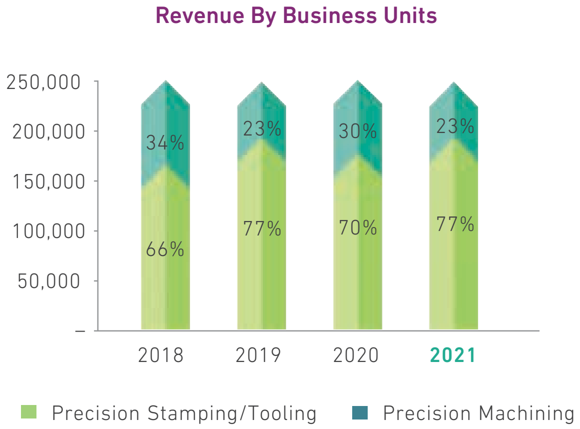
RATIOS

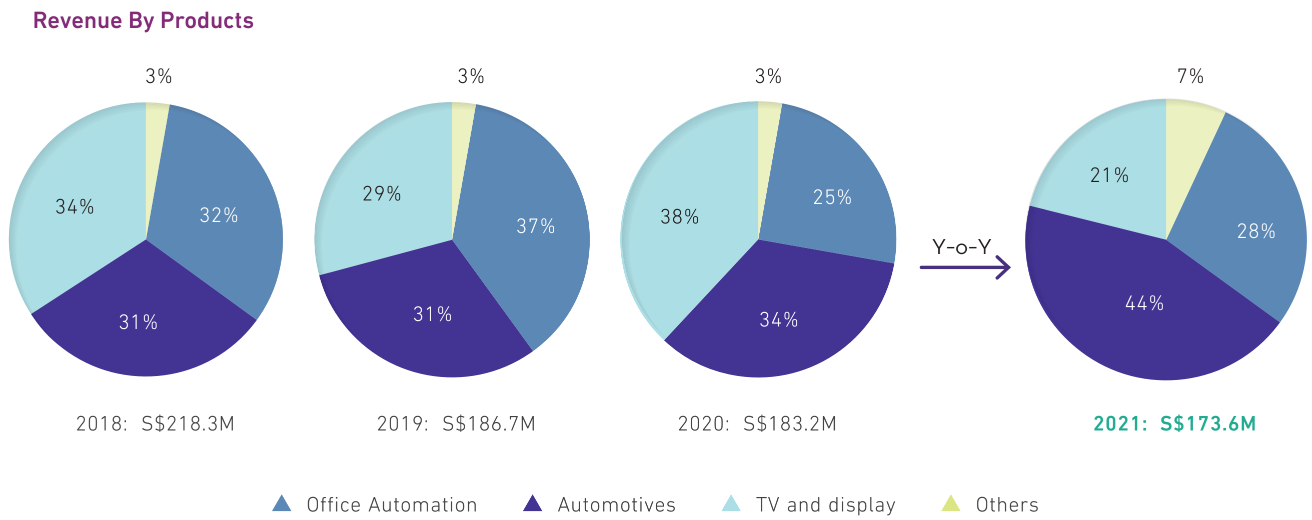
Operating profit (%)	6.9%	7.1%	10.2%	3.7%
Profit before tax (%)	10.7%	10.4%	10.5%	5.5%
Profit after tax (%)	9.3%	8.9%	7.6%	6.6%
Net cash (%)	31.7%	15.3%	28.1%	24.5%
Current ratio	2.23	2.60	2.75	3.18

FINANCIAL HIGHLIGHTS









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CORPORATE GOVERNANCE

The Board and Management of InnoTek Limited ("InnoTek" or the "Company") and its subsidiaries (together, the "Group") firmly believe that good corporate governance is fundamental to the creation, protection and sustainability of the long-term value of the Company. We are committed to upholding and observing a high standard of corporate governance within the Group.

The Code of Corporate Governance was revised in August 2018 and this report ("Report") outlines the corporate governance framework and practices adopted by the Company with specific reference made to the principles of the Code of Corporate Governance 2018 ("Code"). The Company has complied in all material aspects with the principles and guidelines laid down by the Code and in so far as the Company has not complied with any guideline, we have provided the reason.

The Group believes that corporate governance is not simply a matter of compliance with the Code, rather it is about embedding the right mindset in its people.

BOARD MATTERS – PRINCIPLES 1 TO 5

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company

The Company is headed by an effective Board which oversees the strategic direction, performance and affairs of the Group and provides overall guidance to Management.

The Board's corporate objective is to achieve sustained value creation for all stakeholders. The Board is collectively responsible for overall corporate governance, strategic direction and formulation of policies to oversee the business, performance and affairs of the Group. The Board supervises the Management which has the role of ensuring that the day-to-day operation and administration of the Group are carried out in accordance with the policies and strategies determined by the Board, and in that respect, Management is fully accountable to the Board.

The principal functions of the Board are to:

– Act as ultimate decision-making body of the Company, except with respect to those matters reserved to shareholders. All directors take decisions objectively in the interests of the Company;

– Represent shareholders' interest in developing the Company's businesses successfully including optimising long-term financial returns;

– Review and evaluate Management's performance and ensure that Management is capable of executing its responsibilities;

– Act as an advisor to senior management; and

– Recognise its legal, social and moral obligations towards its stakeholders.

In addition to its statutory duties, the Board is also responsible for:

– Providing entrepreneurial leadership within a framework of prudent and effective controls which enable risks to be adequately assessed and managed;

– Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and overseeing the Management of the Company and the Group;

– Approving of investment and divestment proposals;

– Overseeing the processes for evaluating the adequacy of internal controls and risk management, financial reporting and compliance;

– Approving the nominations of board directors and oversees succession planning. Assuming responsibility for compliance with the Companies Act and other regulatory bodies; and

– Setting the Company's values and standards and ensuring that its obligations to its shareholders and others are understood and met.

Financial and other matters that require the Board's approval are set out in the Group's Financial Procedures Manual ("FPM"). All policies and procedures on financial matters including approval limits and authorities are clearly defined in the FPM. Other matters specifically reserved to the Board for decision include strategic planning, corporate or financial restructuring, material acquisitions and disposals of assets, annual budget, capital expenditure, share issuances, share buy-backs and dividends.

To ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board Committees, which would submit their recommendations or decisions to the Board. The Board Committees constituted by the Board are the Audit & Risk Management Committee, the Nominating Committee and the Remuneration Committee. Each Board Committee has its own terms of reference.

Board meetings are scheduled quarterly for the purpose of, *inter alia*, approving the release of the Group's financial results. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required. Important and critical matters concerning the Company are also tabled for the Board's decision by way of written resolutions, faxes and electronic mails. The Company's Constitution allow a Board meeting to be conducted by way of video conference, teleconference and other forms of electronic communication.

A total of four Board meetings were held in 2021. The number of Board committee meetings as well as Board members' attendance thereat is set out below:

	Board	**Audit & Risk Management Committee**	**Remuneration Committee**	**Nominating Committee**
No. of Meetings Held	**4**	**4**	**1**	**1**
Name of Director	**Attended**	**Attended**	**Attended**	**Attended**
Mr. Neal Manilal Chandaria	4/4	4/4	1/1	1/1
Mr. Lou Yiliang	4/4	4/4	1/1	1/1
Mr. Steven Chong Teck Sin	4/4	4/4	1/1	1/1
Mr. Sunny Wong Fook Choy	4/4	4/4	1/1	1/1
Mr. Teruo Kiriyama	4/4	4/4	1/1	1/1
Dr. Xu Jinsong*	2/2	2/2	–	–

* Dr. Xu Jinsong was appointed Director on 15 July 2021

The Company recognised the importance of providing the Board with timely and complete information prior to its meetings and as and when the need arises.

In order to ensure that the Board is able to fulfill its responsibilities, the Management provides the Board with monthly financial reports, forecasts/budgets and other relevant information of the Group as well as revised budgets with explanation for any material variance between the projection and the actual results of budgets. In addition, the Management provides adequate and timely information to the Board on affairs and issues that require the Board's attention and decision.

Board members have full co-operation from Management and separate and independent access to the senior management including the Company Secretary, who attends all Board and Board committee meetings.

The role of the Company Secretary is clearly defined and includes responsibility for ensuring that board procedures are followed and that the Company complies with the requirements of the Companies Act and all other applicable rules and regulations. The Company Secretary ensures that Board members are fully briefed and aware of their duties and responsibilities when making decisions. The Company Secretary also facilitates orientation and training of new Directors as well as updates Directors on new developments in corporate governance, legal and regulatory matters. From time to time, the Company Secretary would inform the Board members of relevant seminars or courses conducted by the Singapore Institute of Directors and/or the Singapore Exchange Securities Trading Co. Ltd for their information and participation. The cost for these courses are borne by the Company. Apart from the above, the Company Secretary's responsibilities also include ensuring good information flows within the Board and its committees, and between senior management and non-executive directors. In accordance with the Company's Constitution, the appointment and removal of the Company Secretary is subject to the approval of the Board.

Board members are aware that they, whether as a group or individually, can have independent professional advice as and when necessary to enable them to discharge their responsibilities effectively. The cost of such professional advice is borne by the Company.

Training for Directors

Newly appointed Directors are briefed on the Group's business activities, strategic direction, corporate governance practices as well as their statutory and other duties and responsibilities. In addition, new Directors are given a memorandum outlining their obligations, duties and responsibilities to the Company. As and when new regulations and changes to regulations and accounting standards which have an important bearing on the Company's or Directors' disclosure obligations, Directors will be briefed either during the Board meetings or through memorandum and emails. Where appropriate, Directors are encouraged to attend courses, conferences and seminars in relevant fields. All new Directors are offered courses conducted by external organisations on corporate governance, leadership and industry-related subjects. The registration process is facilitated by the Company with course fees borne by the Company. All new Directors will have an opportunity to visit Group's offices and plants overseas to familiarise themselves with the InnoTek Group's businesses.

Dr. Xu Jinsong, the newly appointed director, attended the Listed Entity Director ("LED") Programme LED Module 1 to LED Module 4 organised by the Singapore Institute of Directors from 25 October 2021 to 29 October 2021. Mr. Lou Yiliang, CEO of the Company also attended the same course which was conducted virtually in Mandarin.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company

The current Board comprises six directors, four of whom are independent and non-executive. With independent directors making up 66.7% of the Board, the Board is able to exercise objective judgement on corporate affairs independently, in particular from Management, as there is a strong and independent element on the Board.

The Board comprises the following members:–

1)	Mr. Neal Manilal Chandaria	Non-Executive and Non-Independent
2)	Mr. Lou Yiliang	Executive and Non-Independent
3)	Mr. Steven Chong Teck Sin	Non-Executive and Independent
4)	Mr. Sunny Wong Fook Choy	Non-Executive and Independent
5)	Mr. Teruo Kiriyama	Non-Executive and Independent
6)	Dr. Xu Jinsong	Non-Executive and Independent

Profiles of the current Directors are set out in the Board of Directors' section of this Annual Report.

The Board, through the Nominating Committee ("NC"), reviews from time to time the size and composition of the Board, with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the operations of the Group, and that the Board has a strong independent element.

During the year, the Board had appointed Dr. Xu Jinsong, as a Non-Executive and Independent Director. The Board intends to tap the vast knowledge and experience of Dr. Xu to expand the Company's businesses to the next level. With the new addition, the Board and the NC are satisfied that the structure, size and composition of the Board are currently appropriate given the size and geographic spread of its operations and the requirements of the business.

Board Diversity

The Company recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives. The Company has a Board Diversity Policy, which sets out its policy for promoting diversity on the Board. It provides that, in reviewing the Board composition, the NC will take into consideration the skills, qualification and business experience, apart from age, gender, knowledge of the industry and the Company, in order to arrive at an optimum balanced composition of the Board. The selection of the Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. Though the Board currently does not have a female director, the Board do consider female candidate for appointment should there be a need for additional director.

With the core competencies of members of the Board in various fields of finance, legal, business, management, industry and strategic planning, their stature, and wealth of international business experience, the Company is well positioned to chart new frontiers for the InnoTek Group. The Directors actively participate and engage Management in setting goals and objectives for the Company and the Group and monitor the reporting of performance.

The NC is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. For the financial year ended 31 December 2021, Mr. Steven Chong Teck Sin, Mr. Sunny Wong Fook Choy, Mr. Teruo Kiriyama and Dr. Xu Jinsong were considered by the Nominating Committee to be independent as they do not have any significant business relationship with the InnoTek Group and neither are they related to any of the other Directors or substantial shareholders of the InnoTek Group. Annually, each independent director is required to submit a confirmation of independence based on the guidelines provided in the Code.

Each member of the NC and the Board recused himself from the NC's and the Board's deliberations respectively on his own independence.

As at the date of this Report, apart from Mr. Steven Chong Teck Sin who had served the Board for more than nine years, none of the other Independent Directors has served on the Board for more than nine years.

Under the Code, any director serving more than nine years will not be independent unless his continued appointment as an independent director has been sought and approved in separate resolution by (a) all shareholders, and (b) all shareholders, excluding shareholders who also serve as directors or the CEO or their associates. However, as transition, Guideline 2.4 of the 2012 Code of Corporate Governance continues to apply till 31 December 2021 where the independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to a particularly rigorous review. In accordance with the guideline, the board will rigorously review the independence of that director and determine if he should continue to be regarded as an independent director.

In line with the Code and the SGX Listing Rule 210(5)(d)(iii) which took effect from 1 January 2022, the Company had implemented the mandatory two-tier voting system in its 2021 annual general meeting ("AGM") for the re-election of Mr. Steven Chong Teck Sin who has served the Board for more than nine years. Mr. Steven Chong Teck Sin was re-elected to serve the Board as an independent director at last year's AGM until his next re-election.

Composition of Board and Board Committees

Director	Board Membership	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee
Mr. Neal Manilal Chandaria	Chairman & Non-Independent Director	Member	Member	–
Mr. Lou Yiliang	Executive Director	–	–	–
Mr. Steven Chong Teck Sin	Independent Director	Chairman	–	Member
Mr. Sunny Wong Fook Choy	Independent Director	–	Member	Chairman
Mr. Teruo Kiriyama	Independent Director	Member	Chairman	Member
Dr. Xu Jinsong	Independent Director	–	–	–

The Non-Executive Directors participate actively in the meetings of the Board. They provide strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. They also review and monitor Management's performance. To facilitate this, they are kept informed of the Company's businesses and performances through regular reporting from Management, and have full access to Management as and when the need arises. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

The position of Chairman and Chief Executive Officer ("CEO") are separate and had always been held by two separate persons to ensure an appropriate balance of power and authority, and a clear division of responsibilities and accountability between the leadership of the Board and Management and that no one individual has unfettered powers of decision-making.

The Chairman, Mr. Neal Manilal Chandaria is a Non-executive Director. The Chairman heads the Board and acts independently of Management to ensure its effectiveness in all aspects of its role. His primary role is to provide leadership to the Board and its Committees. He ensures Directors receive accurate, timely and clear information, fosters effective communication with shareholders, encourages constructive relations between the Board and Management, and among Directors, and promotes high standards of corporate governance.

The CEO, Mr. Lou Yiliang, is responsible for implementing the Group's strategies and policies, and for management, operations and growth of the Group's businesses.

Although the Code recommends the appointment of a lead independent director where the Chairman is not an independent director, the NC was of the view that there is no necessity for the Company to appoint a lead independent director as shareholders could access to any one of the Company's Directors or the Finance Director directly, if necessary.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board

The Nominating Committee ("NC"), through a formal and transparent process, reviews the diversity of skills, experience, gender, knowledge, size and composition of the Board. The NC has a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and composition and makes its recommendations to the Board on all board appointments. The NC met once in 2021.

The NC comprises three Directors, majority of whom, including the NC Chairman, are independent:

Mr. Teruo Kiriyama	Chairman
Mr. Neal Manilal Chandaria	Member
Mr. Sunny Wong Fook Choy	Member

The Chairman is not associated with a substantial shareholder. Members of the NC comprise persons of stature, integrity and accountability, who would be able to exercise independent judgement in the performance of their duties.

The NC is guided by its Terms of Reference, which sets out its responsibilities. Its duties with regard to nomination functions are to review succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel, and make recommendations to the Board on all board appointments, to review all nominations for the appointment and re-appointment of directors, to evaluate the effectiveness and performance of the Board as a whole and each individual director and to review the independence of each director annually. In determining the independence of directors, the NC determines whether or not a director is independent bearing in mind the Code's definition of an "independent director" and guidance as to relationships which would deem a director not to be independent. The NC has endorsed the independence status of Mr. Steven Chong Teck Sin, Mr. Sunny Wong Fook Choy and Mr. Teruo Kiriyama.

CORPORATE GOVERNANCE

The process for the selection and appointment of new directors to the Board is carried out when necessary by the Nominating Committee. The NC initiates and executes a process to search and identify suitable candidates for nomination to the Board for appointment. The NC works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole as well as its individual members. Upon the review and recommendation of the NC for the appointment of directors, new directors will be appointed by way of a board resolution. Such new directors must submit themselves for re-election at the next AGM of the Company immediately following his appointment.

The Constitution of the Company provide that at least one third of the Directors for the time being, shall retire as Directors at each annual general meeting of the Company ("AGM"). In accordance with the Constitution of the Company, Mr. Neal Manilal Chandaria and Mr. Teruo Kiriyama are due to retire by rotation at the 2022 AGM and being eligible, both Mr. Neal Manilal Chandaria and Mr. Teruo Kiriyama have offered themselves for re-election at the 2022 AGM. Dr. Xu Jinsong who was appointed during the year of 2021 is also due to retire under the Company's Constitution and being eligible, Dr. Xu Jinsong has offered himself for re-election at the 2022 AGM.

The NC determines annually whether a Director has been adequately carrying out his duties as a Director of the Company, taking into consideration the number of that Director's other listed company board representations and other principal commitments. The Company does not set a limit on the number of directorship held by its Directors but engage with its Director from time to time to check on their effectiveness as a Director of the Company. The Nominating Committee is of the view that each Director has been able to effectively discharge his duties as a Director of the Company.

The table below shows the directorships and principal commitments of each Director (including past directorships and principal commitments over the preceding three years):

Name of Director	Date of First Appointment	Date of Last Re-election	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Neal Manilal Chandaria	02.11.2015	30.04.2019	Acme Printing and Packaging PLC	Metchem Engineering Services Pte Ltd
Steven Chong Teck Sin	17.09.2012	29.04.2021	Accordia Golf Trust Management Pte. Ltd.	AIMS APAC REIT Management Limited Civmec Limited Changan Minsheng APLL Logistics Co., Ltd
Sunny Wong Fook Choy	17.11.2014	27.04.2020	KTL Global Limited Wong Tan & Molly Lim LLC	Excelpoint Technology Ltd Mencast Holdings Ltd Civmec Limited
Teruo Kiriyama	02.11.2015	30.04.2019	–	–

Name of Director	Date of First Appointment	Date of Last Re-election	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Lou Yiliang	02.11.2015	29.04.2021	–	Toyochi Tsusho Co. Ltd Toyochi Industry Co. Ltd Konka Precision Mold Plastic Co. Ltd Mansfield Manufacturing Company Limited Sun Mansfield Manufacturing (Dongguan) Co, Ltd Mansfield Manufacturing (Wuhan) Company Limited Mansfield (Suzhou) Manufacturing Company Limited Lens Tool & Die (H.K.) Limited Mansfield (Thailand) Company Limited Magix Mechatronics Company Limited Magix Mechatronics (Dongguan) Company Limited Feng Chuan Tooling Company Limited Feng Chuan Tooling (Dongguan) Company Limited Mansfield Technology (Taiwan) Company Limited Mansfield Vietnam Company Limited
Xu Jinsong	15.07.2021	N.A.	–	Faculty member at Shanghai Jiao Tong University

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

Annually, the NC evaluates the effectiveness of the Board as a whole, and that of each Board Committee as well as the individual director by establishing a process for conducting reviews of all Board members.

All Directors are required to assess the performance of the Board, the Board Committees and the individual director by way of a questionnaire. The assessment covers areas such as contribution of each individual director to the effectiveness of the Board and Board Committees, information management, Board processes, Shareholder management, managing the Company's performance. The NC takes into consideration their respective preparedness, commitment, participation, attendance at Board and Board committee meetings. The evaluation would also take into account their respective ability to make informed decisions and level of comprehension of legal, accounting and regulatory requirements and whether they have the essential skills to competently discharge the Board's duties. The results of the evaluation of the Board as a whole as well as the individual director would be presented to the NC and brought up by the NC Chairman for discussion and follow-up action where necessary. As and when the need arises, NC Chairman will, in consultation with the NC, propose new members to be appointed to the Board or seek the resignation of Directors.

The NC is satisfied that each Director is able to and has been adequately performing his duties as a Director of the Company, devoting sufficient time and attention to the affairs of the Company.

REMUNERATION MATTERS – PRINCIPLES 6, 7 & 8

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

The Remuneration Committee ("RC"), which is also the Employees' Share Option Plan Committee, comprises three Directors, all of whom, including the RC Chairman, are independent:

Mr. Sunny Wong Fook Choy	Chairman
Mr. Steven Chong Teck Sin	Member
Mr. Teruo Kiriyama	Member

There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual top management executives including directors.

The RC is guided by its Terms of Reference, which sets out its responsibilities. The primary function of the RC is to advise the Board on compensation issues generally, and in particular, in relation to Directors and key management personnel, bearing in mind that a meaningful portion of Management's compensation should be contingent upon financial performance in order to foster the creation of long-term shareholder value.

The principal responsibilities of the RC include the following:

– advise the Board of Directors on compensation matters, as well as best practice with regard to non-cash compensation and trends;

– review Management's appraisal on current market situation as it relates to compensation and Management's recommendation of the overall aggregate adjustments to be made at the annual review of compensation for all staff, Management and Directors, including stock options and other equity incentive schemes;

– recommend to the Board compensation packages for senior management, non-executive directors and CEO;

– responsible for the grant of options and other equity incentives, if any, to Directors, Management and staff based on the recommendations by the Management;

– oversee the implementation of remuneration policies within the InnoTek Group and ensure that no director participates in decisions on his own remuneration matter; and

There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the key management personnel.

In setting remuneration packages, the RC considers the level of remuneration to attract, retain and motivate Executive Directors and key management and to align their interests with those of shareholders. A proportion of Executive Directors' remuneration is structured to link rewards to the performance of the InnoTek Group as a whole, as well as individual performance.

On an annual basis, the RC reviews the level and mix of remuneration and benefits policies and practices of the Company. When conducting such reviews, the RC takes into account the performance of the Company and that of individual employees. It also reviews and approves the framework for salary, performance bonus and incentives for key management employees.

The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive, and the InnoTek Share Option Schemes. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Company benchmarks with the relevant industry market median. The annual performance incentive is tied to the Company's business unit's and individual employee's performance. The InnoTek Share Option Scheme is a long-term incentive plan. The equity component is intended to achieve the objective of aligning the interests of the Executive Directors and key management with those of the shareholders of the Company. Performance targets are set and performances are evaluated annually.

Executive Directors do not receive directors' fees but are remunerated as a member of Management. Non-Executive Directors' fees take into account a Director's contributions, additional responsibilities on Board Committees, experience, qualifications and time committed and require shareholders' approval at the Company's AGM. The RC is mindful not to over-compensate the Non-Executive Directors to the extent that their independence may be compromised.

CORPORATE GOVERNANCE

In reviewing the fees for Non-Executive Directors, the RC has adopted a framework based on guidelines recommended by the Singapore Institute of Directors, which comprises a base fee, fees for membership in Board Committees as well as fees for chairing Board Committees, taking into consideration the amount of time and effort that each Board member may be required to devote to the role and the fees paid by comparable companies.

The first InnoTek Employees' Share Option Plan ("Plan") approved at the Extraordinary General Meeting ("EGM") of the Company on 18 September 2000 ran its full duration of five years from the first date of grant and had expired on 8 February 2006. The expiration of the Plan however did not affect options which had been granted and accepted by the participants of the Plan whether such options have been exercised or not. After the expiry of the Plan, a subsequent plan known as InnoTek Employees' Share Option Scheme II ("Scheme II") was approved by shareholders at the EGM on 30 April 2008. Scheme II expired on 9 March 2014. At the EGM in 2014, the Company adopted a new InnoTek Employees' Share Option Scheme 2014 ("Scheme 2014") with the approval of its shareholders. On 1 December 2019, Scheme 2014 expires. At an EGM in 2021, the Company adopted a new InnoTek Employees' Share Option Scheme 2021 ("Scheme 2021") with the approval of its shareholders.

The RC is assigned the responsibility of administering all share option plans in accordance with the rules of the respective plan, to determine and approve the list of grantees of the share options, the date of grant and the price thereof. During the year, an aggregate of 3.3 million share options were granted under the Scheme 2021 to eligible employees and the relevant announcement on the grant of share options was made to the SGX on the date of grant.

The remuneration policy of the Company is based on an annual appraisal system using the criteria of core values, competencies, key result areas, performance rating and potential. Rewards are linked with corporate and individual performance.

A breakdown, showing the level and mix of each individual Director's remuneration paid for the financial year ended 31 December 2021 is as follows:

	Remuneration	**Fee**	**Salary**	**Bonus**	**Allowance/ Benefits**	**Others**	**Total**
Directors' Remuneration	**$**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Mr. Lou Yiliang	599,260	0	80	20	0	0	100
Mr. Teruo Kiriyama	91,000	100	0	0	0	0	100
Mr. Neal Manilal Chandaria	83,000	100	0	0	0	0	100
Mr. Steven Chong	80,000	100	0	0	0	0	100
Mr. Sunny Wong	73,000	100	0	0	0	0	100
Dr. Xu Jinsong*	–	–	–	–	–	–	–

* Dr. Xu Jinsong's remuneration is $23,288 director's fee for 2021 which is subject to Shareholders' approval at the AGM.

The total Directors' Fees of $400,288 will be tabled at this AGM for shareholders' approval.

Details of the share option plan are set out in the Directors' Statement whilst disclosure of the Directors' remunerations also made in the notes to the financial statements.

Top 5 Key Management Personnel Remuneration

	Salary	Bonus	Allowance/ Benefits	Others	Total
Key Management Personnel Remuneration	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Above $750,000					
Mr. Li Wei Ta	23	75	0	2	100
$500,000 to below $750,000					
Nil					
$400,000 to below $500,000					
Mr. Okura Ippei*	47	53	0	0	100
$250,000 to below $500,000					
Mr. Ukawa Masatsugu	47	53	0	0	100
Mr. Shiba Makoto	55	44	1	0	100
Below $250,000					
Mr. Song Lei	63	29	8	0	100

* Mr. Okura Ippei, the brother of Mr. Lou Yiliang, is the Sales Director and Director of Mansfield Manufacturing Co., Ltd. Hong Kong, the wholly-owned subsidiary of the Company. His remuneration for 2021 was within the band of $400,000 to below $500,000.

In recommending and determining the remuneration package for Mr. Okura Ippei, Mr. Lou Yiliang, CEO of the Company, did not participate in the deliberation of his remuneration package which is determined by the Remuneration Committee in which Mr. Lou Yiliang 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.

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 $100,000 during the financial year ended 31 December 2021.

The aggregate remuneration paid to the key management personnel is $2,281,177.

In 2021, the Company had adopted a long-term incentive scheme as the InnoTek Employees' Share Option Scheme 2021 which was approved and adopted at the 2021 AGM. Details of the share option plans are set out in the Directors' Statement.

ACCOUNTABILITY AND AUDIT – PRINCIPLES 9 & 10

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9 – The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

InnoTek acknowledges that appropriate management of the risks accompanying its business is vital to prevent losses and damages in the fast-changing business environment. The Board has put in place processes and procedures which help to identify and manage areas of significant strategic, business and financial risks. The Group manages risk under an overall risk management framework determined by the Board and supported by the Audit and Risk Management Committee and Internal Audit. Management periodically reviews the past performance of, and profiles the current and future risks facing the Group. This system by its nature can only provide reasonable, but not absolute, assurance to investors regarding:

- the safeguarding and protection of the Group's assets against unauthorised or improper use or disposal;
- protection against material misstatements or losses;
- the maintenance of proper accounting records;
- the reliability of financial information used within the business and for publication;
- the compliance with appropriate legislations, regulations and best practices; and
- the identification and containment of business risks.

Among the various risks that affect the Group include, but are not limited to:

1. **Industry and customer risk**

   The market demands and customers specific requirements constantly remind the Company not to be complacent and to keep up and be able to cater to the needs in the market and of its customers. In the event the Company is unable to meet customer and industry requirements, there may be a possibility that its products and/or process will become obsolete, and its customers may take their business to those who are able to meet such requirements. As such, the Company works closely with its customers and industry sources to ensure that its technology and product roadmaps are in line with customer requirements.

2. **Under utilisation of production capacity**

   The Company's business is characterised by high fixed costs including plant facilities, manufacturing equipment and machineries. In the event when it's capacity utilisation decreases due to poor demand or cancellation or delay of customer orders, the Company could encounter significantly higher unit production costs, lower margins and potentially significant losses. Under utilisation of production capacity could also result in equipment write-offs, restructuring charges and employee layoffs.

3. **Dependence on a small customer base**

In the highly competitive industry with low margin and customers could easily bring their orders elsewhere, the loss of one or more of its major customers or a substantial reduction in orders by any major customer, for any reason, could have a material adverse effect on the Group's revenue. To mitigate the risk of losing customer the Company works closely with its customers, so as to be able to build long-term working relationships and, hence, build long term customers' trust and loyalty.

4. **Primary materials prices and timely supply of materials**

The Group relies on a limited number of qualified suppliers for some of the materials used in its precision metal component division manufacturing processes. Any increase in the price of primary materials would affect the cost of manufacturing. The Group mitigates the risk by not committing to large orders of fixed price materials thus enabling the Group to adjust prices when appropriate and feasible. The timely supply of sufficient quantity of raw materials by its supplier is also crucial in meeting the commitments to its customers. To mitigate the risk the Group employs supply chain management and builds long term relationships with qualified suppliers.

5. **Exposure to credit risks**

The Group is exposed to credit risks of its customers. From time to time, in the ordinary course of business, certain customers may default on their payment. Such events may arise due to the inherent risk from its customers' business, risk pertaining to the political, economic, social and legal environment of its customers' jurisdiction and foreign exchange risk. However, the Group regularly reviews its exposure by way of monthly management reports, market feedbacks, performing checks on customers' financial status and executes necessary payment recovery measures to minimise its credit risks.

6. **Foreign exchange exposure**

The Group's core assets and raw materials are primarily in U.S. dollar denominated currency whereas manufacturing and related expenses are in the currency of the country of operation. The Group has a policy of monitoring the foreign currency exchange rates changes closely so as to minimise any potential material adverse impact on its financial performance. The Group enters into short-term, forward contracts as and when it deems appropriate.

7. **Liquidity risk**

To ensure that it has adequate funding to achieve these requirements and its long term goals, the Group regularly monitors its capital expenditure to ensure an appropriate rate of returns, monitors the efficiency of the investment and pursues new financing opportunities to supplement its current capital resources.

8. **Changes in the political, social and economic conditions**

The Group's manufacturing facilities are located mainly in China. Any unfavorable changes in the political, social, legal, regulatory and economic conditions in the PRC may disrupt our operations and affect our financial performance.

Regulatory changes could result in increased costs to the Group. The Group continues to evaluate and monitor developments with respect to new and proposed rules and regulations by the local authorities in the different provinces in the PRC which can or may affect the Group in any way, and cannot predict or estimate the amount of additional costs the Group may incur or the timing of such costs.

9. **Operational risks amidst Covid-19 Pandemic ("Pandemic")**

The Group continues to proactively manage the operational risks which arose from the Pandemic and implemented business continuity plans to minimise disruptions to the operations and supply chain while the full impact of the Pandemic is still unfolding. The Group will continue to assess and respond to the evolving situation with proactive measures to mitigate the impact as much as possible.

The Board considers that the Group has in place, a system of internal controls of its procedures and processes maintained by the Company's Management to safeguard shareholders' investments and assets of the Company. The system of internal controls addresses financial, operational, compliance and information technology controls and risk management. The Board, however, notes that the system of internal controls provides reasonable, but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

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 work 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 effectively the functions and maintained their independence from the activities that IA audits.

Mazars LLP works closely with the IAD to provide independent and objective assessments and consulting services which are designed to evaluate the adequacy and effectiveness of the Mansfield Group's system of internal controls. A risk-based approach is used to develop the annual audit plan to ensure that all high risk areas are monitored for proper coverage and audit frequency.

The IA subscribes to, and is guided by the standard established by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and has incorporated these standards into its audit practices.

The focus of the Internal Audit function is to strengthen the internal control structure and risk management of the Group through the conduct of independent and objective reviews. The IA also conducts tests to verify the Group's assets and liabilities and to check on compliance with the Group's system of internal controls including financial, operational and compliance controls.

In addition to the annual internal audit plan, both the IA and the IAD are also involved in conducting system or process reviews that may be requested by Management on specific areas of concern during the course of the year. By allowing such flexibility in the audit work plan, the IA and IAD are able to help Management understand risks and internal control issues associated with the changes taking place in their businesses by providing them with timely input on new or emerging issues during the year.

The ARMC has reviewed the independence, effectiveness, adequacy and robustness of the Company's risk management policies, procedures and internal controls, including financial, operational, compliance and information technology controls. Material non-compliance and internal control weakness noted during the audit, and the auditors' recommendations to address such non-compliance and weakness will be reported to the ARMC. Management follows up and implements the internal and external auditors' recommendations.

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 independence, adequacy and effectiveness of the Group's risk assessment programmes and internal control processes. The Board has received assurance on the independence, 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 2021 in providing reasonable assurance of the effectiveness of the Group under the current business environment.

The Board has received assurance from the Chief Executive Officer, Chief Administrative Officer (Mansfield), Finance Director (Mansfield) and the General Managers and Deputy General Managers of the Business Units, Head of Internal Audit Department and the Finance Director of the Company that as at 31 December 2021:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2021 give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal controls in place for the respective business divisions were adequate and effective as at 31 December 2021 to address the Group's financial, operational, compliance and information technology risks which the business divisions consider relevant and material to their operations.

AUDIT COMMITTEE

Principle 10 – Establishment of an Audit & Risk Management Committee with written terms of reference

The Audit & Risk Management Committee ("ARMC") has three members. The ARMC comprises entirely non-executive directors, majority of whom (including the Chairman) are independent. The Board is satisfied that members of the ARMC are appropriately qualified to discharge their responsibilities. The Chairman and members of the ARMC are:

Mr. Steven Chong Teck Sin	Chairman
Mr. Neal Manilal Chandaria	Member
Mr. Teruo Kiriyama	Member

None of the members of the ARMC are former partners or directors of the Company's existing external or internal audit firm (a) within a period of two years commencing on the date of their ceasing to be a partner of the external or internal audit firm and in any case; (b) for so long as they have any financial interest in the external or internal audit firm.

The ARMC met four times during the year under review. Other directors, the Corporate Controller, representatives of the Internal Audit firm, Mazars LLP, Company Secretary and the External Auditor are invited to these meetings. The ARMC meets with the internal and external auditors, without the presence of the Company's Management, at least once a year to obtain feedback on the competency and adequacy of the finance function and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational systems. This meeting enables the auditors to raise issues encountered in the course of their work directly to the ARMC. In addition, the ARMC is periodically updated on changes in accounting standards, risk management, corporate governance and regulatory related topics which have a direct impact on financial statements during the year.

The ARMC guided by its Terms of Reference, reviews the scope and results of the internal and external audit and the cost effectiveness, significant financial reporting issues, and adequacy of the Company's internal controls, risk management as well as the effectiveness of the Company's internal audit function at least annually.

The responsibilities of the ARMC include the following:

- review and recommend to the Board the release of the quarterly and full year financial statements;

- review the independence and objectivity of the internal and external auditors, their appointment, re-appointment and audit fee;

- review and approve both the internal audit and the external auditor's scope and plan to assure completeness of coverage and effective use of audit resources and where the auditors also supply a substantial volume of non-audit services to the Company, review the nature and extent of non-audit services performed by them to ensure that the independence of the auditors would not be affected;

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;

- review and report to the Board the internal audit plan, oversees and reviews the adequacy and effectiveness of the internal control functions and evaluate the level of risks and assess the system of ensuring integrity of financial reporting, steps taken by Management to minimise or control Company's exposure to such risks and assessing financial risk management;

- review major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit and compliance with relevant professional internal audit standards with the Director of Internal Audit and Management;

- review interested person transactions as required under the Listing Manual of the Singapore Exchange Securities Trading Limited Listing Manual ("SGX-ST");

- review the internal and external business risks in the context of the Company's and its subsidiaries' business strategies as identified, analysed and assessed by the Management;

- oversee the risk management function and the Enterprise Risk Management framework as established by the Management;

- review the risk management policy and guidelines including risk levels and risk appetite submitted to it by the Management;

- monitor risk management activities and processes and procedures pertaining to risk-related activities; and

- monitor the integrity and effectiveness of internal controls and reporting systems.

The ARMC makes recommendations to the Board for approval by Shareholders, the appointment, re-appointment and removal of the Company's external auditors. It also reviews and approves the remuneration and terms of engagement of the internal audit firm and the external auditors.

In appointing the audit firm for the Company, the ARMC is satisfied that the Company has complied with the requirements of Rule 712 and 715 of the Listing Manual of the SGX-ST.

The ARMC reviews the Group's risk assessment according to the guidelines in its Terms of Reference and, based on the auditors' reports and management controls in place throughout the Group, is satisfied that there are adequate internal controls, including financial, operational, compliance and information technology controls, and risk management systems in the Group.

The ARMC has full access to the external and internal auditors and has full authority to invite any Director or executive officer to its meetings. The ARMC is authorised to have full and unrestricted access and co-operation of the Company's Management, personnel, records and other information as required to discharge its responsibilities.

The ARMC has reviewed all non-audit services provided by the external auditors to the Company and is of the opinion that the extent of such services provided will not prejudice the independence and objectivity of the external auditors. The amount paid and payable to external auditors for audit and non-audit services fees were $335,000 and $63,000, respectively, for the financial period under review. The re-appointment of the external auditors will be subject to approval by way of an ordinary resolution of shareholders at the Company's Annual General Meeting, to be held on 28 April 2022.

SHAREHOLDER RIGHTS AND ENGAGEMENT – PRINCIPLES 11 & 12

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company

The Company is committed to promoting effective communication with all shareholders, ensuring all shareholders are provided with equal and timely access to material information concerning the Company. Prompt and relevant information with regard to the Company's corporate developments and financial performance is disseminated in compliance with its continuous disclosure obligations in line with the Code and the Listing Manual of the SGX-ST.

The Company discloses to its shareholders pertinent information in a clear, forthcoming and timely manner on a regular basis. The quarterly financial results are published through the SGXNET, news releases and the Company's corporate website. The Company also retained an investor relations firm to assist in its dissemination of material information. The Company had been holding analyst briefings after its results announcement in previous years. The Company monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNET, either before the Company meets with any investors or analysts or simultaneously with such meetings. The results are published through the SGXNET, news releases and the Company's website and Share Investor. All shareholders of the Company receive the annual report, and notice of AGM, which is held within four months after the close of the financial year. The notice is also advertised in the newspapers. The annual report is also available on the Company's corporate website, www.innotek.com.sg.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution allow each shareholder to appoint up to two proxies to attend and vote at General Meetings on their behalf. The Constitution currently do not provide for shareholders to vote at General Meetings in absentia such as by mail, email or fax. Such voting methods will need to be carefully reviewed for feasibility to ensure there is no compromise to either the integrity of the information or the proper authentication of the identity of the shareholders.

At General Meetings, shareholders are given the opportunity to communicate their views on matters relating to the Group, with the Board members, Board Committees, the Company Secretary as well as the external auditor in attendance at the AGMs.

The minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board were available to shareholders upon written request. Moving forwards, the Company will publish its minutes of general meetings of shareholders on its corporate website.

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by poll at its general meetings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the rules and the voting process and verify and tabulate votes after each resolution. The detailed voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages tabled, were announced immediately at the general meetings and via SGXNET immediately after each general meeting.

Pursuant to the amendments to Rule 705(2) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual which took effect on 7 February 2020, the Company is not required to perform quarterly reporting. Prior to that date, Shareholders were presented with the quarterly and full-year financial results within 45 days of the end of the quarter and 60 days of the end of the financial year. Through the release of its financial results, the Board aims to present shareholders with a balanced and comprehensible assessment of the Group's performance, position and prospects which extends to interim and other price sensitive public reports, and reports to regulators (if required). Nothwithstanding the adoption of the new reporting framework, the Group remains committed in announcing material business development on a timely manner to keep shareholders updated as and when appropriate.

During the year, the Company held 2 analysts' briefings after the release of the Group's financial results in February 2021 and August 2021. In April 2021, the Company participated in a Webinar at the invitation of Lim& Tan Securities.

DIVIDEND POLICY

In considering the level of dividend payments, the Board takes into account various factors, including the level of cash available, the return on equity and retained earnings and set aside a certain percentage of the Group net operating profits attributable to shareholders for payment of dividend.

The Board is proposing to Shareholders to pay a first and final (one-tier, tax exempt) dividend of 2.0 cents per share at the AGM on 28 April 2022.

MANAGING STAKEHOLDERS RELATIONSHIPS – PRINCIPLE 13

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of materials stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served

The Company adopts transparent, accountable and effective communication practices as a key means to enhance standards of corporate governance. The Company aims to provide clear and continuous disclosure of its corporate governance practices through efficient use of technology. The following information is made available on the Company's corporate website at www.innotek.com.sg:

(a) Board and Management profiles;
(b) Notices of general meetings, result of general meetings and minutes of general meetings;
(c) Annual Reports;
(d) Circulars/Letters to shareholders;
(e) Company announcements;
(f) Press releases; and
(g) Financial results.

The latest Annual Report, financial results, and company announcements are posted on the Company's corporate website following their release to the market, to ensure fair dissemination to shareholders.

The Company has provided the contact details of the Company Secretary for Investor Relations or Media enquiries which facilitates effective communication with the Company's shareholders and the general investor community.

ADDITIONAL INFORMATION

Dealings in Securities

In line with the rules of the Listing Manual of the SGX-ST, the Company has in place a policy and guidelines on dealings in the securities of the Company. This policy and guidelines restrict Directors and employees from trading in the Company's securities during the period falling two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Additionally, Directors and employees of the Company are also reminded to be mindful of the insider trading prohibitions and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act. The policy and guidelines also remind employees and Directors of the Group that they should not deal in the Company's securities on short term considerations.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares and the Company Secretary will make the necessary announcements.

Whistle-Blowing Policy

To reinforce a culture of good business ethics and governance, the Group has in place a whistle-blowing policy and procedures as prescribed under the Guidebook for Audit Committee in Singapore. The aim of this policy is to encourage the reporting in good faith of any suspected improper conduct whilst protecting the whistleblowers from reprisal within the limits of the law.

The whistle blowing policy provides employees an avenue for reporting in good faith of suspected fraud, corruption, dishonest practices or other similar matters. All reports are channeled to the ARMC Chairman directly via a dedicated and secured e-mail channel who will treat the matter with utmost confidentiality.

All cases reported are treated confidentially and objectively investigated. Identities of whistle blower will be kept confidential to the extent possible. Results of the investigation would not be disclosed or discussed with anyone other than those who have a legitimate right to know. Investigation of such reports will be handled by the whistle blow committee headed by Mr. Ukawa Masatsugu and involve persons who need to be involved in order to properly carry out the investigation. The committee will review the information disclosed and will, on a best efforts basis, carry out the investigation in a timely manner. The committee will interview the whistle blower, if known, and if it was an anonymous submission, to determine whether the circumstances warrants a report to the ARMC for further investigation and corrective actions (if any) to be taken.

Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the report and the likelihood of confirming the allegation.

CORPORATE GOVERNANCE

Interested Person Transaction Policy

In general, the Company has established procedures to ensure that all Interested Person Transactions will be undertaken on an arms' length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties and will thus not be prejudicial to the interests of the Company and the shareholders.

The Company has adopted an internal policy in respect of any transactions with interested persons and has procedures established for the review and approval of the Company's interested person transactions.

The aggregate value of Interested Person Transactions entered into during the financial year under review are as follows:–

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 Rule 920)	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.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 29.61%	$601,621	None
All Brilliant Limited	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 62.5%	$10,554	None
Wuhan Grand Mould Plastic Co. Ltd.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 29.61%	$888,654	None
Anhui KM Technology Co. Ltd.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 15.1%	$171,629	None

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

Material Contracts

During the financial year, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interests of any director or the controlling shareholder of the Company except those announced via SGXNET from time to time in compliance with the SGX-ST Listing Manual.

Sustainability Reporting

The Board recognises that to ensure business is sustainable, the Group has to strike a balance between its business needs and the need of the society and the environment in which the Group operates. The Board believes that to grow sustainably, we need to engage with our stakeholders to identify material aspects that guide our decision making. We focus on initiatives that will improve quality, our people, the environment and the community. The Group's efforts to employ eco-friendly and sustainable value chain processes, training programmes for its employees, interaction and cooperation with the communities, its anti-corruption procedures and the relevant policy to ensure health, safety and welfare of its employees and other sustainability issues will be released in a stand-alone report to its shareholders.

InnoTek sustainability report adopts Reporting Principles and Standard Disclosures in accordance with Global Reporting Initiatives ("GRI") G4 Reporting Guidelines.

Corporate Social Responsibility

The Company continues to play its part in ensuring energy conservation in our plants and offices by cutting down on our energy usage. This helps mitigate climate change and save costs for the Group. Appropriate measures have been put in place to conserve energy and reduce water usage in all our facilities. We adopt good human resource policies and practices that promote fairness, safe working conditions and encourage teamwork, which is one of the Company's Core Value.

With the on-going COVID-19 pandemic, our focus on safety and security, safe distancing, wearing of mask and frequent sanitising of hands to prevent the spread of the disease, encompassing the reduction of accidents, sick leave and environmental damage, we endeavor to stay on a steady course towards a more sustainable business.

In 2021, in respond to the call of the local government and charitable foundations in Tangxia, PRC, Sun Mansfield Manufacturing (Dongguan) Co. Ltd. made a donation of RMB30,000 at an event organised to celebrate the Guangdong Poverty Alleviation & Dongguan Day. At the same time, the Company encourages social conscious behaviour in its employees to actively contribute to the communities and seek to engage in worthy social activities.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of InnoTek Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Neal Manilal Chandaria (Chairman)
Lou Yiliang
Steven Chong Teck Sin
Sunny Wong Fook Choy
Teruo Kiriyama
Xu Jinsong

Arrangements to enable directors to acquire shares and debentures

Except as described in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Lou Yiliang[1]	14,082,700	16,082,700	11,902,800	11,902,800
Share options of the Company				
Lou Yiliang	10,000,000	8,000,000	–	–

[1] Lou Yiliang is deemed to be interested in the 11,902,800 ordinary shares held through Phillip Securities Pte Ltd.

Directors' interests in shares and debentures (Continued)

On 13 January 2021, Mr Lou Yiliang exercised 2,000,000 of his share options, thus his direct interest in the Company increased from 14,082,700 shares to 16,082,700 shares and correspondingly reduced his share options of the Company from 10,000,000 share options to 8,000,000 options.

Subsequent to financial year ended 31 December 2022, Mr Lou Yiliang exercised 3,000,000 of his share options on 8 March 2022. His direct interest in the Company increased from 16,082,700 shares to 19,082,700 shares and correspondingly reduced his share options of the Company from 8,000,000 share options to 5,000,000 options.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Options

(1) InnoTek Limited – Employees' Share Option Plan

(a) InnoTek Employees' Share Option Plan (the "Plan") was approved by the shareholders at an Extraordinary General Meeting on 18 September 2000. The Plan expired on 8 February 2006 and was succeeded by the InnoTek Employees' Share Option Scheme II.

(b) InnoTek Employees' Share Option Scheme II ("Scheme II") was approved by shareholders at the Extraordinary General Meeting on 30 April 2008. Scheme II expired on 9 March 2014 and was succeeded by the InnoTek Employees' Share Option Scheme 2014.

(c) InnoTek Employees' Share Option Scheme 2014 ("Scheme 2014") was approved by shareholders at the Extraordinary General Meeting on 28 April 2014. Scheme 2014 expired on 1 December 2019, and no new option scheme was adopted in 2020. Options granted under the Scheme 2014 remain exercisable until the end of the relevant option period.

(d) InnoTek Employees' Share Option Scheme 2021 ("Scheme 2021") was approved by Shareholders at the Extraordinary General Meeting ("EGM") on 29 April 2021. Scheme 2021 succeeded Scheme 2014 which expired in 2019. Scheme 2021 has a maximum period of ten years from the date of its adoption at the EGM.

(2) All employees' share option plans are administered by the Remuneration Committee whose members are:

Sunny Wong Fook Choy (Chairman)
Teruo Kiriyama
Steven Chong Teck Sin

(3) Details of all the options to subscribe for ordinary shares of the Company under Scheme 2014 and Scheme 2021 as at 31 December 2021 are as follows:

Expiry date	Exercise price ($)	Number of options
9 March 2022	0.345	3,000,000
29 March 2024	0.520	2,500,000
21 November 2024	0.484	2,500,000
6 December 2026	0.760	3,300,000
Total		11,300,000

Options (Continued)

(4) Details of the options to subscribe for ordinary shares of the Company granted to a director of the Company pursuant to the Scheme 2014 are as follows:

Name of director	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options outstanding as at end of financial year
Lou Yiliang	–	10,000,000	2,000,000	8,000,000
Total	–	10,000,000	2,000,000	8,000,000

(5) Since the commencement of the employee share option plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates
- No participant other than those mentioned in point (4) above, has received 5% or more of the total options available under the plans
- No options other than those mentioned above have been granted to directors and employees of the Company and its subsidiaries
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been granted at a discount

Audit & Risk Management Committee

The Audit & Risk Management Committee ("ARMC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, internal auditor other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARMC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

Audit & Risk Management Committee (Continued)

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the ARMC to the board of directors with such recommendations as the ARMC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The ARMC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARMC has also conducted a review of interested person transactions.

The ARMC convened four meetings during the year with full attendance from all members. The ARMC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARMC are disclosed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

N. Ch

Neal Manilal Chandaria
Director

Lou Yiliang
Director

Singapore
31 March 2022

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Independent Auditor's Report to the Members of InnoTek Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of InnoTek Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for the *Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (Continued)

Impairment of trade receivables and contract assets

The gross balance of the Group's trade receivables and contract assets as of 31 December 2021 is $42.4 million, against which allowance for expected credit losses of $0.1 million was made. The collectability of trade receivables and contract assets is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group determines expected credit losses of trade receivables and contract assets by making debtor-specific assessment of expected impairment loss for long overdue trade receivables, and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, and adjusted for forward-looking information specific to the debtors and economic environment. This assessment involved significant judgement, including the impact COVID-19 may have on the debtors' businesses and credit quality. As such, we determined that this is a key audit matter.

As part of our audit, we obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables and contract assets and considered ageing of trade receivables to identify collection risks. Our audit procedures included, amongst others, requesting confirmation of selected trade receivable balances, obtaining evidence of receipts subsequent to the year-end, and discussing the identified collection issues with the relevant business managers. We evaluated management's assumptions and inputs used in determining the provision matrix through ageing analyses, review of historical credit loss experiences, and consideration of the data and information that management has used to make forward-looking adjustments. We checked the arithmetic accuracy of the computation of expected credit losses. We also assessed the adequacy of the Group's disclosures related to the impairment of trade receivables and contract assets and the related risks such as credit risk included in Note 20 *Trade and other receivables* and Note 34 *Financial risk management objectives and policies*.

Allowance for inventory obsolescence

The gross balance of the Group's inventories as of 31 December 2021 is $26.8 million, against which allowance for inventory obsolescence of $0.5 million was made. The determination of allowance for inventory obsolescence requires management to exercise significant judgement in identifying slow-moving or obsolete inventories and making estimates of their net realisable values. This process is particularly complicated for inventories that are components of customers' products that are reaching or have reached their end-of-life.

As part of our audit, we attended and observed physical inventory counts at all material inventory locations where we observed procedures to identify slow-moving and obsolete inventories. We tested management's ageing analyses for samples of inventories by re-performing the ageing calculation and discussed with management on how slow-moving inventories for selected samples were dealt with. We obtained an understanding of the analyses and assessments made by management with respect to slow-moving and obsolete inventories and end-of-life products, including the specific identification of these inventories, and tested the adequacy of the allowance made by management by comparing the net carrying amount of inventories to their net realisable values. We also assessed the adequacy of the disclosures related to the allowance for inventory obsolescence included in Note 19 *Inventories*.

Key Audit Matters (Continued)

Impairment of property, plant and equipment and right-of-use assets

The Group operates several production facilities in the People's Republic of China (the "PRC") and the net carrying amount of its property, plant and equipment and right-of-use assets amount to $33.1 million and $22.9 million at 31 December 2021, respectively. As at that date, the Group identified indicators of impairment and indicators of reversal of impairment for property, plant and equipment and right-of-use assets belonging to various cash generating units ("CGUs").

Pursuant to the assessment of the CGUs' recoverable amounts based on higher of value in use and fair value less cost to sell, the Group did not recognise any reversal of impairment or impairment loss on property, plant and equipment and right-of-use assets. The assessment of impairment and reversal indicators and the estimation of recoverable amounts of the CGUs and its assets required management to make significant judgement and complex estimate such as forecasting and discounting of future cash flows.

Our audit procedures included, amongst others, obtaining an understanding of management's assessment for indicators of impairment, indicators of reversal of impairment and their process and basis of determining recoverable amount of the CGUs. In respect of the CGUs' value in use, we evaluated the methodology used by management in estimating value in use and assessed the assumptions used, such as revenue and growth projections, budgeted gross margins and the discount rates applied. We compared past years' results with management budgets, corroborated the key assumptions used with our understanding of the outlook of the industry, including the impact of COVID-19 pandemic and performed sensitivity analysis on key assumptions. In respect to the fair value less costs of disposal, we considered the objectivity, independence and competency of the external appraiser, and obtained an understanding of the valuation technique used by the external appraiser. We involved our internal specialists to assess the appropriateness of the valuation methodologies used by management to determine the value in use and benchmark inputs used to develop the discount rate for value in use to market data of comparable companies. We also assessed the adequacy of the disclosures related to the impairment in Note 13 *Property, plant and equipment*.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tee Huey Yenn.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2022

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group	
	Note	2021	2020
		$'000	$'000
Revenue	5	**173,580**	183,192
Cost of sales		**(139,893)**	(138,186)
Gross profit		**33,687**	45,006
Other items of income			
Interest income	6	**1,090**	1,260
Other income	7	**4,860**	5,437
Other items of expense			
Selling and distribution		**(3,823)**	(3,876)
Administrative expenses		**(23,478)**	(22,515)
Finance costs	8	**(2,222)**	(2,429)
Other expenses	9	**(442)**	(3,675)
Share of results of joint venture	16	**(198)**	16
Profit before tax	10	**9,474**	19,224
Income tax credit/(expense)	11	**2,035**	(5,356)
Profit for the year attributable to owners of the Company		**11,509**	13,868
Earnings per share attributable to owners of the Company (cents per share)			
Basic	12	**5.04**	6.13
Diluted	12	**4.96**	6.08

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	2020
		$'000	$'000
Profit for the year		**11,509**	13,868
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**4,635**	6,124
Fair value (loss)/gain on financial assets measured at fair value through other comprehensive income	29(f)	**(101)**	71
Other comprehensive income for the year, net of tax		**4,534**	6,195
Total comprehensive income for the year attributable to owners of the Company		**16,043**	20,063

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**33,130**	31,413	**–**	4
Right-of-use assets	27	**22,947**	22,855	**98**	10
Investment properties	14	**28,976**	27,064	**–**	–
Intangible assets	15	**488**	318	**–**	–
Investment in subsidiary	4	**–**	–	**47,061**	47,061
Investment in joint venture	16	**1,521**	1,645	**–**	–
Deferred tax assets	18	**1,690**	937	**–**	–
Other receivables	20	**1,615**	977	**–**	–
		90,367	85,209	**47,159**	47,075
Current assets					
Inventories	19	**35,709**	22,766	**–**	–
Trade and other receivables	20	**46,863**	61,774	**69**	4,861
Income tax recoverable		**295**	–	**–**	–
Contract assets	5	**806**	1,653	**–**	–
Prepayments	21	**2,297**	2,559	**43**	40
Other investments	17	**20,297**	18,530	**20,297**	18,509
Cash and short-term deposits	23	**70,406**	73,274	**27,911**	22,344
		176,673	180,556	**48,320**	45,754
Total assets		**267,040**	265,765	**95,479**	92,829
LIABILITIES AND EQUITY					
Current liabilities					
Provisions	24	**5**	7	**–**	–
Income tax payable		**2,163**	6,019	**40**	30
Trade and other payables	25	**46,561**	52,393	**495**	473
Contract liabilities	5	**1,751**	2,747	**–**	–
Loans and borrowings	26	**404**	441	**–**	–
Lease liabilities	27	**4,620**	3,967	**55**	10
		55,504	65,574	**590**	513
Net current assets		**121,169**	114,982	**47,730**	45,241

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Non-current liabilities					
Provisions	24	**491**	472	**–**	–
Deferred tax liabilities	18	**2,326**	2,808	**45**	643
Loans and borrowings	26	**707**	1,213	**–**	–
Lease liabilities	27	**18,169**	17,753	**44**	–
		21,693	22,246	**89**	643
Total liabilities		**77,197**	87,820	**679**	1,156
Net assets		**189,843**	177,945	**94,800**	91,673
Equity attributable to owners of the Company					
Share capital	28(a)	**98,021**	98,021	**98,021**	98,021
Treasury shares	28(b)	**(10,586)**	(11,739)	**(10,586)**	(11,739)
Retained earnings		**90,558**	84,226	**7,575**	4,768
Other reserves	29	**11,850**	7,437	**(210)**	623
Total equity		**189,843**	177,945	**94,800**	91,673
Total liabilities and equity		**267,040**	265,765	**95,479**	92,829

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2021 Group	Note	Equity, total	Attributable to owners of the Company Share capital	Treasury shares	Retained earnings	Other reserves
		$'000	$'000	$'000	$'000	$'000
At 1 January 2021		177,945	98,021	(11,739)	84,226	7,437
Profit for the year		11,509	–	–	11,509	–
Other comprehensive income for the year, net of tax						
Foreign currency translation		4,635	–	–	–	4,635
Fair value loss on financial assets measured at fair value through other comprehensive income ("FVOCI")	29(f)	(101)	–	–	–	(101)
Total comprehensive income for the year		16,043	–	–	11,509	4,534
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	10	51	–	–	–	51
Treasury shares issued pursuant to employee share option plan		370	–	1,153	–	(783)
Dividends on ordinary shares	37	(4,566)	–	–	(4,566)	–
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		(4,145)	–	1,153	(4,566)	(732)
Others						
Transfer to statutory reserve fund		–	–	–	(611)	611
At 31 December 2021		189,843	98,021	(10,586)	90,558	11,850

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2020 Group	Note	Equity, total	Share capital	Treasury shares	Retained earnings	Other reserves
			Attributable to owners of the Company			
		$'000	$'000	$'000	$'000	$'000
At 1 January 2020		160,912	98,021	(11,739)	74,822	(192)
Profit for the year		13,868	–	–	13,868	–
Other comprehensive income for the year, net of tax						
Foreign currency translation		6,124	–	–	–	6,124
Fair value gain on financial assets measured at FVOCI	29(f)	71	–	–	–	71
Total comprehensive income for the year		20,063	–	–	13,868	6,195
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	10	365	–	–	–	365
Dividends on ordinary shares	37	(3,395)	–	–	(3,395)	–
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		(3,030)	–	–	(3,395)	365
Others						
Transfer to statutory reserve fund		–	–	–	(1,069)	1,069
At 31 December 2020		177,945	98,021	(11,739)	84,226	7,437

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Equity, total	Share capital	Treasury shares	Retained earnings	Other reserves
		$'000	$'000	$'000	$'000	$'000
At 1 January 2020		91,071	98,021	(11,739)	4,602	187
Profit for the year		3,561	–	–	3,561	–
Other comprehensive income for the year, net of tax						
Fair value gain on financial assets measured at FVOCI	29(f)	71	–	–	–	71
Total comprehensive income for the year		3,632	–	–	3,561	71
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	10	365	–	–	–	365
Dividends on ordinary shares	37	(3,395)	–	–	(3,395)	–
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		(3,030)	–	–	(3,395)	365
At 31 December 2020 and 1 January 2021		91,673	98,021	(11,739)	4,768	623
Profit for the year		7,373	–	–	7,373	–
Other comprehensive income for the year, net of tax						
Fair value loss on financial assets measured at FVOCI	29(f)	(101)	–	–	–	(101)
Total comprehensive income for the year		7,272	–	–	7,373	(101)
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	10	51	–	–	–	51
Treasury shares reissued pursuant to employee share option plan		370	–	1,153	–	(783)
Dividends on ordinary shares	37	(4,566)	–	–	(4,566)	–
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		(4,145)	–	1,153	(4,566)	(732)
At 31 December 2021		94,800	98,021	(10,586)	7,575	(210)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	2020
		$'000	$'000
Operating activities			
Profit before tax		**9,474**	19,224
Adjustments for:			
Depreciation of property, plant and equipment	13	**5,691**	5,490
Amortisation of intangible assets	15	**172**	99
Depreciation of right-of-use assets	27(a)	**5,137**	4,858
Net gain on disposal of property, plant and equipment	7	**(91)**	(135)
Share-based payments	10	**51**	365
Net fair value (gain)/loss on investment securities	7, 9	**(377)**	186
Reversal of impairment loss on property, plant and equipment	13	**–**	(1,003)
Net (gain)/loss on disposal of other investments	10	**(54)**	886
Net fair value (gain)/loss on investment properties	14	**(792)**	331
Write-back of expected credit losses	20	**–**	(356)
Share of results of joint venture		**198**	(16)
Net reversal of provisions	24	**(3)**	(26)
Interest expense	8	**2,222**	2,429
Interest income	6	**(1,090)**	(1,260)
Dividend income from other investments	7	**(226)**	(148)
Net allowance for inventory obsolescence	19	**151**	494
Net reversal of impairment loss on capitalised contract costs	19	**(66)**	(41)
Exchange differences		**1,782**	2,878
Operating cash flows before changes in working capital		**22,179**	34,255
Changes in working capital:			
Decrease/(increase) in trade and other receivables and contract assets		**15,115**	(3,175)
(Increase)/decrease in inventories		**(13,047)**	1,981
Increase in prepayments		**(465)**	(191)
(Decrease)/increase in trade and other payables and contract liabilities		**(6,828)**	1,200
Cash flows from operations		**16,954**	34,070
Interest paid		**(2,222)**	(2,429)
Interest received		**1,136**	1,311
Income taxes paid		**(3,544)**	(2,451)
Net cash flows generated from operating activities		**12,324**	30,501

CONSOLIDATED
CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	2020
		$'000	$'000
Investing activities			
Purchase of property, plant and equipment	13	**(6,862)**	(4,137)
Proceeds from disposal of property, plant and equipment		**201**	204
Deposit refunded/(paid) for property, plant and equipment		**727**	(1,639)
Additions to intangible assets	15	**(326)**	(97)
Purchase of other investments		**(6,452)**	(4,313)
Proceeds from disposal of other investments		**4,948**	9,049
Dividend from other investments	7	**226**	148
Decrease in structured deposit		**21**	4,424
Decrease/(increase) in bank balance under portfolio investment management		**1,019**	(590)
Net cash flows (used in)/generated from investing activities		**(6,498)**	3,049
Financing activities			
Proceeds from exercise of share options	28(b)	**370**	–
Proceeds from bank loan	26	**–**	1,539
Repayment of bank loan	26	**(433)**	(109)
Payment of principal portion of lease liabilities	26	**(4,146)**	(3,534)
Dividend paid on ordinary shares	37	**(4,566)**	(3,395)
Net cash flows used in financing activities		**(8,775)**	(5,499)
Net (decrease)/increase in cash and cash equivalents		**(2,949)**	28,051
Effect of exchange rate changes on cash and cash equivalents		**1,100**	634
Cash and cash equivalents at 1 January		**71,611**	42,926
Cash and cash equivalents at 31 December	23	**69,762**	71,611

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

InnoTek Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 160 Robinson Road, #24-12 SBF Center, Singapore 068914.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and joint venture are disclosed in Notes 4 and 16. There has been no significant change in the nature of these activities during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.4 Foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency (Continued)

(b) Consolidated financial statements (Continued)

Monetary items cease to form part of the net investment in the foreign operation at the moment in time when the Group decides that settlement is planned or is likely to occur in the foreseeable future. Accordingly, exchange differences arising on these monetary items up to that date are recognised in other comprehensive income and accumulated under foreign currency translation reserve in equity. The exchange differences that arise after that date are recognised in profit or loss. When these monetary items are settled, the exchange differences accumulated under foreign currency translation reserve in equity are reclassified from equity to profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold building	–	20 years
Leasehold buildings	–	10 to 25 years
Machinery and equipment	–	5 to 10 years
Furniture, fittings and office equipment	–	3 to 10 years
Motor vehicles	–	5 years
Leasehold improvements	–	5 to 20 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

An owner-occupied property is transferred from property, plant and equipment to investment properties at the date when the property meets, the definition of investment property and there is evidence of the change in use. At the date of transfer, any difference between the carrying amount of the property and its fair value is accounted for as an asset revaluation. Consequently, any decrease in the carrying amount of the property is recognised in profit or loss while any increase is recognised in profit or loss to the extent that the increase reverses a previous impairment loss for that property, and in other comprehensive income for any remaining part of the increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than owner-occupied properties i.e. those for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise, including the corresponding tax effect.

A property is transferred to, or from investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. For a transfer from owner-occupied property to investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software

Computer software was acquired separately and is amortised on a straight-line basis over its finite useful lives of 5 years.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired or that a previously recognised impairment loss for an asset other than goodwill may no longer exist or may have decreased. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in its subsidiary is accounted for at cost less impairment losses.

2.10 Joint arrangement

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.11.

2.11 Joint venture

The Group account for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Joint venture (Continued)

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI or are held for trading are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income from the Group's investments in debt instruments and structured deposits is presented separately in profit or loss from the net fair value gain or loss on such investments.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income or are held for trading, changes in fair value are recognised in profit or loss. Dividend income from the Group's investments in equity instruments is presented separately in profit or loss from the net fair value gain or loss on such investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(a) Financial assets (Continued)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (Continued)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group determines expected credit losses of trade receivables and contract assets by making debtor-specific assessment of expected impairment loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the appointed representative from the bank that provides investment services to the Group assists the Group to reassess the internal credit rating of the debt instrument and whether they are considered investment grade bonds as defined by at least one of the external credit rating companies (i.e. Moody's, Standard and Poor's and Fitch) on a regular basis. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due. Where the debt instruments are determined to have low credit risk at the reporting date, the Group assumes that the credit risk on these instruments has not increased significantly since initial recognition and ECLs are provided for credit losses that result from default events that are possible within the next 12-months. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a first-in first-out basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories (Continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Presented as part of the Group's inventories in Note 19 are capitalised contract fulfilment costs relating to tooling contracts entered into with customers where revenue is recognised at a point in time. The accounting policy for such capitalised contract costs is stated in Note 2.21(b).

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset.

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

(a) Defined contribution plans (Continued)

Certain subsidiaries of the Group participate in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") in Hong Kong, a defined contribution pension scheme, under the Mandatory Provident Fund Schemes Ordinance for those employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become liable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become liable in accordance with the rules of the central pension scheme.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefits are recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

(d) Employee share option plans

Employees (including senior executives) of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

The Group's right-of-use assets are presented separately on the balance sheet.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings in Note 26.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

(a) As Lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.21(c).

2.21 Revenue and rental income

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of precision metal stamping and precision machining components

The Group supplies precision metal stamping and precision machining components for manufacturers.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. Certain goods are sold with a right of return. The Group has a present right to payment when the customer obtains control of the goods and the Group has no remaining obligations to transfer the goods to the customer.

The amount of revenue recognised is based on the estimated transaction price which comprises the contractual price and adjusted for variable consideration relating to expected returns. Based on the Group's experience with similar types of contracts, variable consideration is constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue and rental income (Continued)

(a) Sale of precision metal stamping and precision machining components (Continued)

The Group recognises refunds due to expected returns from customers as refund liabilities. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the goods less expected costs to recover the goods and any potential decreases in value, and adjust them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

(b) Manufacture and sale of tooling

The Group manufactures and supplies tooling for manufacturers.

Revenue is recognised at a point in time when the customer obtains control of the tooling because the Group does not have an enforceable right to payment for performance completed to-date based on the contractual terms and practices in the relevant legal jurisdiction.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified manufacturing milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group satisfies its obligation under the contract.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently recognised in profit or loss as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expense.

(c) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

– In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

– When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

– In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Treasury shares

The Group's own equity instruments, which are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

 (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

 (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property. The carrying amount of the Group's investment properties at the end of the reporting period is disclosed in Note 14.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements made in applying accounting policies (Continued)

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next three years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised for unused tax losses. The carrying amounts of the Group's unrecognised tax losses as at 31 December 2021 were $19,075,000 (2020: $22,915,000). If the Group was able to recognise all unrecognised tax losses, profit would increase by $3,603,000 (2020: $4,556,000).

(c) Income taxes

The Group has exposure to income taxes in multiple jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes that is affected by the interpretation of complex tax regulations and the amount and timing of future taxable income and deductible expenditures. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises and measures liabilities for expected tax issues based on estimates of whether additional taxes will be due, possible consequences of audits by the tax authorities, as well as judgement made on whether it is probable that the Group's tax positions would be accepted by the tax authority. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable, income tax recoverable, deferred tax assets and deferred tax liabilities as at 31 December 2021 were $2,163,000 (2020: $6,019,000), S$295,000 (2020: Nil), $1,690,000 (2020: $937,000) and $2,326,000 (2020: $2,808,000) respectively. The carrying amounts of the Company's income tax payable and deferred tax liabilities as at 31 December 2021 were $40,000 (2020: $30,000) and $45,000 (2020: $643,000) respectively.

3.2 Key sources of estimates uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimates uncertainty (Continued)

(a) Provision for expected credit losses of trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group determines expected credit losses of trade receivables and contract assets by making debtor-specific assessment of expected impairment loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 34(c).

The carrying amounts of the Group's trade receivables and contract assets at the end of the reporting period is disclosed in Note 5(c).

(b) Useful lives and residual value of property, plant and equipment

The Group determines the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. These estimates are based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. They could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where residual values or useful lives are less than previously estimated, or it will write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation in the future periods. The carrying amounts of the Group's and the Company's property, plant and equipment at the end of the reporting period are disclosed in Note 13.

(c) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 30.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimates uncertainty (Continued)

(d) Fair value of investment properties

Investment properties are measured at their fair values. The fair value was based on a valuation on the property conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties, and the corresponding adjustments to the gain or loss recognised in profit or loss. The carrying amount of the investment properties at the end of the reporting period is disclosed in Note 14.

Further details including the key assumptions used for fair value measurement are disclosed in Note 33.

(e) Impairment/reversal of impairment of property, plant and equipment and right-of-use assets

The carrying amounts of items of property, plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amounts may not be recoverable. Management also considered if there has been any events of changes in circumstances that may indicate reversal of impairment where recoverable amount became in excess of the carrying amount. The recoverable amount of property, plant and equipment and right-of-use assets is the higher of its fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the assets and discount rates are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

The carrying amounts of the property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Note 13 and Note 27(a) respectively.

(f) Allowance for inventory obsolescence

Management reviews the condition of inventories and makes allowance against obsolete and slow-moving inventory items and end-of-life products which are identified as no longer suitable for sale or use. This review involves comparison of the carrying value of the inventory items with the respective net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The carrying amount of the Group's allowance for inventory obsolescence as at 31 December 2021 was $527,000 (2020: $418,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimates uncertainty (Continued)

(g) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. INVESTMENT IN SUBSIDIARY

	Company	
	2021	2020
	$'000	$'000
Equity shares, at cost	**47,061**	47,061

The Group has the following significant investments in subsidiaries.

Name	Principal place of business	Principal activities	Proportion of ownership interest	
			2021	2020
			%	%
Held by the Company				
Mansfield Manufacturing Company Limited ("Mansfield")[(1)]	Hong Kong	Trading and investment holding	**100**	100
Held through subsidiaries				
Lens Tool & Die (H.K.) Limited[(1)]	Hong Kong	Trading and Investment holding	**100**	100
Magix Mechatronics Company Limited[(1)]	Hong Kong	Trading and Investment holding	**100**	100

4. INVESTMENT IN SUBSIDIARY (CONTINUED)

Name	Principal place of business	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
Held through subsidiaries (Continued)				
Feng Chuan Tooling Company Limited[1]	Hong Kong	Trading and investment holding	**100**	100
Feng Chuan Tooling (Dongguan) Company Limited[2]	People's Republic of China	Precision die design and fabrication	**100**	100
Mansfield (Suzhou) Manufacturing Company Limited[2]	People's Republic of China	Metal parts manufacturing, tooling and die making	**100**	100
Magix Mechatronics (Dongguan) Company Limited[2]	People's Republic of China	Precision machining components manufacturing	**100**	100
Sun Mansfield Manufacturing (Dongguan) Company Limited[2]	People's Republic of China	Metal parts manufacturing, tooling and die making	**100**	100
Mansfield Manufacturing (Wuhan) Company Limited[2]	People's Republic of China	Metal parts manufacturing, tooling and die making	**100**	100
Mansfield Technology (Taiwan) Company Limited[4]	Taiwan	Provides sales and marketing support services	**100**	100
Mansfield (Thailand) Co. Ltd.[3]	Thailand	Metal parts manufacturing, tooling and die making	**100**	100
Mansfield (Vietnam) Co. Ltd.[3]	Vietnam	Precision machining components, metal parts manufacturing, tooling and die making	**100**	–

(1) Audited by member firms of Ernst & Young Global in the respective countries.
(2) Audited by member firms of Ernst & Young Global in the respective countries for the purpose of group audit.
(3) Audited by Ernst & Young LLP for the purpose of group audit.
(4) Not required to be audited by the law in the country of incorporation.

On 29 July 2021, the Company incorporated Mansfield (Vietnam) Co. Ltd. The capital contribution made for Mansfield (Vietnam) Co. Ltd. is VND13,788,000,000 (US$600,000 equivalent).

5. **REVENUE**

(a) **Disaggregation of revenue from contracts with customers**

Segments	Precision Components and Tooling		Precision Machining		Total revenue	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Primary geographical markets						
Hong Kong/The People's Republic of China	**130,040**	124,302	**39,604**	55,503	**169,644**	179,805
Thailand	**3,934**	3,387	**–**	–	**3,934**	3,387
Vietnam	**–**	–	**2**	–	**2**	–
	133,974	127,689	**39,606**	55,503	**173,580**	183,192
Major product lines						
Precision metal stamping components for manufacturers	**121,117**	112,188	**–**	–	**121,117**	112,188
Tooling for manufacturers	**12,857**	15,501	**66**	36	**12,923**	15,537
Precision machining components or manufacturers	**–**	–	**39,540**	55,467	**39,540**	55,467
	133,974	127,689	**39,606**	55,503	**173,580**	183,192
Timing of transfer of goods						
At a point in time	**133,974**	127,689	**39,606**	55,503	**173,580**	183,192

(b) **Judgement and methods used in estimating revenue**

Recognition of revenue from manufacture and sale of tooling

For sale of tooling where the Group satisfies its performance obligation, revenue is recognised at a point in time when the customer obtains control of the tooling because the Group does not have an enforceable right to payment for performance completed to-date based on the contractual terms and practices in the relevant legal jurisdiction.

5. **REVENUE** (CONTINUED)

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Note	Group	
		2021	2020
		$'000	$'000
Receivables from contracts with customers	20	**41,476**	58,583
Capitalised contract costs	19	**9,421**	6,020
Contract assets		**806**	1,653
Contract liabilities		**1,751**	2,747

The Group did not recognise any impairment loss arising from contracts with customers during the financial year ended 31 December 2021 (2020: net charge of $356,000).

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 satisfies its obligation under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2021	2020
	$'000	$'000
Contract assets reclassified to receivables	**1,108**	230

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2021	2020
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**2,432**	1,337

5. **REVENUE** (CONTINUED)

(d) **Transaction price allocated to performance obligation**

The Group expects to recognise revenue relating to the transaction price allocated to the unsatisfied performance obligation once the customer obtains control of the tooling and components as the Group does not have an enforceable right to payment for performance completed to-date based on the contractual terms and practices in the relevant legal jurisdiction.

The transaction price for tooling and components are separately quoted in the contract entered into with customers. The Group has determined that such quoted prices are reasonable estimates of the standalone selling prices of each of these performance obligations after considering its pricing strategies and practices in situations where the tooling is purchased by customer separately without the manufacturing of components and vice versa. Accordingly, the transaction prices allocated to each of the performance obligations relating to tooling and components are based on respective prices quoted in the production contract.

6. **INTEREST INCOME**

	Group	
	2021	2020
	$'000	$'000
Interest income from:		
– Debt instruments at amortised cost	**136**	273
– Debt instruments at fair value through profit or loss	**519**	445
– Debt instruments at fair value through other comprehensive income	**435**	542
	1,090	1,260

7. **OTHER INCOME**

	Note	Group	
		2021	2020
		$'000	$'000
Rental income		**2,835**	2,434
Net fair value gain on investment securities measured at fair value through profit or loss		**377**	–
Dividend income from other investments		**226**	148
Net gain on disposal of property, plant and equipment		**91**	135
Net write-back of expected credit losses		**–**	356
Net fair value gain on investment properties	14	**792**	–
Reversal of impairment loss on property, plant and equipment	13	**–**	1,003
Government grants*		**259**	968
Rental rebates**		**–**	200
Gain on disposal of other investments		**54**	–
Others		**226**	193
		4,860	5,437

7. OTHER INCOME (CONTINUED)

* Government grants mainly relate to incentive subsidies in the People's Republic of China (the "PRC"), Jobs Support Scheme ("JSS") in Singapore and Employment Support Scheme ("ESS") in Hong Kong.

Incentive subsidies were received from local district authorities in the People's Republic of China (the "PRC") for the business activities carried out by the Group in that district. There are no specific conditions attached to the grant.

In Singapore, JSS provides wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

In Hong Kong, ESS provides time-limited financial support to employers to help them retain employees who may otherwise be made redundant. In general, employers who have made MPF contributions for their employees will qualify for the payouts under the scheme.

** Rental rebates relate to concessions provided by landlords in March 2020 to help businesses deal with the impact of COVID-19.

8. FINANCE COSTS

	Note	Group	
		2021	2020
		$'000	$'000
Interest on borrowings		**62**	37
Interest on lease liabilities	26	**2,160**	2,392
		2,222	2,429

9. OTHER EXPENSES

	Note	Group	
		2021	2020
		$'000	$'000
Loss on disposal of other investments		**–**	886
Net foreign exchange loss		**442**	2,272
Net fair value loss on investment securities measured at fair value through profit or loss		**–**	186
Net fair value loss on investment properties	14	**–**	331
		442	3,675

10. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Note	Group	
		2021	2020
		$'000	$'000
Audit fees:			
– Auditor of the Company		**132**	127
– Other auditors		**243**	242
Non-audit fees:			
– Auditor of the Company		**18**	18
– Other auditors		**92**	130
Inventories recognised as an expense in cost of sales	19	**71,543**	68,971
Capitalised contract costs recognised as an expense in cost of sales	19	**2,503**	5,074
Depreciation of property, plant and equipment	13	**5,691**	5,490
Depreciation of right-of-use assets	27(a)	**5,137**	4,858
Amortisation of intangible assets	15	**172**	99
Net (gain)/loss on disposals of other investments		**(54)**	886
Employee benefit expense (including directors):			
– Salaries and bonuses		**43,094**	40,120
– Contributions to defined contribution plans		**2,117**	472
– Reversal of long-term benefits	24	**(3)**	(26)
– Share-based payments		**51**	365
Lease expenses	27(c)	**215**	209
Write-back of expected credit losses	20	**–**	(356)

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group	
	2021	2020
	$'000	$'000
Consolidated income statement		
Current income tax:		
Current income taxation	**1,412**	5,379
Over provision in respect of previous years	**(2,156)**	(833)
	(744)	4,546
Deferred income tax:		
Origination and reversal of temporary differences	**(693)**	810
Over provision in respect of previous years	**(598)**	–
	(1,291)	810
Income tax (credit)/expense recognised in profit or loss	**(2,035)**	5,356

Relationship between income tax expense and accounting profit

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Group	
	2021	2020
	$'000	$'000
Profit before tax	**9,474**	19,224
Tax at the domestic rates applicable to profits in the countries where the Group operates	**2,241**	4,802
Adjustments:		
Income not subject to taxation	**(439)**	(394)
Non-deductible expenses	**730**	998
Benefits from previously unrecognised deferred tax assets	**(1,886)**	(1,060)
Effect of tax exemption, tax rebates and tax incentive	**(537)**	(53)
Deferred tax on dividends from overseas subsidiaries	**–**	278
Reduction in tax rate under High and New Technology Enterprise Scheme relating to one subsidiary in the PRC	**(1,796)**	765
Over provision in respect of previous years	**(958)**	(833)
Withholding tax	**525**	786
Others	**85**	67
Income tax expense recognised in profit or loss	**(2,035)**	5,356

11. INCOME TAX EXPENSE (CONTINUED)

Relationship between income tax expense and accounting profit (Continued)

The above reconciliation is prepared by aggregating separate reconciliations of each national jurisdiction.

For the financial year ended 31 December 2021, the corporate income tax rate applicable to the Company is 17% (2020: 17%). For the subsidiaries operating in Hong Kong and the PRC, income taxes are calculated using domestic tax rates of 16.5% (2020: 16.5%) and 25% (2020: 25%) respectively. On 17 May 2021, one subsidiary in the PRC was granted to a reduced tax rate of 15% under High and New Technology Enterprise scheme for 3 years from 1 January 2020. Another subsidiary in the PRC is also entitled to reduced tax rate of 15% under similar scheme for 3 years from 1 January 2021.

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and loss data used in the computation of the basic and diluted earnings per share for the years ended 31 December 2021 and 2020:

	Group	
	2021 **$'000**	2020 $'000
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	**11,509**	13,868

	Group	
	2021 **No. of shares** **'000**	2020 No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation*	**228,240**	226,305
Effects of dilution:		
– Share options	**3,843**	1,672
Weighted average number of ordinary shares for diluted earnings per share computation*	**232,083**	227,977

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Subsequent to the end of the financial year on 8 March 2022, one of the directors of the Company has exercised the options to acquire 3,000,000 ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold Building	Leasehold buildings	Machinery and equipment	Furniture, fittings, and office equipment	Motor Vehicles	Leasehold improvements	Construction in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2020	1,183	3,062	17,962	98,291	5,937	519	31,488	305	158,747
Additions	–	–	–	1,873	86	–	1,002	1,176	4,137
Disposals	–	–	–	(2,934)	–	–	–	–	(2,934)
Reclassifications	–	–	–	389	69	–	35	(493)	–
Transfer from investment properties (Note 14)	–	–	1,480	–	–	–	–	–	1,480
Exchange differences	(17)	(46)	984	2,237	118	6	864	10	4,156
At 31 December 2020 and 1 January 2021	1,166	3,016	20,426	99,856	6,210	525	33,389	998	165,586
Additions	–	–	–	2,245	74	–	165	4,378	6,862
Disposals	–	–	–	(2,204)	(124)	–	–	–	(2,328)
Reclassifications	–	–	–	3,584	115	–	428	(4,127)	–
Exchange differences	(97)	(253)	850	2,872	175	11	1,062	36	4,656
At 31 December 2021	**1,069**	**2,763**	**21,276**	**106,353**	**6,450**	**536**	**35,044**	**1,285**	**174,776**
Accumulated depreciation and impairment loss									
At 1 January 2020	–	179	7,940	87,473	5,602	326	28,094	–	129,614
Depreciation charge for the year	–	151	712	3,371	136	56	1,064	–	5,490
Disposals	–	–	–	(2,889)	(2)	–	–	–	(2,891)
Reversal of impairment loss	–	–	(1,003)	–	–	–	–	–	(1,003)
Exchange differences	–	(1)	445	1,719	105	4	691	–	2,963
At 31 December 2020 and 1 January 2021	–	329	8,094	89,674	5,841	386	29,849	–	134,173
Depreciation charge for the year	–	144	843	3,198	165	66	1,275	–	5,691
Disposals	–	–	–	(2,094)	(124)	–	–	–	(2,218)
Exchange differences	–	(34)	353	2,591	159	6	925	–	4,000
At 31 December 2021	**–**	**439**	**9,290**	**93,369**	**6,041**	**458**	**32,049**	**–**	**141,646**
Net carrying amount									
At 31 December 2020	1,166	2,687	12,332	10,182	369	139	3,540	998	31,413
At 31 December 2021	**1,069**	**2,324**	**11,986**	**12,984**	**409**	**78**	**2,995**	**1,285**	**33,130**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold improvements	Furniture, fittings and office equipment	Total
	$'000	$'000	$'000
Cost			
At 1 January 2020	34	9	43
Additions	–	1	1
At 31 December 2020 and 1 January 2021	34	10	44
Additions	–	7	7
As at 31 December 2021	**34**	**17**	**51**
Accumulated depreciation			
At 1 January 2020	19	9	28
Depreciation charge for the year	11	1	12
At 31 December 2020 and 1 January 2021	30	10	40
Depreciation charge for the year	4	7	11
At 31 December 2021	**34**	**17**	**51**
Net carrying amount			
At 31 December 2020	4	–	4
At 31 December 2021	**–**	**–**	**–**

Assets pledged as security

Certain freehold land and building of the Group with a carrying amount of S$3,394,000 (2020: $3,855,000) were mortgaged to a bank as security for term loan (Note 26). The freehold building is a factory located at Amatacity Industrial Estate Rayong, 7/11 Moo.4, T. Pananikhom, A. Nikhompattana, Rayong 21180, Thailand, with a land area of 12,800 square metres.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessments

For the financial year ended 31 December 2021, the Group performed assessment for indicators of impairment. As a result, the Group carried out a review of recoverable amounts of the following CGUs:

	Precision Components and Tooling			
	CGU 1	CGU 2	CGU 3	CGU 4
31 December 2021				
Compound annual growth rates (%)	**7%**	**5%**	**16%**	**–**
Budgeted gross margins (%)	**17%**	**13%**	**10%**	**–**
Weighted average cost of capital (%)	**15%**	**15%**	**12%**	**–**
31 December 2020				
Compound annual growth rates (%)	–	5%	36%	20%
Budgeted gross margins (%)	–	11%	15%	13%
Weighted average cost of capital (%)	–	15%	12%	15%

The recoverable amount of the CGUs has been determined based on the higher of its fair value less costs of disposal and its value in use. The value in use calculation uses cash flow projections from financial budgets approved by management based on the remaining useful lives of the property, plant and equipment.

Key assumptions used in the value in use calculation

The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Revenue – Revenue is based on historical sales performance, industry forecasts specific to regional sales and management's expectation of future sales for the CGUs.

Budgeted gross margins – Gross margins are based on current cost structure and these are adjusted over the budget period for anticipated efficiency improvements.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity which are derived based on comparable companies.

During the financial year ended 31 December 2021, the Group did not recognise any reversal of impairment/impairment charge on the property, plant and equipment.

During the previous financial year, a subsidiary of the Group within the precision components and tooling segment carried out a review of the recoverable amount of its property, plant and equipment. A reversal of previously recognised impairment loss of $1,003,000 was recognised in "Other income" (Note 7). The recoverable amount of the property, plant and equipment was based on its value in use and the WACC rate used was 15%.

For the remaining two CGUs, the Group did not recognise any reversal of impairment/impairment charge on the property, plant and equipment.

14. INVESTMENT PROPERTIES

	Note	Group	
		2021	2020
		$'000	$'000
Balance sheet			
At 1 January		**27,064**	27,391
Transfer to property, plant and equipment	13	**–**	(1,480)
Net gain/(loss) from fair value adjustments recognised in profit or loss	7, 9	**792**	(331)
Exchange differences		**1,120**	1,484
At 31 December		**28,976**	27,064
Consolidated income statement			
Rental income from investment properties – Minimum lease payments		**2,835**	2,434
Direct operating expenses arising from rental generating properties		**573**	500

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Transfer to property, plant and equipment

During the financial year ended 31 December 2020, a subsidiary of the Group within the precision machining segment, Magix Mechatronics (Dongguan) Company Limited transferred one of its building floor that was previously held as investment property to owner-occupied property. On that date, the Group has commenced using the building floor for its own production purposes. The Group engaged BMI Appraisals Limited, an independent valuer, to determine the fair value of this factory building floor on the date of transfer from investment property to owner-occupied property.

As a result of this transfer, a loss on revaluation of the property of $6,000 was recorded as part of the net fair value loss on investment properties in profit or loss (Note 9).

14. INVESTMENT PROPERTIES (CONTINUED)

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2021 and 31 December 2020. The valuations were performed by BMI Appraisals Limited, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 33.

The investment properties held by the Group as at 31 December are as follows:

Company	Description and location	Properties	Existing use	Tenure	Unexpired lease term
Magix Mechatronics (Dongguan) Company Limited	Industrial complex located in Hedong Industrial Zone, Xiang Xin East Road, Yiantian Village, Fenggang Town, Dongguan City, Guangdong Province, the PRC	1 building	Factory	Leasehold	37 years
Mansfield (Suzhou) Manufacturing Company Limited	Industrial complex located in Jin Wang Road, Suzhou National New & Hi-Tech, Industrial Development Zone, Suzhou City, Jiangsu Province, the PRC	2 buildings and 1 of the factory building floor	Factory	Leasehold	37 years

15. INTANGIBLE ASSETS

	Group	Company
	Computer Software $'000	Computer software $'000
Cost		
At 1 January 2020	2,921	42
Additions	97	–
Exchange differences	92	–
At 31 December 2020 and 1 January 2021	3,110	42
Additions	326	2
Exchange differences	105	–
At 31 December 2021	**3,541**	**44**
Accumulated amortisation		
At 1 January 2020	2,621	42
Amortisation	99	–
Exchange differences	72	–
At 31 December 2020 and 1 January 2021	2,792	42
Amortisation	172	2
Exchange differences	89	–
At 31 December 2021	**3,053**	**44**
Net carrying amount		
At 31 December 2020	318	–
At 31 December 2021	**488**	**–**

Amortisation expense

Amortisation of computer software is included in the "Administrative expenses" line item in profit or loss.

16. INVESTMENT IN JOINT VENTURE

The Group has the following investment in joint venture:

Name	Country of incorporation	Principal Activities	Proportion of ownership interest	
			2021 %	2020 %
Held through a subsidiary				
Anhui KM Technology Company Limited ("Anhui KM")(1)	People's Republic of China	Research and development, manufacturing and sale of precision metal parts, hardware fittings and metal assembly	**49**	49

(1) Audited by CAC CPA Limited Liability Partnership

16. INVESTMENT IN JOINT VENTURE (CONTINUED)

The joint venture is incorporated in the People's Republic of China and is a strategic venture in the business. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities. The joint venture is restricted by regulatory requirements from making payment of dividends exceeding 49% of the annual profit.

Summarised financial information in respect of Anhui KM based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Group	
	2021	2020
	$'000	$'000
Summarised balance sheet		
Cash and cash equivalents	**10**	194
Other current assets	**4,076**	3,390
Total current assets	**4,086**	3,584
Non-current assets	**2,706**	2,757
Total assets	**6,792**	6,341
Current liabilities	**(2,776)**	(2,075)
Non-current liabilities	**(96)**	(103)
Total liabilities	**(2,872)**	(2,178)
Net assets	**3,920**	4,163
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets	**1,921**	2,040
Other adjustments	**(400)**	(395)
Carrying amount of the investment	**1,521**	1,645
Summarised statement of comprehensive income		
Revenue	**6,363**	5,234
Depreciation and amortisation	**(311)**	(451)
Other operating expenses	**(6,527)**	(4,693)
Interest income	**4**	20
Interest expense	**(66)**	(106)
(Loss)/profit before tax	**(537)**	4
Income tax credit	**130**	29
Profit for the year, representing total comprehensive income for the year	**(407)**	33

17. OTHER INVESTMENTS

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At fair value through profit or loss				
– Equity securities (quoted)*	**6,736**	5,591	**6,736**	5,591
– Structured deposits***	**–**	21	**–**	–
At fair value through other comprehensive income				
– Debt securities (quoted)**	**13,561**	12,918	**13,561**	12,918
	20,297	18,530	**20,297**	18,509

* Quoted equity securities are investment in shares quoted on the Singapore Stock Exchange, New York Stock Exchange and Hong Kong Stock Exchange. The Group has not elected to measure the investment in equity securities at fair value through other comprehensive income.

** Quoted debt securities are quoted bonds that are graded by credit rating companies to be investment grade.

*** Structured deposits are a combination of a fixed deposits and an investment product with principal guaranteed at maturity and where the returns can vary based on an underlying that they are linked to.

Reclassification of financial assets from fair value through profit or loss to financial assets at fair value through other comprehensive income – Debt securities (quoted)

During February 2019, the Group formalised its change in investment strategy from holding these investments for both fixed income and short-term profit taking, to focusing on generating long-term returns via collection of the contractual cash flows of the instruments. In view of this change in investment strategy, the Group reclassified its investments in quoted debt securities with carrying amount of $8,153,000 on 26 February 2019, which were previously measured at fair value through profit or loss to financial assets at fair value through other comprehensive income. The Group's accounting policy for the latter is included in Note 2.12(a)(ii).

As at the date of reclassification, the weighted average effective interest rate for the foregoing reclassified quoted debt securities was 3.68%. The related net gains in fair value from 1 January 2019 to date of reclassification, and from date of reclassification to 31 December 2021 amounted to $22,000 and $61,000 respectively. The Group would have recorded a net fair value loss of $27,000 in profit or loss for the year ended 31 December 2021 (2020: net fair value loss of $48,000) had these investments not been reclassified. As at 31 December 2021, the carrying amount of these reclassified quoted debt securities that have not been derecognised amounted to $2,762,000 (2020: $3,746,000). The related interest income on these debt securities for the year ended 31 December 2021 amounted to $128,000 (2020: $167,000).

18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Note	Group			
		Provisions $'000	Differences in depreciation $'000	Unutilised tax losses $'000	Total $'000
Deferred tax assets					
At 1 January 2020		692	–	–	692
(Charged)/credited to profit or loss during the year	11	(10)	243	–	233
Exchange differences		–	12	–	12
At 31 December 2020 and 1 January 2021		682	255	–	937
Credited to profit or loss during the year	11	–	251	475	726
Exchange differences		–	27	–	27
At 31 December 2021		**682**	**533**	**475**	**1,690**

	Note	Group			
		Foreign income not remitted $'000	Fair value adjustments on investment properties $'000	Undistributed earnings of subsidiaries $'000	Total $'000
Deferred tax liabilities					
At 1 January 2020		(643)	(1,078)	–	(1,721)
Charged to profit or loss during the year	11	–	(765)	(278)	(1,043)
Exchange differences		–	(44)	–	(44)
At 31 December 2020 and 1 January 2021		(643)	(1,887)	(278)	(2,808)
Credited/(charged) to profit or loss during the year	11	598	(33)	–	565
Exchange differences		–	(83)	–	(83)
At 31 December 2021		**(45)**	**(2,003)**	**(278)**	**(2,326)**

	Company	
	2021 $'000	2020 $'000
Deferred tax liabilities		
Foreign income not remitted	**45**	643

18. DEFERRED TAX (CONTINUED)

Unrecognised temporary differences relating to investment in subsidiaries and joint venture

At the end of the reporting period, deferred tax liabilities of $278,000 (2020: $278,000) have been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries and joint venture.

For the remaining undistributed profits, no deferred tax liability has been recognised for taxes as:

– The Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future; and

– The joint venture of the Group cannot distribute its earnings until it obtains the consent of both the venturers. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liabilities have been recognised aggregate to $4,587,000 (2020: $10,190,000).

Unrecognised deferred tax assets

At the end of reporting period, the Group has tax losses of approximately $19,075,000 (2020: $22,915,000), that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates. The tax losses in the PRC can be carried forward for five years. The tax losses in Hong Kong have no expiry date.

19. INVENTORIES

	Group	
	2021	2020
	$'000	$'000
Balance sheet		
Inventories		
– Raw materials (at cost)	**6,847**	4,541
– Work-in-progress (at cost)	**5,361**	3,942
– Finished goods (at cost or net realisable value)	**14,080**	8,263
	26,288	16,746
Capitalised contract costs – relating to manufacturing of customers' tooling	**9,421**	6,020
	35,709	22,766
Consolidated income statement		
Inventories recognised as an expense in cost of sales	**71,543**	68,971
Inclusive of the following charge/(credit):		
– Allowance for inventory obsolescence	**171**	566
– Write-back of allowance for inventory obsolescence	**(20)**	(72)
Capitalised contract costs recognised as an expense in cost of sales	**2,503**	5,074
Net reversal of impairment loss on capitalised contract costs	**(66)**	(41)

The write-back of allowance for inventory obsolescence was made when the related inventories were sold above their carrying amounts in the respective financial year.

20. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Trade and other receivables (current)					
Trade receivables		**41,476**	58,583	**–**	–
Bills receivables		**1,538**	1,018	**–**	–
Amount due from a subsidiary		**–**	–	**51**	4,844
Loan to a joint venture		**–**	568	**–**	–
Other receivables		**2,634**	791	**7**	7
Refundable deposits		**1,215**	814	**11**	10
		46,863	61,774	**69**	4,861
Other receivables (non-current)					
Refundable deposits		**1,615**	977	**–**	–
		1,615	977	**–**	–
Total trade and other receivables (current and non-current)		**48,478**	62,751	**69**	4,861
Add: Cash and short-term deposits	23	**70,406**	73,274	**27,911**	22,344
Less: Sales tax receivables		**(782)**	(409)	**(7)**	(1)
Total financial assets carried at amortised cost		**118,102**	135,616	**27,973**	27,204

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Bills receivables

Bills receivables have an average maturity of one to six months (2020: One to six months) from the end of the reporting period.

Amount due from a subsidiary

Amount due from a subsidiary is non-trade related, unsecured, non-interest bearing, repayable upon demand and is to be settled in cash.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Expected credit losses

The movement in allowance for expected losses of trade receivables and contract assets computed based on lifetime expected credit losses are as follows:

	Group	
	2021	2020
	$'000	$'000
Movement in allowance accounts		
At 1 January	**(138)**	(473)
Net reversal for the year	**–**	356
Written off	**–**	–
Exchange differences	**(6)**	(21)
At 31 December	**(144)**	(138)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**14,164**	15,095	**–**	209
Euro	**1,735**	2,337	**–**	–
Hong Kong Dollar	**1,933**	1,744	**–**	3,310

21. PREPAYMENTS

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current assets:				
Prepayments for property, plant and equipment	**1,368**	2,095	**–**	–
Other prepayments	**929**	464	**43**	40
	2,297	2,559	**43**	40

22. LOAN TO A SUBSIDIARY

Loan to a subsidiary is unsecured, bears interest ranging from NIL (2020: 3.94% to 4.41%) per annum. The loan was denominated in Hong Kong Dollar and was fully repaid during the financial year ended 31 December 2020.

23. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at banks and on hand	**44,563**	55,282	**2,068**	9,075
Cash at bank under portfolio investment management	**644**	1,663	**643**	1,663
Short-term deposits	**25,199**	16,329	**25,200**	11,606
Cash and short-term deposits	**70,406**	73,274	**27,911**	22,344
Less: Bank balance under portfolio investment management	**(644)**	(1,663)	**(644)**	(1,663)
Cash and cash equivalents per cash flow statement	**69,762**	71,611	**27,267**	20,681

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for the Group and the Company was 0.3% (2020: 0.1%) per annum respectively.

Bank balance under investment portfolio account is used for investment activities.

Cash and cash equivalents of $22,527,000 (2020: $27,575,000) held in the People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**17,999**	33,018	**677**	14,157
Euro	**1,239**	664	**–**	–

24. PROVISIONS

	Group
	Provision for long service payment
	$'000
At 1 January 2020	479
Unused amounts reversed	(26)
Exchange differences	26
At 31 December 2020 and 1 January 2021	479
Unused amounts reversed	(3)
Exchange differences	20
At 31 December 2021	**496**
31 December 2021	
Current	**5**
Non-current	**491**
	496
31 December 2020	
Current	7
Non-current	472
	479

Long service payment

In December 2009, the Group introduced a long service payment plan ("LSP") in certain of its subsidiaries. The amount of the provision for LSP is estimated based on the resignation rates of employees of different grades. The estimation basis is reviewed on an ongoing basis and revised where appropriate. The Group has ceased the scheme for employees who joined from 1 October 2011 onwards. The provision for LSP is recognised for existing employees who joined prior to 1 October 2011.

25. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Trade payables		**30,288**	33,114	**–**	–
Other payables		**3,560**	3,246	**191**	191
Accrued operating expenses		**12,303**	15,622	**304**	282
Refundable deposits from tenants		**410**	411	**–**	–
Total trade and other payables		**46,561**	52,393	**495**	473
Add: Loans and borrowings	26	**1,111**	1,654	**–**	–
Less: Accrued employees and other taxes payable		**(8,339)**	(10,498)	**(113)**	(113)
Total financial liabilities carried at amortised cost		**39,333**	43,549	**382**	360

Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 120 day terms.

Trade and other payables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**2,980**	2,853	**–**	–

26. LOANS AND BORROWINGS

			Group	
	Interest rate (Per annum)	**Maturity**	**2021 $'000**	2020 $'000
Current liabilities:				
Bank loan (secured)	MLR – 2%	2022	**404**	441
Non-current liabilities:				
Bank loan (secured)	MLR – 2%	2023 – 2024	**707**	1,213
Total loans and borrowings			**1,111**	1,654

26. LOANS AND BORROWINGS (CONTINUED)

Bank loan (secured)

During the previous financial year, Mansfield (Thailand) Co. Ltd has undertaken a bank loan for working capital purposes. The bank loan is repayable quarterly in 16 instalments commencing from the advance date or based on agreed repayment schedule and bears interest rates at Thailand Minimum Lending Rate ("MLR") minus 2% per annum. The loan is secured over Mansfield (Thailand) Co. Ltd's freehold land and building as disclosed in Note 13 of the financial statements.

Mansfield (Thailand) Co. Ltd shall maintain the debt (excluding shareholder loan) to equity ratio not exceeding 3:1, which will be determined and tested annually by reference to the Mansfield (Thailand) Co. Ltd 's audited financial statements ending 31 December each year.

As at 31 December 2021, the bank covenant was not breached.

Loans and borrowings denominated in foreign currencies at 31 December are as follows:

	Group	
	2021	2020
	$'000	$'000
Thai Baht	**1,111**	1,654

Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	1.1.2021	**Cash flows**	**Accretion of interest**	**New leases entered**	**Others**	**31.12.2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
Bank loan						
– Current	**441**	(495)	62	–	396	**404**
– Non-current	**1,213**	–	–	–	(506)	**707**
Lease liabilities						
– Current	**3,967**	(6,306)	2,160	568	4,231	**4,620**
– Non-current	**17,753**	–	–	3,805	(3,389)	**18,169**
	23,374	(6,801)	2,222	4,373	732	**23,900**
Company						
Lease liabilities						
– Current	**10**	(35)	3	43	34	**55**
– Non-current	**–**	–	–	88	(44)	**44**
	10	(35)	3	131	(10)	**99**

26. LOANS AND BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (Continued)

			Non-cash changes			
	1.1.2020 $'000	Cash flows $'000	Accretion of interest $'000	New leases entered $'000	Others $'000	31.12.2020 $'000
Group						
Bank loan						
– Current	–	–	–	–	441	441
– Non-current	224	1,393	37	–	(441)	1,213
Lease liabilities						
– Current	3,193	(5,926)	2,392	439	3,869	3,967
– Non-current	20,333	–	–	1,026	(3,606)	17,753
	23,750	(4,533)	2,429	1,465	263	23,374
Company						
Lease liabilities						
– Current	41	(41)	–	–	10	10
– Non-current	10	–	–	–	(10)	–
	51	(41)	–	–	–	10

The "Others" column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time and foreign exchange differences.

27. LEASES

Group as a lessee

The Group has lease contracts for certain properties and motor vehicles where the tenures range from one to six years with no renewal option or escalation clauses included in the contracts. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is not restricted from subleasing the leased assets to third parties.

The Group also has certain leases of properties with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets

	Group			Company
	Leasehold land and buildings $'000	**Motor vehicles $'000**	**Total $'000**	**Total $'000**
At 1 January 2020	25,181	69	25,250	51
Additions during the financial year	2,124	–	2,124	–
Depreciation	(4,845)	(13)	(4,858)	(41)
Write-off	–	(26)	(26)	–
Exchange differences	365	–	365	–
At 31 December 2020 and 1 January 2021	22,825	30	22,855	10
Additions during the financial year	4,373	–	4,373	131
Depreciation	(5,126)	(11)	(5,137)	(43)
Exchange differences	859	(3)	856	–
At 31 December 2021	**22,931**	**16**	**22,947**	**98**

(b) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movement during the year are disclosed in Note 26 and the maturity analysis of lease liabilities is disclosed in Note 34(d).

27. **LEASES** (CONTINUED)

Group as a lessee (Continued)

(c) **Amounts recognised in consolidated income statement**

	Group	
	2021	2020
	$'000	$'000
Depreciation of right-of-use assets	**5,137**	4,858
Interest expense on lease liabilities (Note 8)	**2,160**	2,392
Lease expense not capitalised in lease liabilities		
– Expense relating to leases of low-value assets (included in administrative expenses)	**215**	209
Total (Note 10)	**215**	209
At 31 December	**7,512**	7,459

(d) **Total cash outflow**

The Group had total cash outflows for leases of $6,521,000 in 2021 (2020: $6,135,000).

(e) **Extension options**

The Group does not have any lease contracts that include extension options.

Group as a lessor

The Group has entered into industrial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 2 to 7 years (2020: 3 to 8 years). The terms of the lease generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

The Group is exposed to changes in the residual value at the end of the current leases and the Group typically enters into new operating leases following the expiry of existing operating leases.

Rental income from investment properties is disclosed in Note 14.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2021	2020
	$'000	$'000
Not later than one year	**2,945**	3,171
Later than one year but not later than five years	**5,129**	6,011
More than five years	**1,257**	1,936
	9,331	11,118

28. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2021		2020	
	No. of Shares ‘000	**$’000**	No. of shares ‘000	$’000
Issued and fully paid ordinary shares				
At 1 January and 31 December	**246,656**	**98,021**	246,656	98,021

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Group has an employee share option plan (Note 30) under which options to subscribe for the Company’s ordinary shares have been granted to employees of the Group.

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares ‘000	**$’000**	No. of shares ‘000	$’000
At 1 January	**20,351**	**11,739**	20,351	11,739
Reissued pursuant to employee share option plans				
For cash on exercise of employee share options	**(2,000)**	**(370)**	–	–
Transferred from share option reserve	**–**	**(156)**	–	–
Loss on reissuance of treasury shares	**–**	**(627)**	–	–
	(2,000)	**(1,153)**	–	–
As at 31 December	**18,351**	**10,586**	20,351	11,739

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company re-issued 2,000,000 (2020: NIL) treasury shares during the financial year pursuant to Scheme 2014 at the exercise price of $0.185 (2020: NIL) each (Note 30). The cost of the treasury shares re-issued amounted to $1,153,000 (2020: NIL). Accordingly, a loss on re-issue of treasury shares of $627,000 (2020: NIL) is recognised in other reserves (Note 29).

29. OTHER RESERVES

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Asset revaluation reserve	(a)	**2,550**	2,550	**–**	–
Foreign currency translation reserve	(b)	**2,902**	(1,733)	**–**	–
Statutory reserve fund	(c)	**6,608**	5,997	**–**	–
Gain or loss on reissuance of treasury shares	(d)	**(1,391)**	(764)	**(1,391)**	(764)
Employee share option reserve	(e)	**1,087**	1,192	**1,087**	1,192
Fair value through other comprehensive income reserve ("FVOCI reserve")	(f)	**94**	195	**94**	195
		11,850	7,437	**(210)**	623

(a) Asset revaluation reserve

This relates to revaluation surplus, net of tax of owner-occupied properties that are remeasured from their carrying amount to fair value at the date when it is transferred from property, plant and equipment to investment properties. This reserve is not reclassified to profit or loss when the property is disposed.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising on monetary items that form part of the Group's net investment in subsidiary and translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China, 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 cumulative 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.

(d) Gain or loss on reissuance of treasury shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

29. OTHER RESERVES (CONTINUED)

(e) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 30). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

(f) Fair value through other comprehensive income reserve ("FVOCI reserve")

FVOCI reserve represents the cumulative fair value changes, net of tax (excluding impairment losses, foreign exchange gains and interest calculated using the effective interest method), of FVOCI financial assets (Quoted debt securities – Note 17) until they are disposed or derecognised, at which point they are reclassified to profit or loss.

30. EMPLOYEE SHARE OPTION PLANS

(a) InnoTek Employees' Share Option Plan (the "Plan") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 18 September 2000. The principal terms of the Plan were set out in the Circular to Shareholders dated 2 September 2000. The plan expired in 2006 and was succeeded by InnoTek Employees' Share Option Scheme II.

(b) InnoTek Employees' Share Option Scheme II ("Scheme II") was approved by shareholders at the Annual General Meeting on 30 April 2008. Scheme II expired on 9 March 2014 and was succeeded by the InnoTek Employees' Share Option Scheme 2014.

(c) InnoTek Employees' Share Option Scheme 2014 ("Scheme 2014") was approved by shareholders at the Extraordinary General Meeting on 28 April 2014. Scheme 2014 succeeded Scheme II which expired in March 2014. Scheme 2014 expired on 1 December 2019. Options granted under the Scheme 2014 remain exercisable until the end of the relevant option period.

(d) InnoTek Employees' Share Option Scheme 2021 ("Scheme 2021") was approved by Shareholders at the Extraordinary General Meeting ("EGM") on 29 April 2021. Scheme 2021 succeeded Scheme 2014 which expired in 2019. Scheme 2021 has a maximum period of ten years from the date of its adoption at the EGM.

The options granted under "Scheme 2014" and "Scheme 2021" with the exercise price set at the Market Price (a price equal to the average of the last dealt prices for the shares on the Singapore Exchange over the 5 consecutive market days immediately preceding the date of grant of an option) shall be vested after the first anniversary of the date of grant whereas options granted with the exercise price set at a discount to the Market Price shall only be exercisable after the second anniversary of the date of grant of such option.

The option granted has a life span of 5 years from the date of grant and any option not exercisable on the date on which an option holder ceased to be employed by the Group shall immediately lapse and become null and void on such date. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

All employees share option plans are administered by the Remuneration Committee which approves the dates of grant after the announcement of the half year and full year results of the Group. The unissued ordinary shares of the Company under the plans as at 31 December 2021 can be found under the Section "Options" of the Directors' Statement.

30. EMPLOYEE SHARE OPTION PLANS (CONTINUED)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	2021		2020	
	No. of share options	**WAEP ($)**	No. of share options	WAEP ($)
Outstanding at 1 January	**10,000,000**	**0.400**	10,000,000	0.40
– Granted	**3,300,000**	**0.760**	–	–
– Exercised[1]	**(2,000,000)**	**0.185**	–	–
Outstanding at 31 December[2]	**11,300,000**	**0.545**	10,000,000	0.400
Exercisable at 31 December	**8,000,000**	**0.455**	10,000,000	0.400

(1) The weighted average share price at the date of exercise of the options exercised during the financial year was $0.185 (2020: NIL).

(2) The range of exercise price for options outstanding at the end of the year was $0.345 to $0.760 (2020: $0.185 to $0.520). The weighted average remaining contractual life for these options is 2.65 years (2020: 2.68 years).

Fair value of share options granted

The fair value of the share options granted under the Scheme 2014 and Scheme 2021 are estimated at the grant date using the Trinomial Option Pricing Model, taking into account the terms and conditions upon which the share options were granted. The model also take into account historic dividends and share price fluctuation covariance of the Company to predict the distribution of relative share performance.

The following tables list the inputs to the option pricing models for the financial years ended 31 December 2021 and 2020:

Scheme 2014

2,500,000 options granted on 21 November 2019	
Dividend yield ($/year)	0.01
Expected volatility (%)	41.9
Risk-free rate (% per annum)	1.62
Expected life of option (years)	3.0
Share price ($)	0.450
Exercise price ($)	0.484
Fair value of options granted ($)	0.118

30. EMPLOYEE SHARE OPTION PLANS (CONTINUED)

Fair value of share options granted (Continued)

Scheme 2021

3,300,000 options granted on 6 December 2021	
Dividend yield ($/year)	**0.015**
Expected volatility (%)	**36.0**
Risk-free rate (% per annum)	**1.39**
Expected life of option (years)	**1.0**
Share price ($)	**0.755**
Exercise price ($)	**0.760**
Fair value of options granted ($)	**0.186**

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

31. RELATED PARTY TRANSACTIONS

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the year:

	Group	
	2021	2020
	$'000	$'000
Sales of finished goods to:		
– Joint venture	**161**	–
– Companies related to a director	**511**	712
Purchase of goods from:		
– Joint venture	**(10)**	(23)
– Companies related to a director	**(102)**	(78)
Rental payments to a company related to a director	**(889)**	(803)

Included in lease liabilities (Note 26) at 31 December 2021 is an amount of $2,810,000 (2020: $688,000) relating to a lease arrangement with a company owned by a director.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

	Group	
	2021	2020
	$'000	$'000
Short-term employee benefits	**4,762**	4,283
Contributions to defined contribution plans	**38**	35
Share-based payments	**51**	365
	4,851	4,683
Comprise amounts paid/payable to:		
– Directors of the Company	**1,000**	1,312
– Other key management personnel	**3,851**	3,371
	4,851	4,683

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Interest of key management personnel in employee share option plan

In 2016, 2,000,000 share options were granted to the key management personnel under the Scheme 2014 at an average price of $0.185 each, exercisable between 19 January 2017 and 18 January 2021. On 13 January 2021, key management personnel have exercised these 2,000,000 share options.

In 2017, 3,000,000 share options were granted to the key management personnel under the Scheme 2014 at an average price of $0.345 each, exercisable between 9 March 2018 and 8 March 2022. On 8 March 2022, key management personnel have exercised these 3,000,000 share options.

In 2019, 5,000,000 share options were granted to the key management personnel under the Scheme 2014 at an average price of $0.502 each, exercisable between 29 March 2020 and 20 November 2024.

In 2021, 3,300,000 share options were granted to the key management personnel under the Scheme 2021 at an average price of $0.760 each, exercisable between 7 December 2022 and 6 December 2024.

At the end of the reporting period, the total number of outstanding share options granted by the Company to key management personnel under the Scheme 2014 amount to 11,300,000 (2020: 10,000,000).

32. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021	2020
	$'000	$'000
Capital commitments in respect of property, plant and equipment	**2,890**	4,157

(b) Contingent liabilities

At the end of the reporting, no corporate guarantees were issued in favour of any financial institutions for banking facilities extended to the subsidiaries of the Group.

33. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

33. **FAIR VALUE OF ASSETS AND LIABILITIES** (CONTINUED)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Note	Fair value measurements at the end of the reporting period using			
Group		**Quoted prices in active markets for identical instruments (Level 1) $'000**	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
31 December 2021					
Assets measured at fair value					
Financial assets at FVPL					
Quoted equity securities	17	6,736	–	–	6,736
Financial assets at FVOCI					
Quoted debt securities	17	13,561	–	–	13,561
Financials assets as at 31 December 2021		20,297	–	–	20,297
Non-financial assets as at 31 December 2021					
Investment properties – Industrial	14	–	–	28,976	28,976

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value (Continued)

Group	Note	Fair value measurements at the end of the reporting period using			
		Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
31 December 2020					
Assets measured at fair value					
Financial assets at FVPL					
Quoted equity securities	17	5,591	–	–	5,591
Unquoted structured deposits	17	–	21	–	21
Financial assets at FVOCI					
Quoted debt securities	17	12,918	–	–	12,918
Financials assets as at 31 December 2020		18,509	21	–	18,530
Non-financial assets as at 31 December 2020					
Investment properties – Industrial	14	–	–	27,064	27,064

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Unquoted structured deposits

Unquoted structured deposits are valued using a valuation technique with market observable inputs including rate of returns of the instruments.

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurement using significant unobservable inputs (Level 3):

Description	**Fair value as at 31 December 2021 $'000**	**Valuation techniques**	**Unobservable inputs**	**Range**
Recurring fair value measurements				
Investment properties – Industrial	**28,976**	**Income approach**	**Capitalisation rate**	**8% – 11%**

Description	Fair value as at 31 December 2020 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties – Industrial	27,064	Income approach	Capitalisation rate	8% – 11%

Under the income approach, more specifically a term and reversion analysis, fair value is estimated by considering the capitalised rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the property at appropriate reversionary yield and where appropriate cross checking to comparable sales evidences as available in the relevant market subject to suitable adjustments between the property and the comparable properties.

For industrial investment properties, a significant increase/(decrease) in the market rental and passing rent would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate would result in a significant decrease/(increase) in the fair value of the investment properties.

(ii) Movements in Level 3 assets and liabilities measured at fair value

Transfer between investment property and owner-occupied property

During the financial year ended 31 December 2020, a subsidiary of the Group has transferred one of its building floor that was previously held as investment property to owner-occupied property. As a result of this transfer, a loss on revaluation of $6,000 (Note 14) was recognised at the date of transfer. The fair value measurement determined at the date of transfer is based on similar valuation technique, inputs and fair value hierarchy (Level 3) as those of the Group's investment properties.

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 *Fair Value Measurement* guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, reputable external valuation experts will be engaged to ensure valuation are properly executed according to industry standard guideline.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Fair value of financial instruments whose carrying amounts are reasonable approximation of fair value

Cash and short-term deposits, trade receivables and other receivables, contract assets, loan to a subsidiary, trade and other payables, accrued operating expenses and loans and borrowings.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(f) Assets not measured at fair value for which fair value is disclosed

Determination of fair value

Non-current other receivables

Group	Carrying amount		Aggregate fair value	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Non-current other receivables (Note 20)	**1,615**	977	**1,280**	595

The fair value as disclosed in the table above are based on significant unobservable inputs (Level 3) and have been calculated by discounting the expected future cash flows using rates currently available for instruments on with similar terms, credit risk and remaining maturities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key risks are interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their investment securities. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure to foreign currency.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates (increase or decrease in basis points), with all other variables held constant:

		Group	
		2021 Profit before tax $'000	2020 Profit before tax $'000
Singapore Dollar	– Increase 100 (2020: 100)	**132**	125
	– Decrease 100 (2020: 100)	**(132)**	(125)
United States Dollar	– Increase 100 (2020: 100)	**59**	26
	– Decrease 100 (2020: 100)	**(59)**	(26)

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Euro ("EUR"). The Group manages its transactional currency exposures by matching as far as possible, its receipt and payment in each individual currency.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are disclosed in Note 23.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group	
		2021 Profit before tax $'000	2020 Profit before tax $'000
USD/SGD	– Strengthened 5% (2020: 5%)	**35**	718
	– Weakened 5% (2020: 5%)	**(35)**	(718)
USD/HKD	– Strengthened 5% (2020: 5%)	**128**	1,407
	– Weakened 5% (2020: 5%)	**(128)**	(1,407)
EUR/HKD	– Strengthened 5% (2020: 5%)	**66**	40
	– Weakened 5% (2020: 5%)	**(66)**	(40)
USD/RMB	– Strengthened 5% (2020: 5%)	**(33)**	66
	– Weakened 5% (2020: 5%)	**33**	(66)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from trade and other receivables and contract assets. For other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– External credit rating
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
– Actual or expected significant changes in the operating results of the counterparty
– Significant increases in credit risk on other financial instruments of the same counterparty
– Significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparty

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the counterparty
– A breach of contract, such as a default or past due event
– It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation
– There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Debt instruments at fair value through other comprehensive income

The Group's and Company's debts instruments at fair value through other comprehensive income at the reporting date comprise solely of quoted bonds that are graded as investment grade bonds by at least one major external credit rating companies (i.e. Moody's, Standard and Poor's and Fitch). With the assistance from the appointed representative from the bank that provides investment services to the Group, the Group has determined that these debt instruments are to be considered having low credit risk at the reporting date. Consequently, the Group has assumed that the credit risk on these instruments has not increase significantly since initial recognition and the credit loss allowance for these debt instruments has been estimated based on credit losses that result from default events that are possible within the next 12-months. The estimated expected credit loss allowance for the Group's and Company's debt instruments at fair value through other comprehensive income estimated as at 31 December 2021 is not material to the financial statements. The gross carrying amount of debt securities at fair value through other comprehensive income are disclosed in Note 17.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

Bill receivables, refundable deposits, loan to a joint venture, loan to and amounts due from a subsidiary

The Group estimates the expected credit loss for these financial assets using the probability of default approach, which considers whether there has been significant increase in their credit risks since initial recognition, the amounts exposed to credit risk, the probability of default, expected loss in event of default, and relevant forward-looking macroeconomic data that can affect the Group's estimate of credit loss with these counterparties. The estimated expected credit loss allowance for the Group's bill receivables, refundable deposits, loan to a joint venture and the Company's loan to and amounts due from a subsidiary as at 31 December 2021 and 2020 are not material to the financial statements. The gross carrying amount of these financial assets are disclosed in Note 20.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group determines expected credit losses of trade receivables and contract assets by making debtor-specific assessment of expected impairment loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by product line:

Precision metal stamping components and tooling

Group		Trade receivables past due					
	Contract assets $'000	Current $'000	1 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	> 90 days $'000	Total $'000
31 December 2021							
Gross carrying amount	**806**	**24,515**	**4,464**	**1,888**	**395**	**1,512**	**33,580**
Loss allowance provision	**–**	**–**	**–**	**–**	**–**	**144**	**144**
31 December 2020							
Gross carrying amount	1,653	27,663	4,255	3,402	3,004	5,824	45,801
Loss allowance provision	–	–	–	–	–	138	138

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (CONTINUED)

(c) **Credit risk** (Continued)

Trade receivables and contract assets (Continued)

Precision machining components

Group	Trade receivables past due					
	Current $'000	1 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	> 90 days $'000	Total $'000
31 December 2021						
Gross carrying amount	**8,846**	**–**	**–**	**–**	**–**	**8,846**
Loss allowance provision	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2020						
Gross carrying amount	14,573	–	–	–	–	14,573
Loss allowance provision	–	–	–	–	–	–

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 20.

During the previous financial year, the Group wrote back $356,000 of trade receivables as they recovered these amounts that were previously written off.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on balance sheets.

Credit risk concentration profile

The Group's trading activities are carried out largely in People's Republic of China and Hong Kong. At the end of the reporting period, the Group has approximately 29% (2020: 34%) of the Group's trade receivables relating to 3 major customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities.

The Group closely monitors its working capital requirements and funds available. Sufficient liquidity is ensured through efficient cash management. Cash and cash equivalents are maintained at a healthy level appropriate to the operating environment and expected cash flows of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted payments obligations.

Group	**One year or less $'000**	**One year to five years $'000**	**Total $'000**
31 December 2021			
Financial assets			
Trade and other receivables	**46,863**	**1,615**	**48,478**
Cash and short-term deposits	**70,406**	**–**	**70,406**
Other investments	**20,297**	**–**	**20,297**
Total undiscounted financial assets	**137,566**	**1,615**	**139,181**
Financial liabilities			
Lease liabilities	**9,044**	**25,457**	**34,501**
Loans and borrowings	**443**	**731**	**1,174**
Trade and other payables	**46,561**	**–**	**46,561**
Total undiscounted financial liabilities	**56,048**	**26,188**	**82,236**
Total net undiscounted financial assets/(liabilities)	**81,518**	**(24,573)**	**56,945**

Group	One year or less $'000	One year to five years $'000	Total $'000
31 December 2020			
Financial assets			
Trade and other receivables	61,774	977	62,751
Cash and short-term deposits	73,274	–	73,274
Other investments	18,530	–	18,530
Total undiscounted financial assets	153,578	977	154,555
Financial liabilities			
Lease liabilities	8,107	26,148	34,255
Loans and borrowings	503	1,282	1,785
Trade and other payables	52,393	–	52,393
Total undiscounted financial liabilities	61,003	27,430	88,433
Total net undiscounted financial assets/(liabilities)	92,575	(26,453)	66,122

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (CONTINUED)

(d) **Liquidity risk** (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	**One year or less $'000**	**One year to five years $'000**	**Total $'000**
31 December 2021			
Financial assets			
Other receivables	**69**	**–**	**69**
Cash and short-term deposits	**27,911**	**–**	**27,911**
Other investments	**20,297**	**–**	**20,297**
Total undiscounted financial assets	**48,277**	**–**	**48,277**
Financial liabilities			
Lease liabilities	**57**	**46**	**103**
Other payables	**495**	**–**	**495**
Total undiscounted financial liabilities	**552**	**46**	**598**
Total net undiscounted financial assets/(liabilities)	**47,725**	**(46)**	**47,679**

Company	One year or less $'000	Total $'000
31 December 2020		
Financial assets		
Other receivables	4,861	4,861
Cash and short-term deposits	22,344	22,344
Other investments	18,509	18,509
Total undiscounted financial assets	45,714	45,714
Financial liabilities		
Lease liabilities	11	11
Other payables	473	473
Total undiscounted financial liabilities	484	484
Total net undiscounted financial assets	45,230	45,230

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in the market prices (other than interest or exchange rates). The Group and the Company are exposed to price risk arising from its investment in quoted equity and debts securities. These securities are quoted on the stock exchanges of Singapore. The quoted debts securities are issued from their respective companies and subsequently traded between participants directly over-the-counter. Due to the diversity of qualities, maturities and yields, the prices of debts securities are determined by the willingness of participants to transact at a given price and are usually not quoted by a market maker such as an exchange.

The Group's objective is to manage investment returns to achieve real-term capital preservation and long-term capital growth.

Sensitivity analysis for price risk

At the end of the reporting period, if the price of the shares and bonds had been 2% higher/lower with all other variables held constant, the Group's profit before tax would have been $135,000 (2020: $112,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity classified as financial assets at fair value through profit or loss.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

As disclosed in Note 29(c), certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, finance lease liabilities less cash and short-term deposits and structured deposits. Capital includes equity attributable to the owners of the Company less the fair value adjustment reserve and the above-mentioned restricted statutory reserve fund. The Group's policy is to keep the gearing ratio below one.

35. CAPITAL MANAGEMENT (CONTINUED)

	Note	Group	
		2021	2020
		$'000	$'000
Lease liabilities	26	**22,789**	21,720
Loans and borrowings	26	**1,111**	1,654
Less: Cash and short-term deposits	23	**(70,406)**	(73,274)
Less: Structured deposits	17	**–**	(21)
Net cash		**(46,506)**	(49,921)
Equity attributable to the owners of the Company		**189,843**	177,945
Less: Fair value adjustment reserve	29(a)	**(2,550)**	(2,550)
Less: Statutory reserve fund	29(c)	**(6,608)**	(5,997)
Less: Treasury shares	29(d)	**(1,391)**	(764)
Total capital		**179,294**	168,634
Gearing ratio		*	*

* Not applicable as the Group is in net cash position

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

I. The precision components and tooling segment specialises in sales of stamping components, tooling design and fabrication to a wide range of industries such as automotive components, office automation and consumer electronics products. It also provides die making services to manufacturers of such products.

II. The precision machining segment specialises in the machining of products mainly from the TV and office automation industries. However, in line with the demand of products made of aluminium alloy and other light metals, this segment also has speciality in metal-related components for customers in the TV, tablets and mobile-phone industries through advance technologies like cold-forging, computer numerical control machining and surface decoration.

III. The corporate and others segment is involved in group-level corporate services and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. SEGMENT INFORMATION (CONTINUED)

	Mansfield						
Year ended 31 December 2021	Precision Components and Tooling $'000	Precision Machining $'000	Adjustments and Eliminations $'000	Total $'000	Corporate and Others $'000	Eliminations $'000	Total $'000
Revenue							
External customers	133,974	39,606	–	173,580	–	–	173,580
Inter-segment	55,145	15,716	(70,861)	–	–	–	–
Total Revenue	189,119	55,322	(70,861)	173,580	–	–	173,580
Results							
External interest income	604	17	–	621	469	–	1,090
Inter-segment interest income	–	–	–	–	–	–	–
Inter-segment interest expense	–	–	–	–	–	–	–
Depreciation and amortisation	(7,433)	(3,512)	–	(10,945)	(55)	–	(11,000)
Net fair value gain on investment properties	343	449	–	792	–	–	792
Dividend income from other investments	–	–	–	–	226	–	226
Net gain/(loss) on disposal of property, plant and equipment	189	(98)	–	91	–	–	91
Net foreign exchange (loss)/gain	(772)	(23)	–	(795)	355	–	(442)
Rental income	1,224	1,611	–	2,835	–	–	2,835
Share of results of joint venture	(198)	–	–	(198)	–	–	(198)
Finance cost	(2,135)	(84)	–	(2,219)	(3)	–	(2,222)
Other non-cash expenses[(1)]	(8)	(128)	–	(136)	431	–	295
Inter-segment dividend income	–	–	–	–	6,980	(6,980)	–
Segment profit before tax	4,910	4,725	–	9,635	6,819	(6,980)	9,474
Income tax credit	1,087	397	–	1,484	551	–	2,035
Assets							
Investment in joint venture	1,521	–	–	1,521	–	–	1,521
Additions to non-current assets[(2)]	4,866	2,309	–	7,175	9	–	7,184
Segment assets	153,693	64,981	–	218,674	48,366	–	267,040
Liabilities							
Segment liabilities	64,462	12,056	–	76,518	679	–	77,197

36. SEGMENT INFORMATION (CONTINUED)

	Mansfield						
Year ended 31 December 2020	Precision Components and Tooling $'000	Precision Machining $'000	Adjustments and Eliminations $'000	Total $'000	Corporate and Others $'000	Eliminations $'000	Total $'000
Revenue							
External customers	127,689	55,503	–	183,192	–	–	183,192
Inter-segment	44,260	27,157	(71,417)	–	–	–	–
Total Revenue	171,949	82,660	(71,417)	183,192	–	–	183,192
Results							
External interest income	658	15	–	673	587	–	1,260
Inter-segment interest income	–	–	–	–	248	(248)	–
Inter-segment interest expense	(248)	–	–	(248)	–	248	–
Depreciation and amortisation	(7,443)	(2,951)	–	(10,394)	(53)	–	(10,447)
Net fair value loss on investment properties	(390)	59	–	(331)	–	–	(331)
Dividend income from other investments	–	–	–	–	148	–	148
Net gain/(loss) on disposal of property, plant and equipment	138	(3)	–	135	–	–	135
Net foreign exchange (loss)	(861)	(723)	–	(1,584)	(349)	(339)	(2,272)
Reversal of impairment loss on property, plant and equipment	1,003	–	–	1,003	–	–	1,003
Rental income	888	1,546	–	2,434	–	–	2,434
Share of results of joint venture	16	–	–	16	–	–	16
Finance cost	(2,333)	(95)	–	(2,428)	(1)	–	(2,429)
Other non-cash expenses(1)	47	(500)	–	(453)	(1,437)	–	(1,890)
Inter-segment dividend income	–	–	–	–	5,845	(5,845)	–
Segment profit before tax	6,389	15,422	–	21,811	3,594	(6,181)	19,224
Income tax credit/(expense)	717	(6,040)	–	(5,323)	(33)	–	(5,356)
Assets							
Investment in joint venture	1,645	–	–	1,645	–	–	1,645
Additions to non-current assets(2)	1,834	2,401	–	4,235	1	–	4,236
Segment assets	156,961	67,880	–	224,841	40,924	–	265,765
Liabilities							
Segment liabilities	71,906	14,758	–	86,664	1,155	–	87,819

(1) Other non-cash income/expenses consist of net fair value gain/loss on other investments, net gain/loss on disposal of other investments, net impairment loss/reversal of impairment loss on financial assets, net allowance/write-back for inventory obsolescence, net impairment loss/reversal of impairment loss on capitalised contract costs and share-based payments as presented in the respective notes to the financial statements.

(2) Additions to non-current assets consist of additions to property, plant and equipment and intangible assets and deposit refunded/paid for purchase of property, plant and equipment.

36. SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Hong Kong/PRC	**169,642**	179,805	**81,770**	80,932
Thailand	**3,936**	3,387	**4,584**	5,421
Vietnam	**2**	–	**2,225**	–
Singapore	**–**	–	**98**	14
	173,580	183,192	**88,677**	86,367

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investment in joint venture, deposit paid for purchase of property, plant and equipment and non-current other receivables as presented in the balance sheet.

Information about major customers

Revenue from two (2020: two) major customers amounted to $54,017,000 (2020: $64,610,000), arising from sales by the Precision Components and Tooling and Precision Machining segments.

37. DIVIDENDS

	Group and Company	
	2021	2020
	$'000	$'000
Declared and paid during the financial year		
Dividends on ordinary shares		
Final exempt (one-tier) dividend for 2020: $0.02 (2019: $0.015) per share	**4,566**	3,395
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
Final exempt (one-tier) dividend for 2021: $0.02 (2020: $0.02) per share	**4,626**	4,566

38. EVENTS AFTER THE REPORTING PERIOD

In 2017, 3,000,000 share options were granted to Mr. Lou Yiliang under the Scheme 2014 at an average price of $0.345 each, exercisable between 9 March 2018 and 8 March 2022. On 8 March 2022, Mr Lou Yiliang exercised 3,000,000 of his share options and 3,000,000 treasury shares were utilised. Following the use of treasury shares, the issued and paid up share capital of the Company, net of treasury shares is increased from 228,305,428 to 231,305,428 and the number of treasury shares is reduced from 18,351,000 to 15,351,000.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 31 March 2022.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

No. of issued shares	–	246,656,428
No. of issued shares (excluding treasury shares)	–	231,305,428
No./Percentage of Treasury Shares	–	15,351,000 (6.64%)
Class of Shares	–	Ordinary Shares
Voting Rights (excluding treasury shares)	–	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.15	61	0.00
100 – 1,000	238	9.02	215,630	0.09
1,001 – 10,000	1,408	53.33	8,702,401	3.76
10,001 – 1,000,000	973	36.86	52,848,028	22.85
1,000,001 AND ABOVE	17	0.64	169,539,308	73.30
TOTAL	**2,640**	**100.00**	**231,305,428**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	50,025,500	21.63
2	ADVANTEC HOLDING SA	22,571,000	9.76
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	20,704,200	8.95
4	LOU YILIANG	19,082,700	8.25
5	PHILLIP SECURITIES PTE LTD	14,173,200	6.13
6	DBS NOMINEES (PRIVATE) LIMITED	11,009,100	4.76
7	CITIBANK NOMINEES SINGAPORE PTE LTD	7,105,000	3.07
8	MAYBANK SECURITIES PTE. LTD.	4,733,598	2.05
9	COMCRAFT INTERNATIONAL S.A	4,421,000	1.91
10	OCBC SECURITIES PRIVATE LIMITED	3,688,310	1.59
11	LIM & TAN SECURITIES PTE LTD	3,441,900	1.49
12	HSBC (SINGAPORE) NOMINEES PTE LTD	1,788,200	0.77
13	DBSN SERVICES PTE. LTD.	1,669,600	0.72
14	IFAST FINANCIAL PTE. LTD.	1,630,500	0.70
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,236,700	0.53
16	LEW WING KIT	1,138,800	0.49
17	WONG BARK CHUAN DAVID	1,120,000	0.48
18	UOB KAY HIAN PRIVATE LIMITED	915,700	0.40
19	TOH YEW KEONG	820,000	0.35
20	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	810,300	0.35
	TOTAL	**172,085,308**	**74.38**

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC (PUBLIC FLOAT)

Based on information available to the Company as of 31 March 2022, approximately 50.36% of the issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual requirement.

SUBSTANTIAL SHAREHOLDERS

The interests of the substantial shareholders in the Shares as recorded in the Register of Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Advantec Holding SA[(1)]	22,571,000	9.76	60,811,300	26.29
Trustee of Chandaria Trust I[(2)]	–	–	83,832,300	36.24
Lou Yiliang[(3)]	19,082,700	8.25	11,902,800	5.15

Notes:

(1) Advantec Holding SA is deemed to be interested in the 60,811,300 Shares held through the following:
Raffles Nominees (Pte) Ltd in respect of 40,811,300 shares
UOB Bank Nominees Pte Ltd in respect of 20,000,000 shares

(2) Trustee of Chandaria Trust I is deemed to be interested in the 83,382,300 Shares held by Advantec Holding SA as well as a further 450,000 Shares held by Metchem Engineering SA, both of which are wholly-owned by the Chandaria Trust I.

(3) Mr. Lou Yiliang is deemed to be interested in the 11,902,800 shares held through Philip Securities Pte. Ltd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of **INNOTEK LIMITED** (the "**Company**") will be convened and held by way of electronic means on Thursday, 28 April 2022 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a one-tier tax-exempt First and Final Dividend of 2.0 Singapore cents per share for the year ended 31 December 2021 (2020: 2.0 Singapore cents per share).

   (Resolution 2)

3. To re-elect Mr. Neal Manilal Chandaria (Chairman and Non-Executive Director), who will retire in accordance with Article 103 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

   (Resolution 3)

   Subject to his re-appointment, Mr. Neal Manilal Chandaria who is considered a non-independent director, will be re-appointed as Chairman of the Board, member of the Audit & Risk Management Committee and member of the Remuneration Committee.

4. To re-elect Mr. Teruo Kiriyama (Non-Executive and Independent Director), who will retire in accordance with Article 103 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

   (Resolution 4)

   Subject to his re-appointment, Mr. Teruo Kiriyama who is considered an independent director, will be re-appointed as Chairman of the Nominating Committee, member of the Audit & Risk Management Committee and member of the Remuneration Committee.

5. To re-elect Dr. Xu Jinsong (Non-Executive and Independent Director), who will retire in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

   (Resolution 5)

6. To approve the payment of Directors' fees of $23,288 for the financial year ended 31 December 2021.

   [See Explanatory Note (i) below] **(Resolution 6)**

7. To approve the payment of Directors' fees of up to $377,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears. (2021: $327,000).

   [see Explanatory Note (ii) below] **(Resolution 7)**

8. To re-appoint Ernst & Young LLP as the Company's Auditor for the ensuing year and to authorise the Directors to fix their remuneration.

   (Resolution 8)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without modifications:

9. That pursuant to Section 161 of the Companies Act 1967 ("**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**"), the directors of the Company ("**Directors**") be authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("**shares**") whether by way of rights or bonus; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution is in force;

Provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued ordinary shares (excluding treasury shares) shall be based on the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii) below] **(Resolution 9)**

10. That approval be and is hereby given to the Directors to allot and issue such number of ordinary shares in the capital of the Company as may be issued pursuant to the exercise of the options under the InnoTek Employees' Share Option Scheme 2021 ("**Share Plan**") in accordance with the provisions of the Share Plan, provided always that the aggregate number of shares to be issued pursuant to the Share Plan shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time.

    [See Explanatory Note (iv) below] **(Resolution 10)**

11. That:

    (a) for the purposes of Section 76C and 76E of the Companies Act and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

    (i) on-market purchases transacted on the SGX-ST ("**On-Market Purchase**"); and/or

    (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual ("**Off-Market Purchase**"),

    (the "**Share Purchase Mandate**");

    (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

    (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

    (i) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held, whichever is earlier;

    (ii) the date on which the share purchases are carried out to the full extent mandated; or

    (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied;

    (d) in this Resolution:

    "**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days ("**Market Day**" being a day on which the SGX-ST is open for trading in securities) on which transactions in the Shares were recorded, before the day on which the purchases are made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and is deemed to be adjusted in accordance with the Listing Manual for any corporate action that occurs after the relevant five (5)-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 115% of the Average Closing Price of the Shares,

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of the last AGM of the Company held before this Resolution is passed or as at the date of passing of this Resolution, whichever is the higher (excluding any treasury shares that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the relevant period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered; and

(e) the Directors and each of them be and is hereby authorized to do any and all such acts (including to execute all such documents as may be required, approve any amendments, alterations or modifications to any documents, and sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may, in their absolute discretion deem necessary, desirable or expedient to give effect to this Ordinary Resolution and the Share Purchase Mandate.

[See Explanatory Note (v) below] **(Resolution 11)**

12. To transact any other business which may arise and can be transacted at an Annual General Meeting.

NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2022 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 p.m. on 10 May 2022 will be registered to determine members' entitlement to the proposed First and Final Dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd. are credited with Shares in the Company as at 5.00 p.m. on 10 May 2022 will be entitled to the proposed First and Final Dividend.

The proposed First and Final Dividend, if approved at this annual general meeting, will be paid on 25 May 2022.

By Order of the Board

Linda Sim Hwee Ai
Company Secretary

Singapore, 6 April 2022

Explanatory Notes:

(i) Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors to pay the Director's Fees of $23,288 to Dr. Xu Jinsong who was appointed a Director of the Company on 15 July 2021.

(ii) Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors to facilitate the payment of Directors' fees during the year ending 31 December 2022, quarterly in arrears. The increase of $50,000 from 2021 Directors' Fee is due to the appointment of an additional director to the Board.

(iii) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of the next Annual General Meeting, to issue, or agree to issue shares and/or grant Instruments that might require shares to be issued on a pro rata basis to shareholders of the Company, up to an aggregate limit of 50% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company (calculated as described).

(iv) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors, from the date of the above Annual General Meeting until the next Annual General Meeting, to allot and issue shares as may be issued pursuant to the exercise of options under the Share Plan up to an aggregate limit of 15% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time ("**15% Limit**"). The 15 % Limit is calculated by including the shares which have already been allotted and issued pursuant to the exercise of options under the Share Plan.

(v) Ordinary Resolution 11 proposed in item 11 above, if passed will empower the Directors of the Company, from the date of this Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the letter to Shareholders dated 6 April 2022 (the "**Letter**").

Notes:

1. The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") and as amended by COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debentures Holders (Amended No. 2) Order 2020. On 1 October 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**SGX RegCo**") had updated the checklist to guide listed and non-listed entities on the conduct of general meeting arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations (the "Checklist"). On 4 February 2022, the SGX RegCo had announced that the Regulator's Column issued on 16 December 2021 in relation to the expectation of SGX RegCo for the conduct of general meetings form part of the Checklist.

2. Documents relating to the business of the AGM, which comprise the Company's 2021 Annual Report, Notice of AGM, Letter to Shareholders relating to the Share Purchase Mandate and Proxy Form have been published on SGX website at https://www.sgx.com/securities/company-announcements and the Company's website at http://innotek.listedcompany.com/Printed copies of these documents will NOT be despatched to the shareholders.

3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangement by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 6 April 2022. This announcement may be accessed at the Company's corporate website at http://innotek.listedcompany.com/, and will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

   In particular, a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only stream via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio-only stream must pre-register via the link at https://smartagm.sg/innotekagm2022 by no later than 9.30 a.m., Monday, 25 April 2022. Following the verification, authenticated members will receive an email by 5.00 p.m., Wednesday, 27 April 2022 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the "**Confirmation Email**"). Members, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 5.00 p.m. on Wednesday, 27 April 2022 should contact the Share Registrar at +65 65365355 or by email at AGM.TeamE@boardroomlimited.com.

   Members will not be able to ask questions "live" during the broadcast of the AGM. All members may submit questions related to the resolutions to be tabled for approval at the AGM by email to AGM.TeamE@boardroomlimited.com or via the pre-registration microsite at https://smartagm.sg/innotekagm2022 or in hard copy by post to the registered office of the Company at 160 Robinson Road, #24-12 SBF Center, Singapore 068914 by no later than 5.00 p.m., Wednesday, 13 April 2022.

4. **As the Company does not allow real-time remote electronic voting through an electronic voting system to take place at the AGM, a member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** Printed copies of the proxy form will NOT be sent to members. The proxy form for the AGM may be accessed at the Company's corporate website at http://innotek.listedcompany.com/, and is also available on the SGX website at https://sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operations by **5.00 p.m., Monday, 18 April 2022** to submit their votes.

   In this Notice of AGM, a "**relevant intermediary**" means:

   (i) A banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity;

   (ii) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Shares in that capacity; or

   (iii) The Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953, in respect of Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) If submitted electronically, be submitted via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com.

   (b) Of submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07. Singapore 098632.

   In either case, by 9.30 a.m. on Monday, 25 April 2022, being 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

7. Terms and expressions not defined herein but which are defined in the Letter shall have the same meanings when used herein. The Letter is available on the Company's website at http://innotek.listedcompany.com/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   In view of the current COVID-19 SITUATION IN Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);

(ii) the processing of the Pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr Xu Jinsong the Director seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2022 ("AGM") ("Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below.

	Dr. Xu Jinsong
Date of Appointment	15 July 2021
Date of last re-appointment	Not Applicable
Age	54
Country of principal residence	PRC
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and contributions to the Board and Company matters of Dr. Xu Jinsong for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Dr. Xu Jinsong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, ARMC Chairman, ARMC Member, etc.)	Not Applicable
Working experience and occupation(s) during past 10 year	Associate Professor of Shanghai Jiao Tong University since 2001
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments including Directorships (for the last 5 years)	No
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or government body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) Any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) Any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) Any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere, or (iv) Any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	No Attended Listed Entity Director ("LED") Programme LEDM1 to LEDM4 in Mandarin organised by the Singapore Institute of Directors from 25 October 2021 to 29 October 2021

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Neal Manilal Chandaria and Mr. Teruo Kiriyama are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2022 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below.

	Mr. Neal Manilal Chandaria	**Mr. Teruo Kiriyama**
Date of Appointment	2 November 2015	2 November 2015
Date of last re-appointment	30 April 2019	30 April 2019
Age	60	68
Country of principal residence	Singapore	Japan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Neal Manilal Chandaria for re-appointment as Chairman of the Board and Non-Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Neal Manilal Chandaria possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Teruo Kiriyama for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Teruo Kiriyama possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, ARMC Chairman, ARMC Member, etc.)	Chairman of the Board and member of the Audit and Risk Management Committee and Nominating Committee	Chairman of the Nominating Committee and member of the Audit and Risk Management Committee and Remuneration Committee
Working experience and occupation(s) during past 10 years	Finance Director of Metchem Engineering Services Pte Ltd	2014 – 2016 Advisor to the Board of Toshiba Corporation, Japan 2011 – 2014 Corporate Vice President, Corporate Representative – China, Chairman & CEO – Toshiba China Co. Ltd. 2007 – 2011 General Manager, Corporate Communications Division
Shareholding interest in the listed issuer and its subsidiaries	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes, as representative of Advantec Holding SA, a substantial shareholder of the Company	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships (for the last 5 years) Present	Honorary Consul of the Consulate of The Republic of Kenya in Singapore Director of Acme Printing and Packaging PLC (resigned in 2019)	No
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether any any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

(c) whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	I am currently one of three Defendants in a family related civil dispute (which does not involve the Company and not a breach of any law or regulatory requirement relating to securities or the futures industry) commenced by Leticia Investment Corp, a company registered in the Panama.	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or government body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) Any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) Any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) Any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere, or (iv) Any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

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INNOTEK LIMITED

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

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ANNUAL GENERAL MEETING ON
28 APRIL 2022 at 9.30 a.m.

PROXY FORM

(Please see notes overleaf before completing this Form) This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URL http://innotek.listedcompany.com/. A printed copy of this form of proxy will NOT be despatched to members.

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Important

1. The Annual General Meeting ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debentures Holders) (Amendment No. 2) Order 2020. On 1 October 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**SGX-RegCo**") had updated the checklist to guide listed and non-listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations (the "**Checklist**"). On 4 February 2022, the SGX-RegCo had announced that the Regulator's Column issued on 16 December 2021 in relation to the expectations of SGX RegCo for the conduct of general meetings form part of the Checklist.
2. Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM are set out in the Company's announcement dated 6 April 2022. The announcement may be accessed at the Company's website at http://innotek.listedcompany.com/ and on the SGX website at https://www.sgx.com/securities/company-announcements.
3. **As the Company does not allow real-time remote electronic voting through an electronic voting system to take place at the AGM, a member will not be able to attend the AGM in person. A member (whether individual or corporate) MUST APPOINT THE Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. If such member wishes to exercise his/her/its voting rights at the AGM.**
4. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators and submit their votes by 5.00 p.m. on Monday, 18 April 2022.
6. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2022.
7. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.**

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I/We ______________________________ (Name), NRIC/Passport Number* ______________

of ____ (Address)

being a member/members of **INNOTEK LIMITED** (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on 28 April 2022 at 9.30 a.m. and at any adjournment thereof in the following manner:

	ORDINARY RESOLUTION	For*	Against*	Abstain*
1.	Directors' Statement and the Audited Financial Statements for the year ended 31 December 2021			
2.	Declaration of First and Final Dividend			
3.	Re-election of Mr. Neal Manilal Chandaria			
4.	Re-election of Mr. Teruo Kiriyama			
5.	Re-election of Dr. Xu Jinsong			
6.	Approval of Directors' Fees for FY 2021			
7	Approval of Directors' Fees for FY 2022			
8.	Re-appointment of Ernst & Young LLP as Auditors			
9.	Authority to issue new shares			
10.	Authority to allot and issue new shares in accordance with the provisions of the Share Plans			
11.	To approve the Proposed Share Purchase Mandate			

* If you wish to exercise all your votes "For", "Against" or "Abstain", please indicate your vote "For", "Against" or "Abstain" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ______________________ 2022.

Total Number of Shares in:	No. of Shares
(a) CDP register	
(b) Register of Members	

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Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on Monday, 18 April 2022.

3. The Chairman of the Meeting as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted electronically, be submitted via email to the Company's Share Registrar at AGM.TeamE@boardroomlimited.com,

   (b) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

   In either case, not less than 72 hours before the time set for the meeting, and in default, the instrument of proxy shall not be treated as void. A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act 1967.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By submitting an instrument appointing the Chairman of the Meeting as a proxy(ies) and/or any adjournment thereof, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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Co. Reg. No. 199508431Z

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