



## InnoTek 1H'21 Net Profit Increases 93.8% Y-o-Y to S\$7.2 Million, Boosted by Increased Sales in Auto and OA Products

S\$'000	1H'21	1H'20	Change %
Revenue	84,301	79,705	5.8
Gross Profit	17,732	17,079	3.8
Gross Profit Margin (%)	21.0	21.4	(0.4) ppt*
Net Profit/(Loss) before Tax	5,264	4,873	8.0
Net Profit/(Loss) after Tax	7,237	3,734	93.8
Earnings/(Loss) Per Share (Singapore cents)	3.17	1.65	92.1

\* ppt denotes percentage points

**SINGAPORE, 12 August 2021 – InnoTek Limited** (“InnoTek” or the “Group”) reported today its net profit after tax increased 93.8% to S\$7.2 million for the six months ended 30 June 2021 (“1H’21”), lifted by increased sales in automobile products and recovery in the office automation (“OA”) sector a year after the initial impact of COVID-19 disrupted business activities in its main markets in China, and partly due to a reversal of tax provisions.

The SGX Mainboard-listed precision metals component manufacturer said 1H’21 revenue increased 5.8% to S\$84.3 million from S\$79.7 million in 1H’20, reflecting business recovery from a year ago when the Group shut down its factories for two weeks from 27 January 2020 in compliance with lockdown measures in China.

In line with revenue growth, gross profit for 1H’21 rose 3.8% to S\$17.7 million compared to S\$17.1 million a year ago. Gross profit margin declined marginally to 21.0% in 1H’21 from 21.4% in 1H’20 amid higher cost for raw materials and labour, as well as increased lease expenses. Net profit before tax grew by 8% to S\$5.2 million in 1H’ 21 compared to 1H’20.

Despite the global shortage of semiconductor chips and other electronic components hindering production and delaying project timelines the auto sector in China remains resilient but growth is expected to slow down in the 2H’21. According to an IHS Markit report, the number of vehicles in China is set to increase to 28 million units in 2023, from 23.7 million units in 2020. As adoption of electric vehicle sector continues to accelerate, the Group is focusing its efforts to expand its customer base while deepening its relationship with existing ones.

The OA market has seen a slow increase in demand, especially for large copiers, since end of last year. The Group looks forward to recovery gaining momentum in the coming months. It is focusing its efforts to better meet customer needs for smaller volumes and offer a greater variety of products, while moving up the value chain from single-part manufacturing to parts assembly.

As stay-at-home restrictions globally begin to ease, demand for TV/Display products has waned, a trend that is expected to continue into the coming months. InnoTek will continue to work with customers to support their requirements for larger size TV bezel of above 65 inches.

The Group's subsidiary in Rayong, Thailand, has secured new OA and Auto orders, but the pandemic has hampered production volume. We are currently integrating various resources across the entire group to support the business of Mansfield Thailand.

Earnings per share for 1H'21 increased to 3.17 Singapore cents from 1.65 Singapore cents a year ago, while net asset value per share increased to 80.4 cents as at 30 June 2021 from 78.6 cents as at 31 December 2020.

The Group expects 2H'21 to be challenging as customers' demand is expected to weaken partly as a result of the shortage of electronic components and chips. The Group anticipates the labour and raw material costs to continue to rise, while sales and production may still face supply chain issues which will translate to higher logistics-related costs. In response, the Group will continue to implement cost control measures and invest in automation to remain competitive and continue its effort to improve QCDS (quality, cost, delivery and service) while diversifying its range of products and customer base.

Mr Lou Yiliang, InnoTek's Chief Executive Officer, said: "Against the increasingly challenging operating environment, we have delivered a healthy set of results for the first half of 2021. While business recovery continues, operating costs are set to rise further amid intense domestic competition. We will monitor the situation closely and continue working closely with our customers to meet their requirements, while exploring new opportunities, especially within the EV market."

"I would also like to welcome Dr Xu Jinsong onboard as a Non-Executive Independent Director of the Company. Dr Xu brings with him a wealth of experience in the engineering sector, and the Board of Directors is confident that his deep knowledge in the field will provide valuable insights to guide our journey going forward".

**## End of Release ##**

**About InnoTek Limited**

Singapore Exchange Mainboard-listed InnoTek Limited is a precision metal components manufacturer serving the consumer electronics, office automation and automotive industries.

With five manufacturing facilities in the PRC and one facility in Rayong, Thailand, the Group's wholly owned subsidiary, Mansfield Manufacturing Company Limited, provides precision metal stamping, commercial tool and die fabrications and sub-assembly works to a strong and diversified base of international end-customers.

For more information, visit: [www.innotek.com.sg](http://www.innotek.com.sg)

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