

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the Second Quarter ended 30 June 2019

Group	Note	Second Qtr Ended			6 months Ended		
		30-Jun		Change %	30-Jun		Change %
		2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Revenue		45,092	52,366	(13.9)	89,327	99,978	(10.7)
Cost of sales	1(a)(i)(a)	(34,731)	(41,803)	(16.9)	(69,398)	(81,988)	(15.4)
Gross profit		10,361	10,563	(1.9)	19,929	17,990	10.8
Other items of expense							
Selling and distribution		(851)	(893)	(4.7)	(1,608)	(1,787)	(10.0)
Administrative expense	1(a)(i)(b)	(6,363)	(6,231)	2.1	(12,370)	(12,330)	0.3
Finance cost		(30)	-	NM	(62)	-	NM
Other expenses	1(a)(i)(c)	(5)	(287)	(98.3)	(4)	(940)	(99.6)
Share of results of joint venture	1(b)(i)(B)	(36)	(36)	NM	(114)	(36)	216.7
Total other item of expenses		(7,285)	(7,447)	(2.2)	(14,158)	(15,093)	(6.2)
Other items of income							
Interest income		282	107	163.6	528	262	101.5
Other income	1(a)(i)(c)	1,324	1,434	(7.7)	2,821	2,353	19.9
Total other items of income		1,606	1,541	4.2	3,349	2,615	28.1
Profit before tax		4,682	4,657	0.5	9,120	5,512	65.5
Income tax expense		(845)	1,056	NM	(1,392)	318	NM
Profit for the period attributable to owners of the company		3,837	5,713	(32.8)	7,728	5,830	32.6
Other comprehensive income :							
Foreign currency translation		(830)	(782)	6.1	(1,060)	1,203	NM
Other comprehensive income for the period , net of tax		(830)	(782)	6.1	(1,060)	1,203	NM
Total comprehensive income for the period attributable to owners of the Company		3,007	4,931	(39.0)	6,668	7,033	(5.2)
Earnings per share attributable to owners of the Company (cents per share)							
Basic	Para 6	1.70	2.53	(32.8)	3.41	2.60	31.2
Diluted	Para 6	1.68	2.51	(33.1)	3.38	2.58	31.0
NM denotes Not Meaningful							

Notes to Group Consolidated Statement of Comprehensive Income

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

	Note	Second Qtr Ended		6 Months Ended	
		30-Jun		30-Jun	
		2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000
(a) Major items included in cost of sales are :					
- Inventories recognised as an expense in cost of sales	1(a)(i)(d)	(18,551)	(20,950)	(35,957)	(41,027)
- Write-back/ (provision) for inventory obsolescence		178	(2)	151	48
- Depreciation of property, plant and equipment ("PPE")		(932)	(948)	(1,836)	(1,795)
- Amortisation of right-of-use assets	Para 5	(116)	-	(232)	-
- Wages and salaries	1(a)(i)(e)	(7,282)	(9,419)	(14,390)	(18,206)
(b) Major items included in administrative expenses are :					
- Depreciation of PPE		(344)	(335)	(683)	(623)
- Amortisation of prepaid land lease payments	Para 5	-	(14)	-	(27)
- Amortisation of intangible assets		(25)	(29)	(50)	(48)
- Depreciation of right-of-use assets	Para 5	(67)	-	(134)	-
- Wages and salaries	1(a)(i)(f)	(3,303)	(3,217)	(6,627)	(6,291)
(c) Major items included in other expenses and other income are :					
- Items related to Investment Portfolio					
Gain/(loss) on disposal of other investments		5	(59)	27	(93)
Net fair value gain/(loss) on investment securities		208	171	429	(193)
Dividend income from other investments		67	77	80	105
Foreign currency gain - realised forward contract	1(a)(i)(g)	-	(63)	-	122
Loss on derivative (unrealised)	1(a)(i)(g)	-	(205)	-	(270)
		<u>280</u>	<u>(79)</u>	<u>536</u>	<u>(329)</u>
- Foreign currency gain/(loss) - others	1(a)(i)(h)	166	135	106	(454)
- Allowance/(write-back of) for doubtful debts		(5)	16	(4)	40
- Property rental income		784	823	1,550	1,527
Exceptional item :					
- Write-back of 2017 tax provision	1(a)(i)(i)	-	2,077	-	2,077
- Write-back of Impairment loss on PPE		-	-	149	-
		<u>-</u>	<u>2,077</u>	<u>149</u>	<u>2,077</u>
(d) Reduced mainly due to reduction in sales.					
(e) Q2'19 wages and salaries were lower mainly due to a decrease in direct and indirect labour headcount. (Headcount: June 2019 = 1,775, June 2018 = 2,345)					
(f) Despite lower headcount, Q2'19 wages and salaries were higher mainly due to stock option expense granted to CEO at end of March 2019. (Headcount: June 2019 = 292, June 2018 = 310)					
(g) There were no derivatives for 1H'19 as the current investment portfolio managed by the new financial institution is mainly S\$-based and does not require hedging.					
(h) Foreign currency loss in 1H'18 compared to gain in 1H'19 was mainly due to strengthening of HK\$ vs RMB in 1H'19 compared to 1H'18 for HK\$ intercompany receivables from and RMB intercompany payables by HK subsidiaries.					
(i) Write-back of 2017 tax provision in Q2'18 amounting to S\$2.1 million (RMB9.9 million) following the award of a certificate from a combination of various mainland Chinese government agencies in Guangdong in May 2018 which confirmed high technology tax concession of 15% for 3 years starting 2017. Tax provision was made at 25% in 2017.					

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

Balance Sheets (Unaudited)

	Note	Group		Company	
		As at 30-Jun-19 S\$'000	As at 31-Dec-18 S\$'000	As at 30-Jun-19 S\$'000	As at 31-Dec-18 S\$'000
Non-current Assets					
Property, plant and equipment		31,043	33,332	21	26
Investment properties		26,877	26,308	-	-
Prepaid land lease payment	F	-	1,753	-	-
Intangible assets		345	359	-	-
Investment in subsidiary	A	-	-	69,812	74,500
Investment in joint venture		1,435	1,562	-	-
Right-of-use assets	F	3,278	-	71	-
Deposit paid for purchases of property, plant and equipment		531	267	-	-
Other receivables		1,102	1,111	-	-
Deferred tax assets		795	801	-	-
		65,406	65,493	69,904	74,526
Current Assets					
Inventories		25,504	25,159	-	-
Trade and other receivables	B	57,353	70,344	1,198	2,950
Contract assets	C	1,617	1,807	-	-
Prepayments		520	618	15	46
Other investment	D	36,442	25,494	14,009	12,598
Cash and short-term deposit	E	28,392	34,649	3,067	1,268
		149,828	158,071	18,289	16,862
Total Assets		215,234	223,564	88,193	91,388
Current Liabilities					
Lease liabilities	1(b)(ii)	387	34	61	-
Trade and other payables	B	50,999	62,642	490	672
Contract liabilities	C	2,584	3,112	-	-
Provisions		8	8	-	-
Income tax payable		3,886	4,978	61	15
		57,864	70,774	612	687
Net Current Assets		91,964	87,297	17,677	16,175
Non-current Liabilities					
Provision		499	515	-	-
Lease liabilities	1(b)(ii)	1,247	26	10	-
Deferred tax liabilities		2,639	2,653	545	545
		4,385	3,194	555	545
Total Liabilities		62,249	73,968	1,167	1,232
Net Assets		152,985	149,596	87,026	90,156
Share capital		98,021	98,021	98,021	98,021
Treasury shares		(11,739)	(11,739)	(11,739)	(11,739)
Retained earnings		66,539	62,921	871	4,117
Other reserves		164	393	(127)	(243)
Total Equity		152,985	149,596	87,026	90,156

Notes to Group Balance Sheet

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

Company	As at 30-Jun-19 S\$'000	As at 31-Dec-18 S\$'000
Equity shares, at cost	47,061	47,061
Loans to a subsidiary	22,751	27,439
Total	69,812	74,500

B Trade receivables and trade payables reduced at end of June 2019 compared to end of December 2018 mainly due to lower sales and purchases in Q2'19 compared to the last quarter of 2018.

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

D The breakdown of other investments are as follows:

Group	As at 30-Jun-19 S\$'000	As at 31-Dec-18 S\$'000
Investment portfolio (**)	14,009	12,598
Structured deposits	22,433	12,896
Total	36,442	25,494

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

E Decrease in cash and short-term deposit was mainly due to movement of temporary excess funds to short-term structured deposit, payment of dividend in May 2019 and increase in investment portfolio.

F These relates to operating leases that are affected by the new SFRS(I) 16 that came into effect on 1 January 2019. Prepaid land lease payment has also been reclassified to right-of-use assets effective 1 January 2019. Please refer to paragraph 5.

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

	Note	As at 30-Jun-19 S\$'000	As at 31-Dec-18 S\$'000
Amount repayable in one year or less, on demand			
- Finance lease - secured		27	34
- Lease liabilities	H	360	-
		387	34
Amount repayable after one year			
- Finance lease - secured		16	26
- Lease liabilities	H	1,231	-
		1,247	26
Total		1,634	60

Details of any collateral

Secured borrowing as at 30 June 2019 are finance leases for certain items of motor vehicles amounting to S\$43,000 (31 December 2018: S\$60,000).

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

GROUP	Note	Second Qtr Ended 30-Jun		6 months Ended 30-Jun	
		2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Operating activities :					
Profit before tax		4,682	4,657	9,120	5,512
Adjustment items	I	268	1,040	1,089	3,423
Cash flows from operations before reinvesting in working capital		4,950	5,697	10,209	8,935
Working capital changes , excluding changes relating to cash		(6,499)	(8,337)	937	(960)
Cash generated from operating activities		(1,549)	(2,640)	11,146	7,975
Net interest income received and tax paid		(2,034)	(1,377)	(2,006)	(1,353)
Net cash (used in) / generated from operating activities		(3,583)	(4,017)	9,140	6,622
Cash flows from investing activities :					
Purchase of property, plant and equipment		(499)	(2,533)	(1,006)	(5,464)
Deposit (paid) /refunded for property, plant and equipment		(194)	437	(263)	484
Proceeds from disposal of PPE		3	7	227	23
Additions to intangible assets		(39)	(320)	(39)	(338)
Proceeds from disposal of other investments		1,172	2,172	2,693	4,043
Purchase of other investments		(2,921)	(1,020)	(3,662)	(1,833)
Dividend from other investments		67	77	80	105
Increase in bank balance under portfolio investment management		(1,572)	(702)	(1,728)	(1,012)
(Increase)/decrease in structured deposit		(1,721)	12,365	(9,536)	(6,183)
Net cash (used in)/ generated from investing activities		(5,704)	10,483	(13,234)	(10,175)
Cash flows from financing activities :					
Dividend paid on ordinary shares by the company		(3,395)	(2,262)	(3,395)	(2,262)
Proceeds from re-issuance of treasury shares		-	134	-	424
Payment of lease liabilities		(165)	(5)	(331)	(11)
Net cash used in financing activities		(3,560)	(2,133)	(3,726)	(1,849)
Net change in cash and cash equivalents		(12,847)	4,333	(7,820)	(5,402)
Effect of exchange rate changes on cash and cash equivalents		53	168	(165)	346
Cash and cash equivalents as at beginning of period		38,789	25,597	33,980	35,154
Cash and cash equivalents as at end of period	J	25,995	30,098	25,995	30,098

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

I Details of adjustment items as follows:

GROUP	Note	Second Qtr Ended 30-Jun		6 months Ended 30-Jun	
		2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Depreciation of property, plant and equipment		1,276	1,283	2,519	2,418
Amortisation of intangible assets		25	29	50	48
Amortisation of prepaid land lease payments	1(b)(i)(H)	-	14	-	27
Amortisation of right-of-use assets	1(b)(i)(H)	183	-	366	-
(Gain)/loss on disposal of PPE and intangible assets		(11)	23	(11)	52
(Gain)/loss on disposal of other investments		(4)	59	(26)	93
Reversal of impairment loss		-	-	(149)	-
Share option expense		116	-	116	61
Net allowance/(write-back) for expected credit losses		5	(16)	4	(40)
Net fair value (gain)/loss on investment securities		(209)	(171)	(429)	193
Net fair value loss for derivatives		-	205	-	270
Interest expense		30	-	62	-
Interest income		(282)	(107)	(528)	(262)
(Write-back of)/allowance for inventory obsolescence		(178)	2	(151)	(48)
Effect of exchange rate changes		(655)	(203)	(763)	736
Share of results of joint venture		36	36	114	36
Net provision/(reversal) for severance benefits and restructuring expenses		3	(37)	(5)	(56)
Dividend income from other investments		(67)	(77)	(80)	(105)
Total		268	1,040	1,089	3,423

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

GROUP	As at 30 June	
	2019 S\$'000	2018 S\$'000
Cash and bank balances	25,894	29,998
Cash and bank balance under portfolio investment management	2,397	1,642
Fixed deposits	101	100
Cash and bank balance per balance sheet	28,392	31,740
Less : Cash and bank balance under portfolio investment management	(2,397)	(1,642)
Cash and cash equivalents at end of period	25,995	30,098

* The decrease in cash and cash equivalents from 30 June 2018 to 30 June 2019 was mainly due to increase in investment portfolio in Q2'19, S\$3.4 million dividend paid in May 2019 and placing of excess funds in short-term structured deposit from cash generated from operating activities.

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

Statement of changes in equity

GROUP	Total Equity S\$'000	Attributable to owners of the Company								
		Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Gain or loss on reissuance of Treasury shares S\$'000	Total other Reserve S\$'000
2019										
Balance at 1 January 2019	149,596	98,021	(11,739)	62,921	521	(4,182)	3,566	1,252	(764)	393
Profit for Q1'19	3,891	-	-	3,891	-	-	-	-	-	-
<u>Other Comprehensive Income</u>										
Foreign currency translation	(230)	-	-	-	-	(230)	-	-	-	(230)
Other comprehensive income	(230)	-	-	-	-	(230)	-	-	-	(230)
Total comprehensive Income	3,661	-	-	3,891	-	(230)	-	-	-	(230)
<u>Others</u>										
Transfer to statutory reserve (Note (i))	-	-	-	(268)	-	-	268	-	-	268
Balance at 31 March 2019	153,257	98,021	(11,739)	66,544	521	(4,412)	3,834	1,252	(764)	431
Profit for Q2'19	3,837	-	-	3,837	-	-	-	-	-	-
<u>Other Comprehensive Income</u>										
Foreign currency translation	(830)	-	-	-	-	(830)	-	-	-	(830)
Other comprehensive income	(830)	-	-	-	-	(830)	-	-	-	(830)
Total comprehensive Income	3,007	-	-	3,837	-	(830)	-	-	-	(830)
<u>Contribution by and distribution to owners</u>										
Grant of equity-settled share options to employees	116	-	-	-	116	-	-	-	-	116
Dividends on ordinary shares	(3,395)	-	-	(3,395)	-	-	-	-	-	-
Total contribution by and distribution to owners	(3,279)	-	-	(3,395)	116	-	-	-	-	116
<u>Others</u>										
Transfer to statutory reserve (Note (i))	-	-	-	(447)	-	-	447	-	-	447
Balance at 30 June 2019	152,985	98,021	(11,739)	66,539	637	(5,242)	4,281	1,252	(764)	164

Statement of changes in equity (cont'd)

GROUP	Total Equity S\$'000	Attributable to owners of the Company								
		Share Capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Gain or loss on reissuance of Treasury shares S\$'000	Total other Reserve S\$'000
2018										
Balance at 1 January 2018 (FRS framework)	133,932	98,021	(12,997)	47,886	599	(1,281)	521	1,252	(69)	1,022
Cumulative effects of adopting SFRS(1)	103	-	-	(454)	-	-	557	-	-	557
At 1 January 2018 (SFRS(1) framework)	134,035	98,021	(12,997)	47,432	599	(1,281)	1,078	1,252	(69)	1,579
Profit for Q1'18	117	-	-	117	-	-	-	-	-	-
<u>Other Comprehensive Income</u>										
Foreign currency translation	1,985	-	-	-	-	1,985	-	-	-	1,985
Other comprehensive income	1,985	-	-	-	-	1,985	-	-	-	1,985
Total comprehensive Income	2,102	-	-	117	-	1,985	-	-	-	1,985
<u>Contribution by and distribution to owners</u>										
Treasury shares reissued pursuant to employee share option plan	290	-	981	-	(111)	-	-	-	(580)	(691)
Grant of equity-settled share options to employees	61	-	-	-	61	-	-	-	-	61
Total contribution by and distribution to owners	351	-	981	-	(50)	-	-	-	(580)	(630)
<u>Others</u>										
Transfer to statutory reserve (Note (i))	-	-	-	(197)	-	-	197	-	-	197
Balance at 31 March 2018	136,488	98,021	(12,016)	47,352	549	704	1,275	1,252	(649)	3,131
Profit for Q2'18	5,713	-	-	5,713	-	-	-	-	-	-
<u>Other Comprehensive Income</u>										
Foreign currency translation	(782)	-	-	-	-	(782)	-	-	-	(782)
Other comprehensive income	(782)	-	-	-	-	(782)	-	-	-	(782)
Total comprehensive Income	4,931	-	-	5,713	-	(782)	-	-	-	(782)
<u>Contribution by and distribution to owners</u>										
Treasury shares reissued pursuant to employee share option plan	134	-	277	-	(28)	-	-	-	(115)	(143)
Dividends on ordinary shares	(2,262)	-	-	(2,262)	-	-	-	-	-	-
Total contribution by and distribution to owners	(2,128)	-	277	(2,262)	(28)	-	-	-	(115)	(143)
<u>Others</u>										
Transfer to statutory reserve (Note (i))	-	-	-	(717)	-	-	717	-	-	717
Balance at 30 June 2018	139,291	98,021	(11,739)	50,086	521	(78)	1,992	1,252	(764)	2,923

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

Statement of changes in equity (cont'd)

COMPANY	Total equity S\$'000	Attributable to owners of the Company					
		Issued capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Share option reserve S\$'000	Gain or loss on reissuance of treasury shares S\$'000	Total other reserves S\$'000
2019							
Balance at 1 January 2019	90,156	98,021	(11,739)	4,117	521	(764)	(243)
Profit for Q1'19 , representing total comprehensive income	52	-	-	52	-	-	-
Balance at 31 March 2019	90,208	98,021	(11,739)	4,169	521	(764)	(243)
Profit for Q2'19 , representing total comprehensive income	97	-	-	97	-	-	-
<u>Contributions by and distribution to owners</u>							
Grant of equity-settled share options to employees	116	-	-	-	116	-	116
Dividends on ordinary shares	(3,395)	-	-	(3,395)	-	-	-
Total transactions with owners in their capacity as owners	(3,279)	-	-	(3,395)	116	-	116
Balance at 30 June 2019	87,026	98,021	(11,739)	871	637	(764)	(127)
2018							
Balance at 1 January 2018	91,185	98,021	(12,997)	5,631	599	(69)	530
Loss for Q1'18 , representing total comprehensive income	(655)	-	-	(655)	-	-	-
<u>Contributions by and distribution to owners</u>							
Grant of equity-settled share options to employees	61	-	-	-	61	-	61
Treasury shares reissued pursuant to employee share option plan	290	-	981	-	(111)	(580)	(691)
Total transactions with owners in their capacity as owners	351	-	981	-	(50)	(580)	(630)
Balance at 31 March 2018	90,881	98,021	(12,016)	4,976	549	(649)	(100)
Loss for Q2'18 , representing total comprehensive income	(144)	-	-	(144)	-	-	-
<u>Contributions by and distribution to owners</u>							
Treasury shares reissued pursuant to employee share option plan	134	-	277	-	(28)	(115)	(143)
Dividends on ordinary shares	(2,262)	-	-	(2,262)	-	-	-
Total transactions with owners in their capacity as owners	(2,128)	-	277	(2,262)	(28)	(115)	(143)
Balance at 30 June 2018	88,609	98,021	(11,739)	2,570	521	(764)	(243)

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

(a) Share Capital

Number of ordinary shares as at 30 June 2019 and 31 December 2018 is 246,656,428.

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

	As at 30/6/2019	As at 30/6/2018
Options granted under the InnoTek Employees' Share Option Scheme II **	7,500,000	5,000,000
	<u>7,500,000</u>	<u>5,000,000</u>

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

(b) Treasury Shares

	No of shares '000	S\$'000
Balance as at 30 June 2019 and 31 December 2018	<u>20,351</u>	<u>11,739</u>

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

	As at 30/6/2019		As at 30/6/2018	
	No of shares '000	S\$'000	No of shares '000	S\$'000
Total number of issued shares at the end of period	246,656	98,021	246,656	98,021
Number of Treasury Shares at the end of period	<u>(20,351)</u>	<u>(11,739)</u>	<u>(20,351)</u>	<u>(11,739)</u>
Net number of issued shares at the end of period	<u>226,305</u>	<u>86,282</u>	<u>226,305</u>	<u>86,282</u>

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

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

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

The figures have not been audited or reviewed by auditors.

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

The figures have not been audited or reviewed by auditors.

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

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

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

On 1 January 2019, the Group adopted SFRS(I) 16 Leases, which is effective for annual financial periods beginning on or after 1 January 2019. The changes arising from the adoption of SFRS(I) 16, have been applied retrospectively and the Group has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirement of SFRS(1) 1-17 Leases. Upon adoption of SFRS(I) 16 , the Group recognised right-of-use assets of S\$1,938,000 and lease liabilities of S\$1,938,000 as at 1 January 2019. In addition, the Group reclassified prepaid land lease payments of S\$1,753,000 to right-of-use assets as at 1 January 2019.

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

Earning per ordinary share of the Group based on net earnings attributable to the shareholders of the Company :	Second Qtr Ended 30 June		6 Months Ended 30 June	
	2019	2018	2019	2018
(i) Based on the weighted average number of shares (in cents)				
Earning per share	1.70	2.53	3.41	2.60
Weighted average number of shares ('000)	226,305	226,203	226,305	224,606
(ii) On a fully diluted basis (in cents)				
Earning per share	1.68	2.51	3.38	2.58
Adjusted weighted average number of shares ('000)	228,657	227,433	228,484	226,114

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

	Group		Company	
	As at 30-Jun-19	As at 31-Dec-18	As at 30-Jun-19	As at 31-Dec-18
Net asset backing per ordinary share based on the total number of issued share excluding treasury shares as at the end of the period reported on	67.6 cents	66.1 cents	38.5 cents	39.8 cents

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

(A) Review for the Quarter ended 30 June 2019 (Q2'19)

	Q2'19 S\$'000	Q2'18 S\$'000	Q2'19 vs Q2'18 S\$'000	Q2'19 vs Q2'18 %
Turnover				
MSF - In S\$	45,092	52,366	(7,274)	(13.9)
MSF - In HK\$	HKD 258,933	HKD 307,910	(HKD 48,977)	(15.9)
Average S\$/HK\$ exchange rate	5.74	5.88		
Net profit attributable to owners of the parent				
MSF - before exchange rate impact	3,621	5,841	(2,220)	(38.0)
Exchange gain	119	16	103	643.8
MSF Group	3,740	5,857	(2,117)	(36.1)
MSF Group - HK\$'000	HKD 21,484	HKD 34,339	(HKD 12,855)	(37.4)
InnoTek - before exchange rate impact	50	(264)	314	NM
Exchange gain	47	120	(73)	(60.8)
InnoTek	97	(144)	241	NM
InnoTek Group - before exchange rate impact	3,671	5,577	(1,906)	(34.2)
Exchange gain	166	136	30	22.1
Total Innotek Group	3,837	5,713	(1,876)	NM
Basic EPS (cents)	1.70	2.53	(0.83)	NM

NM denotes "Not meaningful"

Turnover (Q2'19 vs Q2'18)

The Group's revenue for the April-to-June 2019 quarter ("Q2'19") decreased S\$7.3 million or 13.9% to S\$45.1 million from S\$52.4 million in Q2'18. The lower revenue was mainly due to:

- Revenue for TV and Display products decreased in Q2'19 compared to Q2'18 mainly due to a significant drop in demand for precision-machined products. The industry is trending towards plastic frames for less than 55 inches TV, resulting in a reduction in sales of bezels under 55 inches, offset by growing demand for larger-size TV bezels. As the Group's current commercial display products and heatsinks orders are coming to its tail-end, revenue from this segment has also decreased.
- Revenue decreased for Auto products in Q2'19 compared to Q2'18; Since the second half of 2018, China's automotive industry has entered into a period of adjustment and overall sales for new cars in 1H'19 declined 12.4% as compared to the same period in 2018 (Source : China Automobile Industry Association). Some customers have advanced the end-of-life of their existing products and slowed down launches of new programmes.
- Revenue from OA products decreased in Q2'19 compared to Q2'18 mainly due to customers shifting their production to Southeast Asia, making adjustments to PRC suppliers and renewing focus on cost control.

Net Profit (Q2'19 vs Q2'18)

InnoTek Group Q2'19 profit was S\$3.8 million, a decrease of S\$1.9 million compared to profit of S\$5.7 million in Q2'18 mainly due to:

- Mansfield Group ("MSF") recorded a profit of S\$3.7 million in Q2'19, S\$2.1 million lower than the profit of S\$5.8 million in Q2'18 due mainly to:
 - Reversal of 2017 tax provision amounting to S\$2.1 million (RMB9.9 million) following the award of a certificate from a combination of various mainland Chinese government agencies in Guangdong in May 2018, confirming high technology tax concession of 15% for 3 years starting 2017. Tax provision was made at 25% in 2017. There was no such reversal in Q2'19.

Offset

- Despite decreased sales in Q2'19 as compared to Q2'18, MSF Group was able to improve the gross profit at Q2'18 levels mainly due to a reduction in headcount and improved production efficiency, resulting in lower direct and indirect wages, as well as change of design of component parts and product mix.

(B) Review for the 6 months ended 30 June 2019 (1H'19)

	1H'19 S\$'000	1H'18 S\$'000 (Restated)	1H'19 vs 1H'18 S\$'000	1H'19 vs 1H'18 %
Turnover				
MSF - In S\$	89,327	99,978	(10,651)	(10.7)
MSF - In HK\$'000	HKD 515,068	HKD 590,549	(HKD 75,481)	(12.8)
Average S\$/HK\$ exchange rate	5.77	5.91		
Net Profit/(loss) attributable to owners of the parent				
MSF - before exchange rate impact	7,485	7,132	353	4.9
Exchange gain/(loss)	94	(503)	597	NM
MSF Group	7,579	6,629	950	14.3
MSF Group - HK\$'000	HKD 43,693	HKD 38,943	HKD 4,750	12.2
InnoTek - before exchange rate impact	137	(848)	985	116.2
Exchange gain	12	49	(37)	(75.5)
InnoTek	149	(799)	948	118.6
InnoTek Group - before exchange rate impact	7,622	6,284	1,338	21.3
Exchange gain/(loss)	106	(454)	560	NM
Total Innotek Group	7,728	5,830	1,898	(32.6)
Basic EPS (cents)	3.41	2.60	0.81	31.2

NM denotes " Not meaningful"

Turnover (1H'19 vs 1H'18)

The Group's revenue for the January-to-June 2019 period ("1H'19") decreased by S\$10.7 million or 10.7% to S\$89.3 million from S\$100.0 million in 1H'18. The lower revenue was mainly due to the same reasons for the lower revenue for Q2'19 as compared to Q2'18.

Net Profit (1H'19 vs 1H'18)

The Group recorded a profit of S\$7.7 million for 1H'19, an increase of S\$1.9 million from the profit of S\$5.8 million in 1H'18, due mainly to:

- (1) Despite the reduction in revenue, Mansfield Group ("MSF") profit was S\$7.6 million in 1H'19, S\$1.0 million higher than the profit of S\$6.6 million in 1H'18 due mainly to:

Favourable variance

- (a) MSF's gross profit ("GP") margin increased in 1H'19 compared to 1H'18 mainly due to the same reason as explained in the above for net profit for Q2'19 compared to Q2'18.
- (b) Lower costs of development of new products recognized in 1H'19 compared to 1H'18.
- (c) Exchange gain of S\$94K in 1H'19 compared to exchange loss of S\$503K in 1H'18 due to strengthening of the HK\$ vs RMB in 1H'19 compared to 1H'18 for HK\$ intercompany receivables from and RMB intercompany payables by HK subsidiaries.

Offset by unfavourable variance

- (d) Write-back of 2017 tax provision in Q2'18 amounting to S\$2.1 million (RMB9.9 million) following the award of a certificate from a combination of various mainland Chinese government agencies in Guangdong in May 2018 confirming high technology tax concession of 15% for 3 years starting 2017. There was no such reversal in 1H'19.

(B) Review for the 6 months ended 30 June 2019 (1H'19) (cont'd)

- (2) InnoTek's profit in 1H'19 was S\$0.1 million compared to the loss of S\$0.8 million in 1H'18 due mainly to net investment portfolio gain managed by the investment bank in 1H'19 compared to a loss in 1H'18 (refer to 1(a)(i) (c)) as the new financial institution portfolio manager shifted to Singapore-based equities and bonds to reduce the impact of current market volatility resulting from US-China trade war.

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

None

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

The uncertainties due to the Sino-U.S. trade dispute, coupled with fears of a global economic slowdown have caused China's economy to slow down in the first half of this year. In turn, this has impacted the automotive segment, an important revenue driver of the Group, which has seen significant downturn in order as well as pricing pressure. The economy and difficult operating environment are expected to continue, and the Group expects to face more severe challenges ahead.

The Group has commenced mass production of new orders for the automobile segment. However, overall demand is on the decline, with customers adjusting their production due to overcapacity in the market, resulting in an unstable order forecast for the second half of the year.

Production of TV bezels for high-definition ("HD") screens below 55 inches is on the decline following the accelerated conversion to plastic. However, it is expected that the demand will continue for larger-size HDTV bezels. Revenue will be impacted by the end-of-life for heatsink and commercial display programmes.

As a result of the Sino-U.S. trade dispute, some of the Group's Japanese office automation ("OA") customers are accelerating the process of transferring their production activities from China to Southeast Asia. These customers are consolidating their selection of suppliers, placing greater emphasis on cost control.

As the Sino-US trade dispute continues to intensify bringing about uncertainties to the global economy, China economy is expected to face a downturn. The Group is moving ahead cautiously. The Group will continue to increase its production automation and streamline employee incentive schemes to improve productivity after further reductions in headcount. Both revenue and profit will be impacted in the second half of this year compared to the same period last year.

11. Dividend

(a) Current Financial period Reported On

Any dividend declared for the present financial period? No

(b) Corresponding period of the Immediate Preceding Financial Year

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

(c) Date payable

Not applicable

(d) Books closing date

Not applicable

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

No dividend was declared for the present financial period.

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

Interested parties transactions for the 6 months ended 30 June 2019

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>) S\$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Dongguan Konka Mould Plastic Co., Ltd	49,909	N/A
Dongguan Grand Mould Technology Co., Ltd	124,522	NA
All Brilliant Ltd	59,127	NA
Anhui KM Technology	315,717	N/A
Wuhan Grand Mould Plastic Co. Ltd	398,915	N/A

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

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

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

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

The directors confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company and of the Group for the second quarter ended 30 June 2019 to be false or misleading in any material aspects.

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

BY ORDER OF THE BOARD

Lou Yiliang

Chief Executive Officer

13 August 2019