

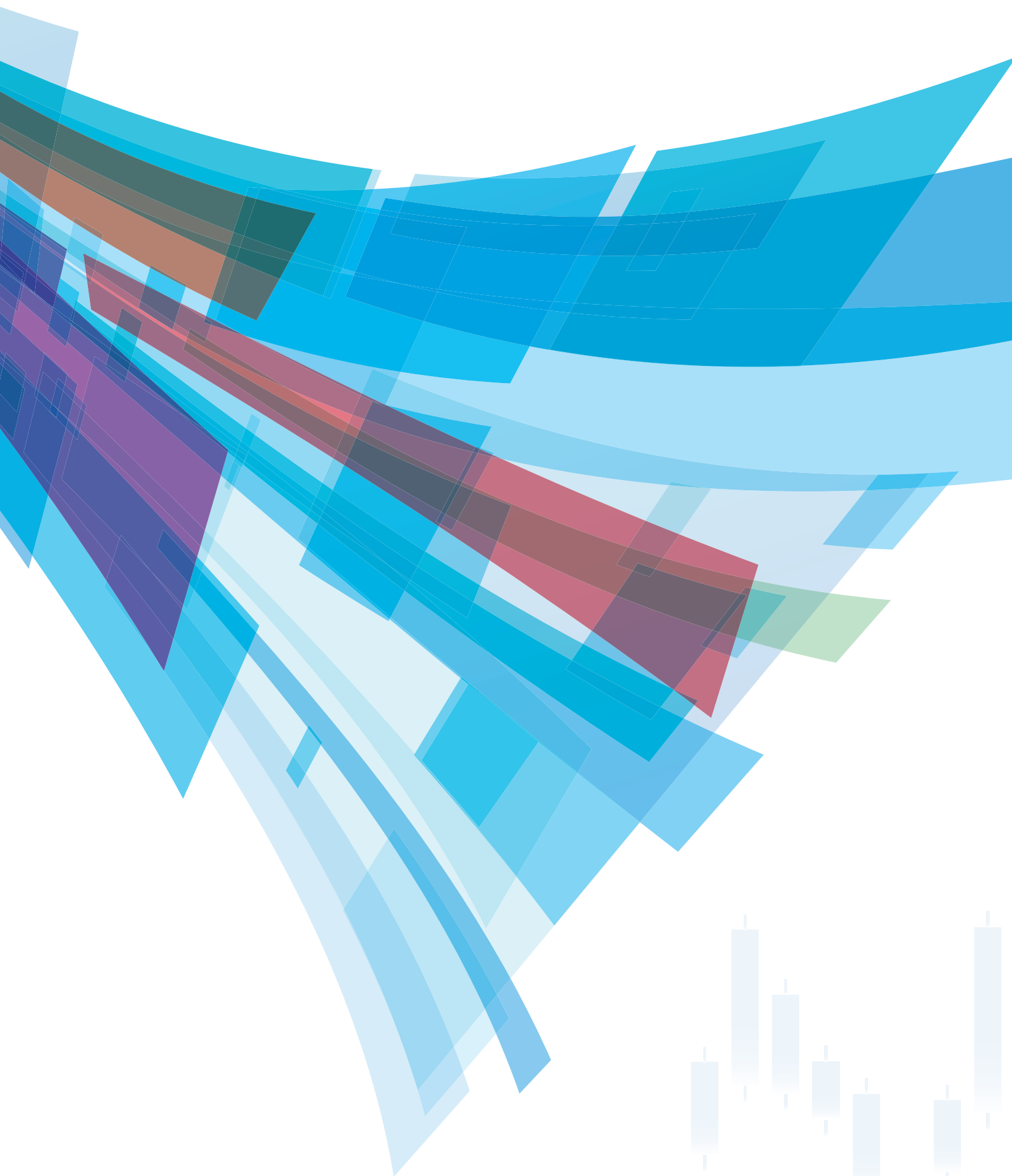


# INNOTEK

## FOSTERING GROWTH

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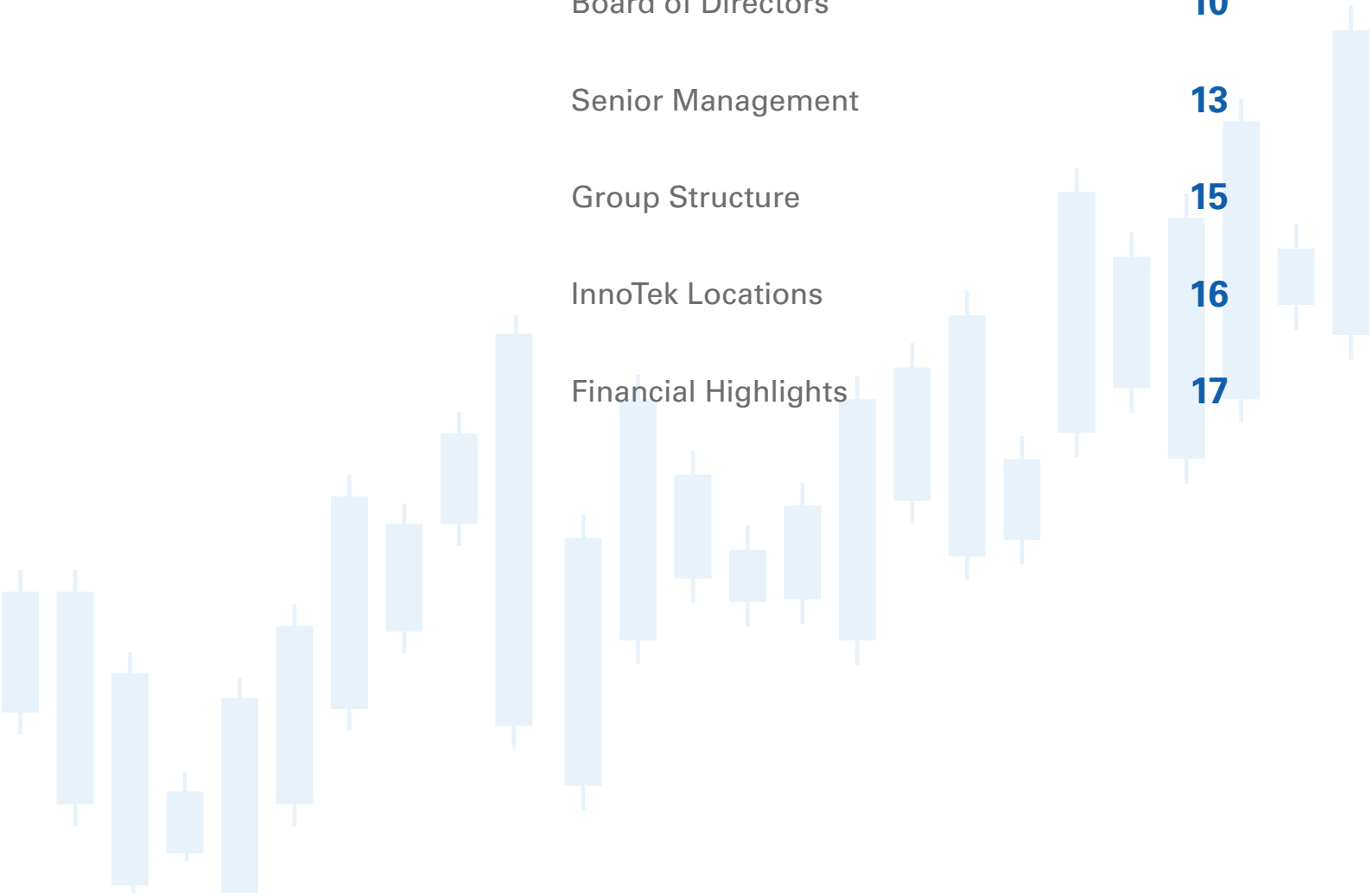
ANNUAL REPORT 2023





## TABLE OF CONTENTS

Mission Statement	<b>02</b>
Core Values	<b>03</b>
Corporate Information	<b>04</b>
Chairman’s Letter to Shareholders	<b>05</b>
CEO Message	<b>08</b>
Board of Directors	<b>10</b>
Senior Management	<b>13</b>
Group Structure	<b>15</b>
InnoTek Locations	<b>16</b>
Financial Highlights	<b>17</b>



# 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**



## 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



## 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



## 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

## REGISTERED OFFICE

160 Robinson Road  
#24-12 SBF Center  
Singapore 068914  
Telephone: (65) 6535 0689  
Facsimile: (65) 6533 2680  
Website: [www.innotek.com.sg](http://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 Kiriyaama  
Dr. Xu Jinsong

## COMPANY SECRETARY

Ms. Ong Beng Hong  
Ms. Lee Yuan

## AUDIT & RISK MANAGEMENT COMMITTEE

Mr. Steven Chong Teck Sin, Chairman  
Mr. Neal Manilal Chandaria  
Mr. Teruo Kiriyaama

## NOMINATING COMMITTEE

Mr. Teruo Kiriyaama, Chairman  
Mr. Neal Manilal Chandaria  
Mr. Sunny Wong Fook Choy

## REMUNERATION COMMITTEE

Mr. Sunny Wong Fook Choy, Chairman  
Mr. Teruo Kiriyaama  
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

▼ *Mansfield Suzhou Plant*

# CHAIRMAN'S LETTER TO SHAREHOLDERS



## Mr. Neal Manilal Chandaria

Chairman, Non-Executive and  
Non-Independent Director

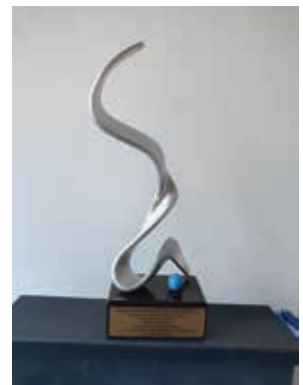
On behalf of the Board of Directors (the “**Board**”) of InnoTek Limited (“**InnoTek**” or the “**Group**”), I present to you our Annual Report for the financial year ended 31 December 2023 (“**FY’23**”).

Even as China’s manufacturing industry recovers from the pandemic, new challenges have emerged. Domestic economic growth has been slower than expected while consumer sentiment remains subdued, leading to softer demand. This is compounded by a growing number of foreign companies adopting a “China + 1” manufacturing strategy in response to prolonged China-US trade tensions. This has led to an outflow of manufacturing activities, mostly to Southeast Asia. At the same time, operating costs continue to rise.

Hence, it is with no small measure of pride that I report that our net profit for the year nearly doubled to S\$4.4 million, on a higher revenue of S\$205.6 million. This marks our eighth consecutive year of

profitability, a remarkable record when we look back at the challenging period during and immediately after the pandemic.

The improved performance was the result of decisive and proactive measures to move up the value chain and extend our reach and capabilities. Under the leadership of our CEO Mr. Lou Yiliang, we ventured beyond our traditional domain of automobiles (“**Auto**”), office automation (“**OA**”) and TV displays. We have penetrated emerging industries, such as graphics processing units (“**GPU**”) servers used for Artificial Intelligence (“**AI**”), gaming machines, medical equipment, and financial equipment.



*Singapore Corporate Awards 2021  
Corporate Excellence & Resilience*



# CHAIRMAN'S LETTER TO SHAREHOLDERS



▲ *Mansfield Thailand*



▲ *Magix Mechatronics (Dongguan) Plant*



▲ *Mansfield Vietnam*



▲ *Feng Chuan Tooling (Dongguan) Plant*

Notably, the recent rise of generative AI unleashed strong demand for advanced GPU servers. Indeed, many hardware players are racing to introduce equipment and products to support this trend sweeping across the IT landscape. Our growth in sales from this sector has come from a relatively insignificant base a year ago.

That said, the ability to secure orders from these new sectors underscores the ability of InnoTek to win market acceptance for new product lines that require high precision, strict pre-qualification and the ability to handle potential product ramp-ups.

Meanwhile, we continue to diversify our manufacturing footprint. In February 2023, we invested in new manufacturing capabilities for our 70%-held subsidiary in Bac Giang, Vietnam, further strengthening our presence in the ASEAN region. To recap, apart from the additional facilities in Bac Ninh, Vietnam and Rayong, Thailand, we now have five manufacturing facilities spread across China – in Wuhan, Suzhou, Chuzhou and Dongguan. Our expanded geographical footprint not only mitigates the risks associated with the China-US trade tensions

but allows us to benefit from the competitive advantages – and new market opportunities – within ASEAN.

The management team has also been working relentlessly to improve the production process and enhance our quality and efficiency controls. This has led to lower scrap and rework rates, thereby improving our margins.

Let me now review our financial performance.

## FY'23 PERFORMANCE

For FY'23, revenue rose 10.1% to S\$205.6 million from S\$186.8 million in FY'22. This growth was driven by higher turnover from the Auto segment and increased revenue contributions from projects secured in new field segments.

For the Auto segment, we recorded higher sales for tooling and Electric Vehicle (“EV”) battery components, as demand for auto products grew amid increasing adoption of EVs in China and a recovery in overseas markets.



# CHAIRMAN'S LETTER TO SHAREHOLDERS

The increase was partially mitigated by softer sales in the OA segment, as customers accelerated their shift from China to Southeast Asia. We recorded lower revenue in the TV/Display segment, as customers delayed orders to digest their inventory holdings which had expanded due to overstocking during the pandemic in anticipation of supply chain disruptions.

Gross profit increased 21.2% to S\$33.0 million in FY'23 from S\$27.2 million in FY'22, outpacing revenue growth, mainly due to lower scrap and rework rates, and reduced costs of raw materials as prices have come down from their pandemic highs. Consequently, FY'23 gross profit improved to 16.0% from 14.6% in FY'22.

InnoTek recorded net profit of S\$4.4 million, a 93.3% increase from S\$2.3 million in FY'22. The increase was partially offset by start-up costs from our 70%-held subsidiary in Vietnam, higher income tax expenses, and a S\$1.4 million impairment loss on non-current assets within a subsidiary in China. Excluding the impairment, net profit would have been S\$5.8 million.

On the outlook, InnoTek remains optimistic that our performance will continue to improve on the back of a recovering economy, even as we expand our customer base and product portfolio. Our strategic focus will be on maintaining a healthy pipeline of projects in emerging industries, while further investing in automation for our facilities to enhance operational efficiency. The Group will also continue its cost control initiatives in an increasingly competitive landscape.

## DIVIDEND

The Board of Directors has proposed a first and final cash dividend of 2.0 Singapore cents per ordinary share, subject to approval at the upcoming Annual General Meeting ("**AGM**"). We have maintained steady dividends throughout the pandemic, and remain committed to adding long-term value to our shareholders.

## APPRECIATION

In closing, I would like to express my gratitude to our customers, suppliers and business associates for their contributions throughout the year. I would also like to thank our staff for their unwavering support and hard work. A special mention goes out to our CEO Mr. Lou Yiliang for leading the Group into new business segments while continuing to navigate the challenges of the operating landscape.

Our Independent Directors Mr. Steven Chong and Mr. Sunny Wong will not be seeking reappointment at our upcoming AGM on 26 April 2024, in accordance with the Singapore Exchange Regulation's ("**SGX RegCo**") nine-year limit for independent directors. I express my sincere appreciation to Mr. Steven Chong and Mr. Sunny Wong for their counsel and contributions throughout these years, and wish them the best in their future endeavours.

On behalf of the Board, I would also like to thank you, our valued shareholders, for your continued confidence. Your faith in InnoTek Limited motivates us to pursue even greater heights and further add value.



**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,

Over the past years, we have updated shareholders on our continued efforts to improve internal efficiencies. Initiatives such as quality and cost control by reducing scrap rates, constant shopfloor improvements and automation have helped to contribute to our eighth consecutive year of profitability. I must place on record here the hard work and dedication of the management and staff for this achievement.

For this year's report, I am outlining some of the expansion strategies to provide a perspective on what we have tried to achieve in the past few years and what lies ahead.

InnoTek's journey over the last several years has been to build upon internal efficiencies while pursuing strategic expansion.

### GEOGRAPHICAL

As shareholders are aware, the Mansfield division which carries out metal stamping activities has had a long history of operations in China. We currently operate in Wuhan, Suzhou, Chuzhou and Dongguan. Much has been

written about the slowdown in the domestic economy, rising costs as well as geopolitical factors. That said, even though we have now established facilities in Southeast Asia, our core operations will remain in China for the foreseeable future.

We first began broadening our geographical footprint with the establishment of our facility in Rayong, Thailand, in June 2018. Mansfield Thailand Co. Ltd. has started accepting new OA orders and will be commencing the next level of mass production.

It is noteworthy that our decision to expand to Thailand pre-dated the pandemic and the U.S.-China tensions. The expansion was in fact, a response to an ongoing trend of manufacturers relocating their operations out of China as a result of cost and other strategic reasons.

As we emerged from the pandemic, we also had to account for geopolitical factors that have prompted the "China+1" strategy. Accordingly, we acquired a 70%-stake in a subsidiary in Bac Giang, Vietnam, in February 2023, which provides stamping and sheet metal processing for OA, financial equipment and EV charging station components.

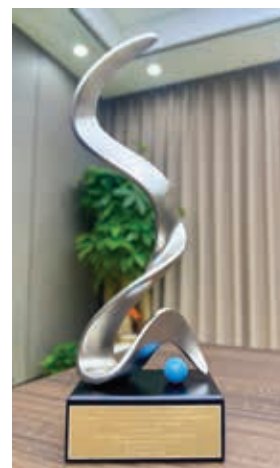
This subsidiary is our latest addition to our manufacturing footprint, following the establishment of Mansfield Vietnam Co. Ltd. ("**Mansfield Vietnam**") in August 2021. Located in the Bac Ninh Province, Mansfield Vietnam has commenced mass production of TV bezels in the second half of FY'23, and we expect production activities to gain further momentum in FY'24.

We now have a fairly stable manufacturing footprint which will allow us to maintain competitiveness amidst the challenges in the operating environment. As business volume for our Southeast Asian units grows, we will also introduce more mature processes, such as automation, to our operations. Having a physical presence in these two new locations in Vietnam also opens up opportunities for us to build new capabilities and attract new customers, which we look forward to.

### PRODUCT EXPANSION

Beyond geographical expansion, our subsidiary in Bac Giang is significant as we have now expanded our product range to include sheet metal processing.

In the last two years, we have also diversified our customer base from the traditional segments of TV/Display, Auto, and OA. I am particularly excited about our new business traction in the emerging industries of GPU servers for AI, gaming machines, medical equipment, and financial equipment. Indeed, I am pleased to share that



Best CEO 2022



Part for OA Equipment



Part of EV Battery



Part of Medical Equipment



Part for Automotive

the fruits of our labour have begun to materialise, gaining momentum after the pandemic.

In particular, our foray into the GPU server market, offers significant potential. Global demand for advanced GPU servers has risen exponentially alongside the rise of generative AI. Indeed, while this trend is still in the early days, its potential impact on almost every sector of modern industry appears to be profound.

We will continue to build upon the early successes of these new field businesses which we believe can offer margins, while propelling us to move up the value chain.

## FINANCIAL REVIEW

Revenue for FY'23 grew to S\$205.6 million, 10.1% higher compared to S\$186.8 million a year ago. The increase was driven by improved performance in the Auto segment, as well as higher contributions from new-field segments, partially offset by lower turnover from the OA and TV/Display segments.

The Auto segment gained momentum during FY'23, driven by demand in China for EVs and a recovery in international markets. This has translated into higher sales of tooling and EV battery components.

In contrast, demand for the OA segment was softer due to the trend of companies shifting their manufacturing operations from China to Southeast Asia. In response, the Group has been proactively engaging key customers to secure new projects and higher-volume orders. Meanwhile, our TV/Display segment recorded lower turnover due to customers' overhang of inventory left over from the pandemic.

Scrap and rework rates have continued to decrease, reflecting our efforts to optimise operational efficiency through diligent cost control and quality management. Additionally, we recorded lower costs of raw materials which contributed to margin improvements.

These efforts lifted gross profit to S\$33.0 million in FY'23 compared to S\$27.2 million a year ago. The 21.2% increase outstrips the revenue growth rate of the comparative periods. Gross profit margin improved to 16.0% in FY'23 from 14.6% in the previous year.

Net profit for FY'23 increased 93.3% to S\$4.4 million (FY'22: S\$2.3 million), which includes a S\$1.4 million impairment loss for one of our subsidiaries in China. Without this non-cash, non-recurring impairment, our net profit for FY'23 would have been higher at S\$5.8 million.

Earnings per share grew to 2.01 Singapore cents in FY'23, compared to 0.98 Singapore cent in FY'22, while net asset value per share stood at 74.9 Singapore cents as at 31 December 2023, compared to 76.4 Singapore cents a year ago. We continue to maintain a robust balance sheet, with a net cash balance of S\$50.2 million as at the end of FY'23.

## GROUP STRATEGY IN PERSPECTIVE

### Outlook

Having laid the groundwork for long-term growth, we are optimistic about the future of InnoTek. Our diversification efforts have already started to bear fruit, with new revenue streams and long-term partnerships. Our strong balance sheet also gives us the flexibility to invest in growth opportunities, while managing the uncertainties in the operating environment. Barring unforeseen circumstances, FY'24 will be a better year.

We look forward to manufacturing demand recovering on the back of economic growth and will continue to improve our operations and expand our service offerings while ensuring costs remain competitive. Lastly, we continue to relentlessly improve QCDS – quality, cost, delivery and service – to sharpen our competitiveness and deliver added value to our customers and stakeholders.

## APPRECIATION

Mr. Steven Chong and Mr. Sunny Wong, who have been our Independent Directors since September 2012 and November 2014, respectively, will be stepping down from their roles at the upcoming AGM. I would like to thank Mr. Steven Chong and Mr. Sunny Wong for their invaluable guidance during their time on the Board. InnoTek would not be where we are today without their support.

I would also like to express my appreciation to our customers, business associates, and suppliers for their contributions; we are thankful for the opportunity to serve you and will continue to innovate and exceed your expectations. I would also like to thank the InnoTek staff for their hard work and commitment to excellence.

Last but not least, thank you, our shareholders for your belief in our vision. We will continue to forge ahead and seize the opportunities that lie ahead.

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 2022 AGM pursuant to Article 103 of the Company's Constitution.



**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.

Mr. Lou was re-elected as a Director of the Company during the 2021 AGM. Pursuant to 720(5), he will be subject to re-election at this year's 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 has served the Board for more than nine years from the date of his appointment.

Pursuant to Rule 210(5)(d)(iv) of the SGX-ST Listing Rule, Mr. Chong will not be considered independent at the conclusion of this year's AGM. Accordingly, Mr. Chong will be retiring at this year's AGM and will not be seeking a re-election.



**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 public listed companies in Singapore. He sits on the board of Civmec Limited and Mecast 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 has served the Board for more than nine years from the date of his appointment.

Pursuant to Rule 210(5)(d)(iv) of the SGX-ST Listing Rule, Mr. Wong will not be considered independent at the conclusion of this year's AGM. Accordingly, Mr. Wong will be retiring at this year's AGM and will not be seeking a re-election.

## BOARD OF DIRECTORS



**Mr. Teruo Kiriyaama**

Non-Executive and Independent Director

Mr. Teruo Kiriyaama 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. Kiriyaama 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. Kiriyaama 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.

Mr. Kiriyaama was re-elected as a Director of Company at 2022 AGM pursuant to Article 103 of the Company's Constitution.



**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 has been an Associate Professor at Shanghai Jiao Tong University from mid 2001 to end 2023, involved in teaching and research activities in Naval Architecture and Ocean Engineering fields.

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. from August 2010 to March 2015, Dr. Xu participated in R&D administration and product marketing in green shipping and autonomous shipping. In January 2024, Dr. Xu resigned from Shanghai Jiao Tong University and joined Seastel Marine System as full-time Chief Scientist.

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.

Dr. Xu was re-elected as a Director of Company at 2022 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 Research Institute 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 Chairman.

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**  
Corporate Finance Manager  
InnoTek Group

Ms. Ivy Neo Meow Khim assumed the role of Finance Director at InnoTek in July 2021, bringing with her 30 years of extensive financial experience across various Southeast Asian regions, with a particular focus on the PRC manufacturing environment.

Starting as Financial Controller at Mansfield (Suzhou) Manufacturing Company Limited in May 2014, Ms. Neo progressed to become Finance Director of Mansfield Group in November 2015, where she worked closely with the core leadership team and oversaw the Group's financial affairs and corporate functions. Her performance led to her promotion to Corporate Finance Manager at InnoTek's corporate profile.

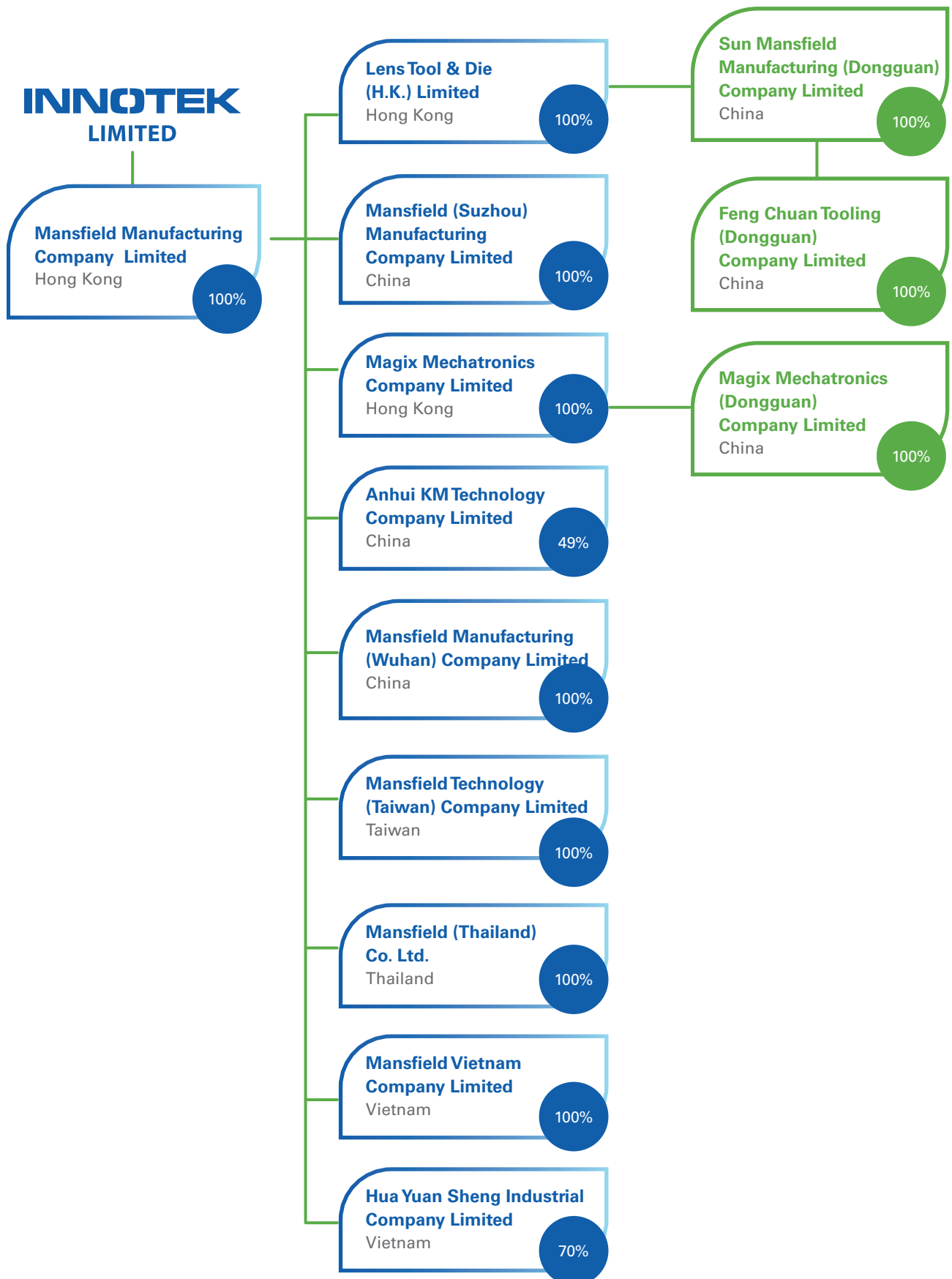
Prior to joining InnoTek, Ms. Neo had worked in several companies including Sino-American Joint venture, Nypro Precision Molding (Tianjin) Co. Ltd, Celestica Holdings (HK) Ltd, Thomson Multimedia Co Ltd, Keppel Shipyard and Singapore Press Holdings.

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



# GROUP STRUCTURE

AS AT 31 DECEMBER 2023



# INNOTEK LOCATIONS

## **InnoTek Limited**

160 Robinson Road  
#24-12 SBF Center  
Singapore 068914  
Tel : (65) 6535 0689  
Fax: (65) 6533 2680  
www.innotek.com.sg

## **Mansfield Manufacturing Company Limited**

Workshop B, 17th Floor Ford Glory Plaza  
37 Wing Hong Street  
Kowloon, Hong Kong  
Tel : (852) 2489 1968  
Fax: (852) 2481 0946  
www.mansfield.com.hk

## **Sun Mansfield Manufacturing (Dongguan) Co., Ltd.**

Block 105 &106, Xin Yang Road,  
New Sun Industrial City, Lincun, Tangxia,  
Dongguan City, Guangdong Province, China  
PC : 523711  
Tel : (86) 769-8792 9299  
Fax: (86) 769-8792 8993

## **Mansfield (Suzhou) Manufacturing Company Limited**

No 2, Jin Wang Road, Mould City, Xu Guan  
Suzhou New District, Suzhou,  
Jiangsu Province, China  
PC : 215151  
Tel : (86) 512-6661 7083  
Fax: (86) 512-6661 7760

## **Mansfield Manufacturing (Wuhan) Company Limited**

No. 6 South Fengting Road,  
Wuhan Economic and Technological Development  
Zone, Wuhan City, Hubei Province, China  
PC : 430056  
Tel : (86) 027-8466 8966  
Fax: (86) 027-8489 3788

## **Mansfield (Thailand) Co. Ltd.**

Amatacity Industrial Estate Rayong  
7/11 Moo.4, T. Pananikhom,  
A.Nikhompattana,  
Rayong, Thailand 21180  
Tel : (66) 033-01 0856  
Fax: (66) 033-01 7442

## **Lens Tool & Die (H.K. Limited)**

### **Magix Mechatronics Company Limited**

Workshop B, 17th Floor Ford Glory Plaza  
37 Wing Hong Street  
Kowloon, Hong Kong  
Tel : (852) 2489 1968  
Fax: (852) 2481 0946

## **Feng Chuan Tooling (Dongguan) Company Limited**

No. 20 Planthouse, Xin Yang Road,  
Lincun, Tangxia, Dongguan City,  
Guangdong Province, China  
PC : 523711  
Tel : (86) 769-8792 9299  
Fax: (86) 769-8792 8993

## **Magix Mechatronics (Dongguan) Company Limited**

No. 1 Er Heng Dao, Xiang Xin East Road,  
He Dong Industrial Zone, Yantian,  
Fenggang Town, Dongguan City,  
Guangdong Province, China  
PC : 523700  
Tel : (86) 769-8203 9188  
Fax: (86) 769-8203 9100

## **Mansfield Technology (Taiwan) Company Limited**

12/F – 6, No. 75, Sec. 1 Xintai, 5th Road,  
Xizhi District, New Taipei City, Taiwan  
PC : 221432

## **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 Expansive Industry Zone,  
Yen Trung Commune, Yen Phong District,  
Bac Ninh Province, Vietnam  
PC : 221510

## **Hua Yuan Sheng Industrial Company Limited**

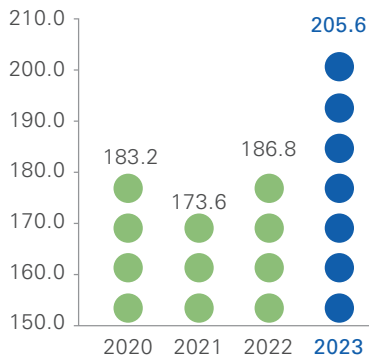
plot CN-15 (Lease factory of Longtao Vina  
Electronic Co., Ltd), Van Trung Industrial  
Park, Viet Yen District, Bac Giang Province,  
Vietnam  
PC : 261710

# FINANCIAL HIGHLIGHTS

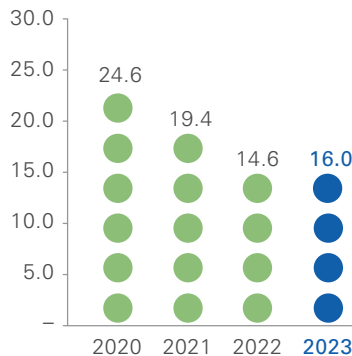
FOR THE YEAR (\$\$ IN THOUSANDS)	2020	2021	2022	2023
Turnover	183,192	173,580	186,755	205,560
Operating profit	18,615	6,386	(1,325)	4,479
Profit before tax	19,224	9,474	2,368	6,378
Profit after tax attributable to owners of the Company	13,868	11,509	2,254	4,655
<b>AT YEAR END (\$\$ IN THOUSANDS)</b>				
Shareholders equity	177,945	189,843	176,703	173,336
Property, Plant and equipments, investment properties and right-of-use assets	81,332	85,053	76,538	78,063
Loan and borrowings	1,654	1,111	0	6,960
Add: Lease liabilities (SFRS(i) 16 effective 1 January 2019)	21,720	22,789	19,001	17,235
Less cash and deposits	(73,295)	(70,406)	(58,978)	(50,168)
Net cash	49,921	46,506	39,977	25,973
Weighted average number of shares	226,305	228,240	230,763	231,305
Number of shares at end of period	226,305	228,305	231,305	231,305
<b>PER SHARE (SINGAPORE CENTS)</b>				
Profit after tax attributable to owner of the Company	6.1	5.0	1.0	2.0
Net assets	78.6	83.2	76.4	74.9
Gross dividend (Cents)	2.0	2.0	2.0	2.0
Net cash	22.1	20.4	17.3	11.2
<b>RATIOS</b>				
Operating profit (%)	10.2%	3.7%	-0.7%	2.2%
Profit before tax (%)	10.5%	5.5%	1.3%	3.1%
Profit after tax (%)	7.6%	6.6%	1.2%	2.3%
Net cash (%)	28.1%	24.5%	22.6%	15%
Current Ratio	2.75	3.18	2.74	2.36

# FINANCIAL HIGHLIGHTS

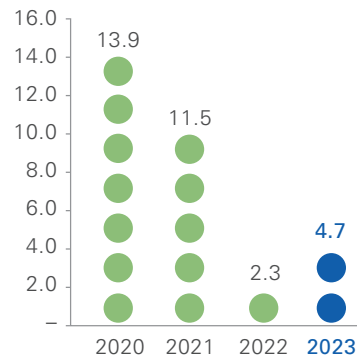
Group Revenue (S\$'M)



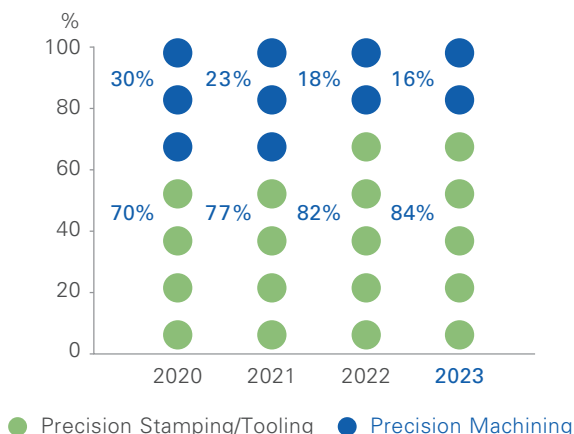
Gross Margin (%)



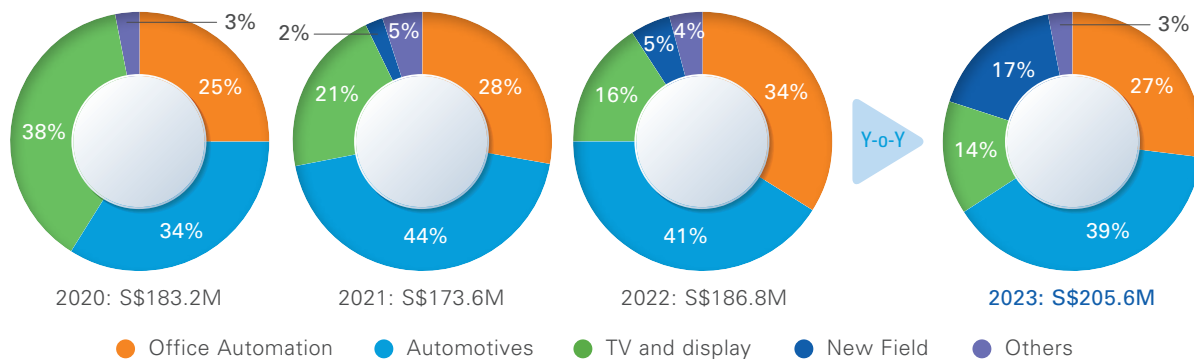
Net Profit (S\$'M)



Revenue by Business Units



Revenue by Products





# FINANCIAL CONTENTS

Corporate Governance	20
Directors' Statement	39
Independent Auditor's Report	43
Consolidated Income Statement	47
Consolidated Statement of Comprehensive Income	48
Balance Sheets	49
Statements of Changes in Equity	50
Consolidated Cash Flow Statement	53
Notes to Financial Statements	55
Statistics of Shareholdings	120
Share Purchase Mandate	122
Notice of Annual General Meeting	140
Additional Information on Directors Seeking Re-Election	146
Proxy Form	

# 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.

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## BOARD MATTERS – PRINCIPLES 1 TO 5

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### 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;

# CORPORATE GOVERNANCE

- Approving the nominations of board directors and overseeing 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 in a year, with two designated for 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 allows a Board meeting to be conducted by way of videoconference, teleconference and other forms of electronic communication.

A total of Four Board meetings were held in 2023. The number of Board committee meetings as well as Board members' attendance thereat is set out below:

	<b>Board (Board)</b>	<b>Audit &amp; Risk Management Committee (ARMC)</b>	<b>Remuneration Committee (RC)</b>	<b>Nominating Committee (NC)</b>
<b>No. of Meetings Held</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>2</b>
<b>Name of Director</b>	<b>Attended</b>	<b>Attended</b>	<b>Attended</b>	<b>Attended</b>
Mr. Neal Manilal Chandaria	4/4	4/4	1/1	2/2
Mr. Lou Yiliang	4/4	4/4	1/1	2/2
Mr. Steven Chong Teck Sin	4/4	4/4	1/1	2/2
Mr. Sunny Wong Fook Choy	4/4	4/4	1/1	2/2
Mr. Teruo Kiriyaama	4/4	4/4	1/1	2/2
Dr. Xu Jinsong	4/4	4/4	1/1	2/2

The Company recognises 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 about the Group as well as revised budgets with an 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 the orientation and training of new Directors as well as updates Directors on new developments in corporate

# CORPORATE GOVERNANCE

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 Ltd for their information and participation. Apart from the above, the Company Secretary's responsibilities also include ensuring good information flow 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, and 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 there are 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. The Company bears the registration process and course fees. All new Directors will also visit the Group's offices and plants overseas to familiarise themselves with the InnoTek Group's businesses.

With the introduction of Rule 210(5)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited Listing Manual ("SGX-ST") effective from 1 January 2019, directors who have no prior experience as directors of a Singapore-listed company must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX.

Pursuant to Rule 720(7) of the Listing Manual of the SGX-ST, the Directors have undergone training on sustainability matters as prescribed by the SGX-ST.

## 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**

For FY'23, the Board comprised six directors, four of whom were independent and non-executive:–

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 Kiriya	Non-Executive and Independent
6)	Dr. Xu Jinsong	Non-Executive and Independent

With independent directors making up 67% 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.

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 ensure 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.

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.

# CORPORATE GOVERNANCE

## Board Diversity

The Company understands that a diverse Board with an appropriate mix of members with complementary skills, core competencies and experience, regardless of age or gender will better support the Company's achievement of its strategic objectives. With the introduction of Rule 710A of the Listing Manual of the SGX-ST effective from 1 January 2022, the Company has put in place 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, qualifications and business experience, apart from age, gender, and knowledge of the industry and the Company, in order to arrive at an optimum balanced composition of the Board. If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the NC, in consultation with the Board, will consider the range of diversity perspectives, including, but not limited to, those described in the Board Diversity Policy and select the appropriate candidate for the position. The selection of the Directors will be based on merit and potential contribution to the Board, and candidates will be considered against objective criteria that complement and expand 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. Details of the Board Diversity Policy have been made available to all Directors of the Company. In discharging their duties, the Board and the NC shall give due regard to the benefits of having a diverse Board and strive to ensure that the Board is appropriately balanced to support the sustainable development of the Company. The main objective is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the attainment of the Company's strategic objectives and its sustainable development. Such an approach to maintain a diverse satisfactory level of Board diversity is an ongoing process that may change over time as the business of the Group develops and will be disclosed as appropriate.

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 NC is of the view that there is an appropriate balance and mix of skills, knowledge and experience on the Board, and 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 Board is of the view that the current Board is sufficiently diversified with members possessing background, experience and skillsets that are appropriate and relevant to the needs and plans of the Company. The Board's target is to constantly strive to maintain and/or to improve diversity of its members as may from time to time be appropriate and relevant for the Board to function optimally and effectively. As of FY'23, the Company has a well-diversified Board with directors from different jurisdictions, such as Japan, China and Singapore, and possessing core competencies and experience in the finance, legal and business industries, which serve the current and planned needs of the Company well. Accordingly, the Board is of the view that as of FY'23, it has sufficient diversity for this purpose.

The Company's current and continuing target is to ensure that its Board has and continues to have a sufficient mix of skills, knowledge and diversity relevant to the Company's needs, for the Board to function optimally and effectively. This target is reviewed and assessed periodically, and at least once annually.

The NC is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. For FY'23, Mr. Steven Chong Teck Sin, Mr. Sunny Wong Fook Choy, Mr. Teruo Kiriya 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 was first appointed to the Board on 17 September 2012, and Mr. Sunny Wong Fook Choy who was first appointed on 17 November 2014, who have each served on the Board for more than nine years, none of the other Independent Directors has served on the Board for more than nine years. In this regard, the Board confirms that Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy will retire at the conclusion of the annual general meeting of the Company ("AGM"). Preparations are in place for continued renewal of the Board, and in due course and when appropriate, the Company will make the relevant announcement(s) on the further renewal of the Board via SGXNET.

# CORPORATE GOVERNANCE

## Composition of Board and Board Committees

Director	Board Membership	Audit & Risk Management Committee	Nominating Committee	Remuneration Committee
Mr. Neal Manilal Chandaria	Chairman, Non-Executive & Non-Independent Director	Member	Member	–
Mr. Lou Yiliang	Executive & Non-Independent Director	–	–	–
Mr. Steven Chong Teck Sin	Independent Director	Chairman	–	Member
Mr. Sunny Wong Fook Choy	Independent Director	–	Member	Chairman
Mr. Teruo Kiriya	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 in constructively developing 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 positions of Chairman and Chief Executive Officer (“CEO”) are separate and have 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. With the support of the Company Secretary, 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 Corporate Finance Manager 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 making its recommendations to the Board on all board appointments. The NC met twice in 2023.



# CORPORATE GOVERNANCE

In FY'23, the NC comprised 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 that would deem a director not to be independent. In view of the foregoing and taking into consideration Rule 210(5)(d)(iv) and the Transitional Practice Note 4 on Transitional Arrangements Regarding the Tenure Limit for Independent Directors, the NC notes that Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy, who have each served on the Board for more than nine years, are considered independent until the conclusion of the AGM that will be held for FY'23. Additionally, having reviewed the independence of each of the other Independent Directors, the NC has endorsed the independence status of Mr. Teruo Kiriyama and Dr. Xu Jinsong. The Board, after taking into consideration the views of the NC, is of the view that Mr. Teruo Kiriyama and Dr. Xu Jinsong are independent and that, no individual or small group of individuals dominates the Board's decision-making process.

Further, the Peer Assessment Forms on enhanced assessment for long-tenure directors for FY'22 and FY'23 in connection to Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy respectively were duly completed by all Directors, and also duly noted by the NC. The NC and the Board noted that fellow Board members had assessed and considered Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy to be independent notwithstanding that Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy have served the Board for more than nine years, after taking into account their active participation at the Board and Board Committees meetings, objective and constructive challenge of the Management in terms of business and strategy proposals, and critical review of the Management's performance. Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy have also demonstrated strong independent character and judgment over the years in discharging their duty as independent directors in the best interest of the Group.

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 would through various avenues, source for suitable candidates as new Director(s) and appraise the candidates to ensure they have the relevant experience and calibre to contribute effectively to the Group. These avenues include the Directors' personal contacts, search firms or through internal assessments conducted on any suitable candidates within the Group. 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. As and when necessary, the Company will release announcements on the appointments or cessations of its Directors via SGXNET.

The Constitution of the Company provides that at least one-third of the Directors, for the time being, shall retire as Directors at each AGM of the Company. In accordance with the Constitution of the Company, Mr. Lou Yiliang, Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy are due to retire by rotation at the 2024 AGM and being eligible, Mr. Lou Yiliang has offered himself for re-election at the 2024 AGM. As Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy have served the Board for more than nine years, Mr. Steven Chong Teck Sin and Mr. Sunny Wong Fook Choy shall retire at the 2024 AGM and will not seek re-election.

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 directorships held by its Directors but engages with its Directors from time to time to check on their effectiveness as Directors of the Company. The NC is of the view that each Director has been able to effectively discharge his duties as a Director of the Company.

# CORPORATE GOVERNANCE

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

<b>Name of Director</b>	<b>Date of First Appointment</b>	<b>Date of Last Re-election</b>	<b>Past Directorships in other listed companies and principal commitments over the preceding three years</b>	<b>Present Directorships in other listed companies and principal commitments</b>
Neal Manilal Chandaria	02.11.2015	28.04.2022		Comcraft Group
Steven Chong Teck Sin	17.09.2012	29.04.2021	Accordia Golf Trust Management Pte. Ltd. Changan Minsheng APLL Logistics Co., Ltd	AIMS APAC REIT Management Limited Civmec Limited
Sunny Wong Fook Choy	17.11.2014	28.04.2023	Wong Tan & Molly Lim LLC Excelpoint Technology Ltd WTML Management Services Pte Ltd	Mencast Holdings Ltd Civmec Limited
Teruo Kiriya	02.11.2015	28.04.2022	–	–
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 (Dongguan) Company Limited Mansfield Technology (Taiwan) Company Limited Mansfield Vietnam Company Limited Hua Yuan Sheng Industrial Company Limited
Xu Jinsong	15.07.2021	28.04.2023	–	Faculty member at Shanghai Jiao Tong University Seastel Marine System (Shanghai) Co. Ltd.

## 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, and managing the Company's performance. The NC takes into consideration their respective preparedness, commitment, participation, and 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 and the Board are satisfied that all Directors are able to and have been adequately performing their duties as Directors of the Company, devoting sufficient time and attention to the affairs of the Company.

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## REMUNERATION MATTERS – PRINCIPLES 6, 7 & 8

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### 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**

In FY'23, the Remuneration Committee ("RC"), which is also the Employees' Share Option Plan Committee, comprised 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 Kiriya	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.

# CORPORATE GOVERNANCE

The principal responsibilities of the RC include the following:

- advise the Board of Directors on compensation matters, as well as best practices with regard to non-cash compensation and trends;
- review management’s appraisal of 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 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 bonuses 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 Employees’ Share Option Scheme 2021 (“Scheme 2021”). 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 Scheme 2021 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 members 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.

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 Company, having obtained shareholders’ approval at the Extraordinary General Meeting (“EGM”) held on 26 April 2021, has adopted the Scheme 2021.

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, no options were granted under the Scheme 2021.

# CORPORATE GOVERNANCE

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 FY'23:

Directors' Remuneration	Remuneration	Fee	Salary	Bonus	Allowance/ Benefits	Others	Total
	\$	(%)	(%)	(%)	(%)	(%)	(%)
Mr. Lou Yiliang	559,190	0	92	8	0	0	100
Mr. Teruo Kiriyaama	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	50,000	100	0	0	0	0	100

The total proposed Directors' Fees of up to \$377,000 for the financial year ended 31 December 2024 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

Key Management Personnel Remuneration	Salary	Bonus	Allowance/ Benefits	Others	Total
	(%)	(%)	(%)	(%)	(%)
<b>Above \$750,000</b>					
Nil					
<b>\$500,000 to below \$750,000</b>					
Nil					
<b>\$300,000 to below \$400,000</b>					
Mr. Okura Ippei*	89	11	0	0	100
<b>\$250,000 to below \$500,000</b>					
Mr. Ukawa Masatsugu	88	11	0	1	100
Mr. Xiong Guang	56	39	2	3	100
<b>Below \$250,000</b>					
Mr. Li Wei Ta	83	10	0	7	100
Mr. Hai Yan	78	8	3	11	100

\* Mr. Okura Ippei, the brother of Mr. Lou Yiliang, is the Chief Marketing Officer and Director of Mansfield Manufacturing Co., Ltd. Hong Kong, the wholly-owned subsidiary of the Company. His remuneration for 2023 was within the band of \$300,000 to below \$400,000.

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.

# CORPORATE GOVERNANCE

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 FY'23.

The aggregate remuneration paid to the key management personnel is \$2,817,251.

In 2021, the Company had adopted the Scheme 2021. Details of the Scheme 2021 are set out in the Directors' Statement.

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## ACCOUNTABILITY AND AUDIT – PRINCIPLES 9 & 10

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### 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 customer-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 processes 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 its 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 margins and customers who 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 customers 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 a 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 the 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 feedback, performing checks on customers' financial status and executes necessary payment recovery measures to minimise its credit risks.

### 6. **Foreign exchange exposure**

The Group's manufacturing and related expenses are in the currency of the country of operation. The Group has a policy of monitoring the foreign currency exchange rate changes closely so as to minimise any potential material adverse impact on its financial performance.

### 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 in China, Vietnam and Thailand. Any unfavourable changes in the political, social, legal, regulatory and economic conditions in these jurisdictions 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, including the rules and regulations maintained by the different provinces in China 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.

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.

# CORPORATE GOVERNANCE

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 which works closely with the IA to discharge its function properly. The IA’s primary line of reporting is to the ARMC Chairman and the IA has unfettered access to all the Company’s documents, records, properties and personnel, including access to the ARMC. The ARMC is satisfied with the adequacy and effectiveness of the current internal audit function and is of the view that the internal audit function is independent, effective and adequately resourced.

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 contributes an independent perspective on relevant internal controls arising from their financial audit and reports 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 2023 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), Head of Finance (Mansfield) and the General Managers and Deputy General Managers of the Business Units, Head of Internal Audit Department and Corporate Finance Manager of the Company that as at 31 December 2023:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2023 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 2023 to address the Group’s financial, operational, compliance and information technology risks which the business divisions consider relevant and material to their operations.

## AUDIT & RISK MANAGEMENT COMMITTEE

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

In FY'23, the Audit & Risk Management Committee ("ARMC") had three members. The ARMC is comprised 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 Kiriya	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 Head of Finance, representatives of the Internal Audit firm, Mazars LLP, Company Secretary and the External Auditor are invited to these meetings. The ARMC meets with the 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 half-yearly 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, oversee and review the adequacy and effectiveness of the internal control functions and evaluate the level of risks and assess the system of ensuring the 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 Head of Internal Audit and Management;
- review interested person transactions as required under the Listing Manual of the SGX-ST;

# CORPORATE GOVERNANCE

- 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 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 cooperation with 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 \$388,000 and \$51,000, respectively, for the financial period under review. The reappointment 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 26 April 2024.

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## SHAREHOLDER RIGHTS AND ENGAGEMENT – PRINCIPLES 11 & 12

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### 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.

# CORPORATE GOVERNANCE

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](http://www.innotek.com.sg).

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution allows 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 forward, 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 SGX-ST Listing Manual which took effect on 12 February 2021, the Company has shifted from quarterly reporting to half-yearly reporting. Results are released within 45 days of the half-year period ended 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). Notwithstanding the adoption of the new reporting framework, the Group remains committed to announcing material business development in a timely manner to keep shareholders updated as and when appropriate.

During the year, the Company held two analysts' briefings after the release of the Group's financial results for FY'23 in August 2023 and February 2024.

## **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 sets aside a certain percentage of the Group's net operating profits attributable to shareholders for payment of dividends.

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 26 April 2024.

# CORPORATE GOVERNANCE

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## MANAGING STAKEHOLDERS' RELATIONSHIPS – PRINCIPLE 13

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### 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](http://www.innotek.com.sg):

- (a) Board and Management profiles;
- (b) Notices of general meetings, results 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 the Company, its Directors and employees from trading in the Company's securities during the period falling two weeks before the announcement of the Company's half-yearly financial statements 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-blowers will be kept confidential to the extent possible. The 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 warrant 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.

## 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:-

<b>Name of Interested Person</b>	<b>Nature of Relationship</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Wuhan Grand Mould Plastic Co. Ltd.	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 29.61%	\$1,078,543	None
KunShan Grand Mould Plastic Co., Ltd	Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 29.61%	\$133,928	None

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

# CORPORATE GOVERNANCE

## **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 the business is sustainable, the Group has to strike a balance between its business needs and the needs of 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.

The Company's sustainability report (the "Sustainability Report"), which will be published on or before 30 April 2024, will set out the Company's approach in identifying material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report will also set out the Group's strategy and key areas of focus in relation to the management of stakeholder relationships during FY'23.

## **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, and safe working conditions and encourage teamwork, which is one of the Company's Core Value.

# 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 FY'23.

## 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 2023 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 Kiriyaama  
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:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the Company</i>				
Lou Yiliang <sup>(1)</sup>	19,082,700	19,082,700	11,902,800	11,902,800
<i>Share options of the Company</i>				
Lou Yiliang	5,000,000	5,000,000	–	–

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

# DIRECTORS' STATEMENT

## Directors' interests in shares and debentures (Continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

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 Kiriyaama  
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 2023 are as follows:

Expiry date	Exercise price (\$)	Number of options
29 March 2024	0.520	2,500,000
21 November 2024	0.484	2,500,000
6 December 2026	0.760	<u>3,000,000</u>
<b>Total</b>		<b><u>8,000,000</u></b>

# DIRECTORS' STATEMENT

## 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	–	8,000,000	3,000,000	5,000,000
<b>Total</b>	–	8,000,000	3,000,000	5,000,000

- (5) Since the commencement of the employee share option plans till the end of the financial year:
- No options other than those mentioned in point (4) above, have been granted to the controlling shareholders of the Company and their associates
  - No participant other than those mentioned 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
- 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

# DIRECTORS' STATEMENT

## **Audit & Risk Management Committee** (Continued)

- 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,



Neal Manilal Chandaria  
Director



Lou Yiliang  
Director

Singapore  
1 April 2024



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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 2023, 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 material accounting policy information.

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 2023 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.

#### *Allowance for inventory obsolescence*

The gross balance of the Group's inventories (excluding capitalised contract costs) as of 31 December 2023 was \$25.6 million, against which allowance for inventory obsolescence of \$0.2 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.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## **Key Audit Matters** (Continued)

### *Allowance for inventory obsolescence (Continued)*

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.

### *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"), Thailand and Vietnam. The net carrying amount of its property, plant and equipment and right-of-use assets amounted to \$35.7 million and \$15.8 million at 31 December 2023, respectively. As at that date, the Group identified indicators 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 recognised an impairment loss amounting to \$0.5 million and \$0.9 million on property, plant and equipment and right-of-use assets, respectively. The assessment of impairment 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 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, 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 appraisers, and obtained an understanding of the valuation technique used by the external appraisers. We involved our internal specialists to assess the appropriateness of the valuation methodologies used by management to determine (1) the value in use and benchmark inputs used to develop the discount rate for value in use to market data of comparable companies; and (2) the fair value less costs of disposal estimates, and reviewed the comparable market selling prices used in valuation of land, building, machineries and equipment. We also assessed the adequacy of the disclosures related to the impairment in Note 13 Property, plant and equipment and Note 26 Leases.

## **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.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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.
- 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.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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, actions taken to eliminate threats or safeguards applied.

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

1 April 2024

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 \$'000	2022 \$'000
<b>Revenue</b>	5	<b>205,560</b>	186,755
Cost of sales		<b>(172,603)</b>	(159,565)
<b>Gross profit</b>		<b>32,957</b>	27,190
<b>Other items of income</b>			
Interest income	6	<b>1,213</b>	952
Other income	7	<b>4,858</b>	5,343
<b>Other items of expense</b>			
Selling and distribution		<b>(3,721)</b>	(3,686)
Administrative expenses		<b>(24,757)</b>	(24,829)
Finance costs	8	<b>(2,200)</b>	(2,236)
Other expenses	9	<b>(1,689)</b>	(151)
Share of results of joint venture	16	<b>(283)</b>	(215)
<b>Profit before tax</b>	10	<b>6,378</b>	2,368
Income tax expense	11	<b>(2,020)</b>	(114)
<b>Profit, net of tax</b>		<b>4,358</b>	2,254
Profit/(loss) attributable to:			
– Owners of the Company		<b>4,655</b>	2,254
– Non-controlling interests		<b>(297)</b>	–
		<b>4,358</b>	2,254
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic	12	<b>2.01</b>	0.98
Diluted	12	<b>2.01</b>	0.98

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 2023

	Note	Group	
		2023 \$'000	
		2022 \$'000	
Profit, net of tax		4,358	2,254
<b>Other comprehensive income</b>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation		(4,871)	(11,588)
Fair value gain/(loss) on financial assets measured at fair value through other comprehensive income ("FVOCI")	28(f)	484	(737)
<b>Other comprehensive income for the year, net of tax</b>		<b>(4,387)</b>	<b>(12,325)</b>
<b>Total comprehensive income for the year</b>		<b>(29)</b>	<b>(10,071)</b>
Total comprehensive income attributable to:			
– Owners of the Company		268	(10,071)
– Non-controlling interests		(297)	–
		<b>(29)</b>	<b>(10,071)</b>

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

# BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	35,729	31,125	-	-
Right-of-use assets	26	15,805	18,554	11	54
Investment properties	14	26,529	26,859	-	-
Intangible assets	15	366	473	-	-
Investment in subsidiary	4	-	-	47,061	47,061
Loan to a subsidiary	20	-	-	10,000	10,000
Investment in joint venture	16	823	1,146	-	-
Deferred tax assets	18	1,640	1,726	-	-
Other receivables	20	1,485	1,224	-	-
		<b>82,377</b>	81,107	<b>57,072</b>	57,115
<b>Current assets</b>					
Inventories	19	37,639	41,771	-	-
Trade and other receivables	20	64,681	54,258	7,260	3,176
Income tax recoverable		44	283	-	-
Contract assets	5	4,539	616	-	-
Prepayments	21	4,520	2,888	38	42
Other investments	17	20,117	18,482	20,117	18,482
Cash and short-term deposits	22	50,168	58,978	15,357	19,061
		<b>181,708</b>	177,276	<b>42,772</b>	40,761
<b>Total assets</b>		<b>264,085</b>	258,383	<b>99,844</b>	97,876
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Provisions	23	5	5	-	-
Income tax payable		3,604	2,080	73	55
Trade and other payables	24	56,246	54,418	505	499
Contract liabilities	5	4,257	3,519	-	-
Loans and borrowings	25	6,960	-	-	-
Lease liabilities	26	6,084	4,738	11	45
		<b>77,156</b>	64,760	<b>589</b>	599
<b>Net current assets</b>		<b>104,552</b>	112,516	<b>42,183</b>	40,162
<b>Non-current liabilities</b>					
Provisions	23	386	437	-	-
Deferred tax liabilities	18	2,056	2,220	127	45
Lease liabilities	26	11,151	14,263	-	10
		<b>13,593</b>	16,920	<b>127</b>	55
<b>Total liabilities</b>		<b>90,749</b>	81,680	<b>716</b>	654
<b>Net assets</b>		<b>173,336</b>	176,703	<b>99,128</b>	97,222
<b>Equity attributable to owners of the Company</b>					
Share capital	27(a)	98,021	98,021	98,021	98,021
Treasury shares	27(b)	(8,855)	(8,855)	(8,855)	(8,855)
Retained earnings		87,578	88,146	10,599	9,177
Other reserves	28	(4,399)	(609)	(637)	(1,121)
		<b>172,345</b>	176,703	<b>99,128</b>	97,222
Non-controlling interests	4(c)	991	-	-	-
		<b>173,336</b>	176,703	<b>99,128</b>	97,222
<b>Total liabilities and equity</b>		<b>264,085</b>	258,383	<b>99,844</b>	97,876

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 2023

2023 Group	Note	Attributable to owners of the Company					Non-
		Equity, total	Share capital	Treasury shares	Retained earnings	Other reserves	controlling interests
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2023</b>		<b>176,703</b>	<b>98,021</b>	<b>(8,855)</b>	<b>88,146</b>	<b>(609)</b>	<b>-</b>
Profit for the year		4,358	-	-	4,655	-	(297)
Other comprehensive income for the year, net of tax							
Foreign currency translation		(4,871)	-	-	-	(4,871)	-
Fair value gain on financial assets measured at FVOCI	28(f)	484	-	-	-	484	-
<b>Total comprehensive income for the year</b>		<b>(29)</b>	<b>-</b>	<b>-</b>	<b>4,655</b>	<b>(4,387)</b>	<b>(297)</b>
Contributions by and distributions to owners							
Dividends on ordinary shares	36	(4,626)	-	-	(4,626)	-	-
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>		<b>(4,626)</b>	<b>-</b>	<b>-</b>	<b>(4,626)</b>	<b>-</b>	<b>-</b>
Others							
Non-controlling interests arising from acquisition of new subsidiary, which does not constitute a business combination		1,288	-	-	-	-	1,288
Transfer to statutory reserve fund		-	-	-	(597)	597	-
<b>At 31 December 2023</b>		<b>173,336</b>	<b>98,021</b>	<b>(8,855)</b>	<b>87,578</b>	<b>(4,399)</b>	<b>991</b>

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 2023

2022 Group	Note	Attributable to owners of the Company				
		Equity, total	Share capital	Treasury shares	Retained earnings	Other reserves
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2022</b>		189,843	98,021	(10,586)	90,558	11,850
Profit for the year		2,254	–	–	2,254	–
<u>Other comprehensive income for the year, net of tax</u>						
Foreign currency translation		(11,588)	–	–	–	(11,588)
Fair value loss on financial assets measured at FVOCI	28(f)	(737)	–	–	–	(737)
<b>Total comprehensive income for the year</b>		(10,071)	–	–	2,254	(12,325)
<u>Contributions by and distributions to owners</u>						
Grant of equity-settled share options to employees	10	507	–	–	–	507
Treasury shares issued pursuant to employee share option plan		1,050	–	1,731	–	(681)
Dividends on ordinary shares	36	(4,626)	–	–	(4,626)	–
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>		(3,069)	–	1,731	(4,626)	(174)
<u>Others</u>						
Transfer to statutory reserve fund		–	–	–	(40)	40
<b>At 31 December 2022</b>		<u>176,703</u>	<u>98,021</u>	<u>(8,855)</u>	<u>88,146</u>	<u>(609)</u>

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 2023

Company	Note	Equity, total	Share capital	Treasury shares	Retained earnings	Other reserves
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2022</b>		94,800	98,021	(10,586)	7,575	(210)
Profit for the year		6,228	–	–	6,228	–
<u>Other comprehensive income for the year, net of tax</u>						
Fair value loss on financial assets measured at FVOCI	28(f)	(737)	–	–	–	(737)
<b>Total comprehensive income for the year</b>		5,491	–	–	6,228	(737)
<u>Contributions by and distributions to owners</u>						
Grant of equity-settled share options to employees	10	507	–	–	–	507
Treasury shares reissued pursuant to employee share option plan		1,050	–	1,731	–	(681)
Dividends on ordinary shares	36	(4,626)	–	–	(4,626)	–
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>		(3,069)	–	1,731	(4,626)	(174)
At 31 December 2022 and 1 January 2023		<b>97,222</b>	<b>98,021</b>	<b>(8,855)</b>	<b>9,177</b>	<b>(1,121)</b>
Profit for the year		<b>6,048</b>	–	–	<b>6,048</b>	–
<u>Other comprehensive income for the year, net of tax</u>						
Fair value gain on financial assets measured at FVOCI	28(f)	<b>484</b>	–	–	–	<b>484</b>
<b>Total comprehensive income for the year</b>		<b>6,532</b>	–	–	<b>6,048</b>	<b>484</b>
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	36	<b>(4,626)</b>	–	–	<b>(4,626)</b>	–
<b>Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners</b>		<b>(4,626)</b>	–	–	<b>(4,626)</b>	–
<b>At 31 December 2023</b>		<b>99,128</b>	<b>98,021</b>	<b>(8,855)</b>	<b>10,599</b>	<b>(637)</b>

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 2023

	Note	Group	
		2023 \$'000	2022 \$'000
<b>Operating activities</b>			
Profit before tax		<b>6,378</b>	2,368
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	13	<b>5,126</b>	5,438
Amortisation of intangible assets	15	<b>167</b>	202
Depreciation of right-of-use assets	26(a)	<b>5,804</b>	5,433
Net loss/(gain) on disposal of property, plant and equipment	7, 9	<b>14</b>	(23)
Gain on termination of lease	7	<b>–</b>	(2)
Share-based payments	10	<b>–</b>	507
Net fair value gain on investment securities	7	<b>(71)</b>	(58)
Net loss on disposal of other investments	9	<b>195</b>	36
Net fair value gain on investment properties	7, 14	<b>(637)</b>	(493)
Allowance for expected credit losses on financial assets at amortised cost	20	<b>63</b>	37
Allowance for expected credit losses on debt securities measured at fair value through other comprehensive income	17	<b>–</b>	78
Share of results of joint venture		<b>283</b>	215
Net reversal of provisions	23	<b>(24)</b>	(10)
Interest expense	8	<b>2,200</b>	2,236
Interest income	6	<b>(1,213)</b>	(952)
Dividend income from other investments	7	<b>(312)</b>	(308)
Net allowance for inventory obsolescence	19	<b>100</b>	321
Net impairment loss on capitalised contract costs	19	<b>123</b>	–
Impairment loss on property, plant and equipment	13	<b>482</b>	–
Impairment loss on right-of-use assets	26	<b>935</b>	–
Exchange differences		<b>(1,614)</b>	(4,174)
<b>Operating cash flows before changes in working capital</b>		<b>17,999</b>	10,851
<u>Changes in working capital:</u>			
Increase in trade and other receivables and contract assets		<b>(15,195)</b>	(7,087)
Decrease/(increase) in inventories		<b>3,931</b>	(6,338)
Increase in prepayments		<b>(241)</b>	(155)
Increase in trade and other payables and contract liabilities		<b>2,549</b>	9,625
Decrease in provision		<b>(12)</b>	–
<b>Cash flows from operations</b>		<b>9,031</b>	6,896
Interest paid		<b>(2,164)</b>	(2,236)
Interest received		<b>1,197</b>	982
Income taxes paid		<b>(417)</b>	(66)
Income taxes refunded		<b>190</b>	–
<b>Net cash flows generated from operating activities</b>		<b>7,837</b>	5,576

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 \$'000	2022 \$'000
<b>Investing activities</b>			
Purchase of property, plant and equipment	13	(11,684)	(6,414)
Proceeds from disposal of property, plant and equipment		37	106
Deposit paid for property, plant and equipment		(1,391)	(436)
Purchase of intangible assets	15	(45)	(136)
Purchase of other investments		(7,243)	(5,496)
Proceeds from disposal of other investments		5,978	6,492
Dividend received from other investments		312	304
Decrease/(increase) in bank balance under portfolio investment management		720	(1,528)
<b>Net cash flows used in investing activities</b>		<b>(13,316)</b>	<b>(7,108)</b>
<b>Financing activities</b>			
Proceeds from exercise of share options	27(b)	–	1,050
Proceeds from bank loans	25	5,791	–
Proceeds from loan from non-controlling interests	25	1,204	–
Repayment of bank loan	25	–	(1,115)
Payment of principal portion of lease liabilities	25	(5,134)	(4,502)
Dividend paid on ordinary shares	36	(4,626)	(4,626)
Capital contribution from non-controlling interests		1,288	–
<b>Net cash flows used in financing activities</b>		<b>(1,477)</b>	<b>(9,193)</b>
Net decrease in cash and cash equivalents		(6,956)	(10,725)
Effect of exchange rate changes on cash and cash equivalents		(1,134)	(2,231)
Cash and cash equivalents at 1 January		56,806	69,762
<b>Cash and cash equivalents at 31 December</b>	22	<b>48,716</b>	<b>56,806</b>

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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. MATERIAL ACCOUNTING POLICY INFORMATION

### 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) 1-1 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 16 Leases: <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Instruments: <i>Disclosures: Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.3 Basis of consolidation and business combinations

#### (a) 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.

#### (b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

For acquisitions of subsidiaries which do not qualify as business combinations, the transactions are accounted for in accordance with the respective accounting policies for the assets acquired and the liabilities assumed.



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 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.

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.5 Property, plant and equipment (Continued)

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.

### 2.6 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 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.

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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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 as the Group had no obligations nor 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.

##### 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.12 Financial instruments (Continued)

#### (a) Financial assets (Continued)

##### Subsequent measurement (Continued)

##### Investments in debt instruments (Continued)

#### (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.

##### **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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.12 Financial instruments (Continued)

#### (b) Financial liabilities (Continued)

##### 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”).

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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.13 Impairment of financial assets (Continued)

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.

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.



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 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.

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) 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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 25.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.22 Taxes (Continued)

#### (b) Deferred tax (Continued)

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.

### 2.25 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.25 Contingencies (Continued)

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.

### 2.26 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## 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) 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 2023 were \$25,419,000 (2022: \$24,440,000). If the Group was able to recognise all unrecognised tax losses, profit would increase by \$5,552,000 (2022: \$4,912,000).



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.1 Judgements made in applying accounting policies (Continued)

#### (b) 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 2023 are disclosed separately in the balance sheet and Note 18.

### 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.

#### (a) 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 32.

#### (b) 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 26(a) respectively.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Key sources of estimates uncertainty (Continued)

#### (c) 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 2023 was \$382,000 (2022: \$462,000).

## 4. INVESTMENT IN SUBSIDIARY

	Company	
	2023 \$'000	2022 \$'000
Equity shares, at cost	<b>47,061</b>	47,061

#### (a) Composition of the Group

The Group has the following significant investments in subsidiaries.

Name	Principal place of business	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
<b><i>Held by the Company</i></b>				
Mansfield Manufacturing Company Limited ("Mansfield") <sup>(1)</sup>	Hong Kong	Trading and investment holding	<b>100</b>	100
<b><i>Held through subsidiaries</i></b>				
Lens Tool & Die (H.K.) Limited <sup>(1)</sup>	Hong Kong	Trading and investment holding	<b>100</b>	100
Magix Mechatronics Company Limited <sup>(1)</sup>	Hong Kong	Trading and investment holding	<b>100</b>	100
Feng Chuan Tooling Company Limited <sup>(5)</sup>	Hong Kong	Trading and investment holding	–	100
Feng Chuan Tooling (Dongguan) Company Limited <sup>(2)</sup>	People's Republic of China	Precision die design and fabrication	<b>100</b>	100

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4. INVESTMENT IN SUBSIDIARY (CONTINUED)

### (a) Composition of the Group (Continued)

Name	Principal place of business	Principal activities	Proportion of ownership interest	
			2023 %	2022 %
<b><i>Held through subsidiaries (Continued)</i></b>				
Mansfield (Suzhou) Manufacturing Company Limited <sup>(2)</sup>	People's Republic of China	Metal parts manufacturing, tooling and die making	100	100
Magix Mechatronics (Dongguan) Company Limited <sup>(2)</sup>	People's Republic of China	Precision machining components manufacturing	100	100
Sun Mansfield Manufacturing (Dongguan) Company Limited <sup>(2)</sup>	People's Republic of China	Metal parts manufacturing, tooling and die making	100	100
Mansfield Manufacturing (Wuhan) Company Limited <sup>(2)</sup>	People's Republic of China	Metal parts manufacturing, tooling and die making	100	100
Mansfield Technology (Taiwan) Company Limited <sup>(4)</sup>	Taiwan	Provides sales and marketing support services	100	100
Mansfield (Thailand) Co. Ltd. <sup>(3)</sup>	Thailand	Metal parts manufacturing, tooling and die making	100	100
Mansfield (Vietnam) Co. Ltd. <sup>(2)</sup>	Vietnam	Precision machining components, metal parts manufacturing, tooling and die making	100	100
Hua Yuan Sheng Industrial Co. Limited <sup>(2)</sup>	Vietnam	Metal parts manufacturing, tooling and die making	70	–

(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, Singapore for the purpose of group audit.

(4) Not required to be audited by the law in the country of incorporation and not material to the Group.

(5) Deregistered in July 2023.

### (b) Acquisition of subsidiary which does not constitute a business combination

Hua Yuan Sheng Industrial Co. Ltd. was incorporated in Bac Giang Province, Vietnam on 16 November 2022.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4. INVESTMENT IN SUBSIDIARY (CONTINUED)

### (b) Acquisition of subsidiary which does not constitute a business combination (Continued)

On 27 February 2023, the Group acquired 70% of the shares in Hua Yuan Sheng Industrial Co. Ltd. This was a strategic acquisition for the Group to meet the demand from the Group's existing and/or potential customers in South Korea and Japan, and buttressing the Group's strategy for diversified expansion of its business and presence in Southeast Asia.

The Group assessed that the assets acquired and liabilities assumed are not considered to be a business as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, therefore accounted for the transaction as an asset acquisition.

The purchase consideration, less cash and cash equivalents acquired, was \$3,123,000.

### (c) Interest in subsidiary with material non-controlling interests

The Group has the following subsidiary that has non-controlling interests ("NCI") that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
			\$'000	\$'000
<b>2023</b>				
Hua Yuan Sheng Industrial Co. Limited	Vietnam	30%	(297)	991

There were no non-controlling interests as at 31 December 2022.

### (d) Summarised financial information about subsidiary with material NCI

	Hua Yuan Sheng Industrial Co. Limited
	2023
	\$'000
<b>Summarised balance sheet</b>	
Total assets	9,638
Total liabilities	6,336
Net assets	3,302
<b>Summarised statement of comprehensive income</b>	
Revenue	3,239
Loss for the year after acquisition	(991)
Other comprehensive income	-
Total comprehensive income for the year	(991)
<b>Summarised cash flow statement</b>	
Net cash used in operating activities	(1,831)
Net cash used in investing activities	(1,019)
Net cash generated from financing activities	3,648
Net increase in cash and cash equivalents	798

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5. REVENUE

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

Segments	Precision Components and Tooling		Precision Machining		Total revenue	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Primary geographical markets</b>						
Hong Kong/The People's Republic of China	163,465	145,967	29,377	30,395	192,842	176,362
Thailand	6,292	7,321	–	–	6,292	7,321
Vietnam	3,230	–	3,196	3,072	6,426	3,072
	<b>172,987</b>	153,288	<b>32,573</b>	33,467	<b>205,560</b>	186,755
<b>Major product lines</b>						
Precision metal stamping components for manufacturers	150,068	138,770	–	–	150,068	138,770
Tooling for manufacturers	22,919	14,518	47	356	22,966	14,874
Precision machining components for manufacturers	–	–	32,526	33,111	32,526	33,111
	<b>172,987</b>	153,288	<b>32,573</b>	33,467	<b>205,560</b>	186,755
<b>Major product types</b>						
Office Automation	56,703	63,680	–	–	56,703	63,680
Automotives	75,997	73,422	3,268	2,826	79,265	76,248
TV/Display	11	94	28,459	29,266	28,470	29,360
New Field	34,775	10,111	147	420	34,922	10,531
Others	5,501	5,981	699	955	6,200	6,936
	<b>172,987</b>	153,288	<b>32,573</b>	33,467	<b>205,560</b>	186,755
<b>Timing of transfer of goods</b>						
At a point in time	<b>172,987</b>	153,288	<b>32,573</b>	33,467	<b>205,560</b>	186,755

### (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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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	
		2023 \$'000	2022 \$'000
Receivables from contracts with customers	20	56,120	48,162
Capitalised contract costs	19	12,287	17,002
Contract assets		4,539	616
Contract liabilities		4,257	3,519

The Group has recognised net allowance for expected credit losses on financial assets at amortised cost amounting to \$63,000 (2022: \$37,000) during the financial year ended 31 December 2023.

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. During the financial year ended 31 December 2023, the significant increase in contract assets was due to completion of tools amounting to \$6,733,000. \$2,560,000 was reclassified 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.

Significant changes in contract liabilities are explained as follows:

	Group	
	2023 \$'000	2022 \$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,840	1,412

### (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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. INTEREST INCOME

	Group	
	2023	2022
	\$'000	\$'000
Interest income from:		
– Debt instruments at amortised cost	581	321
– Debt instruments at fair value through profit or loss	132	169
– Debt instruments at fair value through other comprehensive income	500	462
	<b>1,213</b>	952

## 7. OTHER INCOME

	Note	Group	
		2023	2022
		\$'000	\$'000
Rental income		2,850	2,754
Net fair value gain on investment securities measured at fair value through profit or loss		71	58
Dividend income from other investments		312	308
Net gain on disposal of property, plant and equipment		–	23
Gain on termination of lease		–	2
Net fair value gain on investment properties	14	637	493
Government grants*		447	430
Net foreign exchange gain		451	1,013
Others		90	262
		<b>4,858</b>	5,343

\* Government grants mainly relate to incentive subsidies in the People's Republic of China (the "PRC").

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.

## 8. FINANCE COSTS

	Note	Group	
		2023	2022
		\$'000	\$'000
Interest on borrowings	25	36	38
Interest on lease liabilities	25	2,164	2,198
		<b>2,200</b>	2,236



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9. OTHER EXPENSES

	Note	Group	
		2023 \$'000	2022 \$'000
Net loss on disposal of other investments		195	36
Loss on disposal of property, plant and equipment		14	–
Allowance for expected credit losses on financial assets at amortised cost	20	63	37
Allowance for expected credit losses on debt securities measured at fair value through other comprehensive income		–	78
Impairment loss on property, plant and equipment	13	482	–
Impairment loss on right-of-use assets	26	935	–
		<b>1,689</b>	151

## 10. PROFIT BEFORE TAX

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

	Note	Group	
		2023 \$'000	2022 \$'000
Audit fees:			
– Auditor of the Company		192	188
– Other auditors – Member firms of the auditor of the Company		196	185
– Other auditors – Others		63	65
Non-audit fees:			
Audit-related services (“ARS”)			
– Auditor of the Company		–	–
– Other auditors – Member firms of the auditor of the Company		–	–
– Other auditors – Others		–	–
Non-ARS			
– Auditor of the Company		17	18
– Other auditors – Member firms of the auditor of the Company		34	64
– Other auditors – Others		50	110
Inventories recognised as an expense in cost of sales	19	88,503	77,955
Capitalised contract costs recognised as an expense in cost of sales	19	9,562	10,615
Depreciation of property, plant and equipment	13	5,126	5,438
Depreciation of right-of-use assets	26(a)	5,804	5,433
Amortisation of intangible assets	15	167	202
Net loss on disposals of other investments	9	195	36

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. PROFIT BEFORE TAX (CONTINUED)

	Note	Group	
		2023	2022
		\$'000	\$'000
Employee benefit expense (including directors):			
– Salaries and bonuses		<b>48,062</b>	45,021
– Contributions to defined contribution plans		<b>3,800</b>	3,145
– Reversal of long-term benefits	23	<b>(24)</b>	(10)
– Share-based payments		–	507
Lease expenses	26(c)	<b>230</b>	228
Allowance for expected credit losses on financial assets at amortised cost	20	<b>63</b>	37
Allowance for expected credit losses on debt securities measured at fair value through other comprehensive income	33(c)	–	78
Impairment loss on property, plant and equipment	13	<b>482</b>	–
Impairment loss on right-of-use assets	26	<b>935</b>	–

## 11. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group	
	2023	2022
	\$'000	\$'000
<b>Consolidated income statement</b>		
<u>Current income tax:</u>		
Current income taxation	<b>2,204</b>	543
Over provision in respect of previous years	<b>(143)</b>	(308)
	<b>2,061</b>	235
<u>Deferred income tax:</u>		
Origination and reversal of temporary differences	<b>12</b>	(390)
(Over)/under provision in respect of previous years	<b>(53)</b>	269
	<b>(41)</b>	(121)
Income tax expense recognised in profit or loss	<b>2,020</b>	114

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11. INCOME TAX EXPENSE (CONTINUED)

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 2023 and 2022 are as follows:

	Group	
	2023	2022
	\$'000	\$'000
Profit before tax	<b>6,378</b>	2,368
Tax at the domestic rates applicable to profits in the countries where the Group operates	<b>1,598</b>	622
<u>Adjustments:</u>		
Income not subject to taxation	<b>(385)</b>	(146)
Non-deductible expenses	<b>1,554</b>	1,249
Benefits from previously unrecognised deferred tax assets	<b>(701)</b>	(841)
Effect of tax exemption, tax rebates and tax incentive	<b>(680)</b>	(1,259)
Reduction in tax rate under High and New Technology Enterprise Scheme relating to subsidiaries in the PRC	–	(31)
Over provision in respect of previous years	<b>(196)</b>	(8)
Withholding tax	<b>1</b>	194
Deferred tax assets not recognised	<b>922</b>	353
Others	<b>(93)</b>	(19)
Income tax expense recognised in profit or loss	<b>2,020</b>	114

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

For the financial year ended 31 December 2023, the corporate income tax rate applicable to the Company is 17% (2022: 17%). For the subsidiaries operating in Hong Kong, the PRC, Thailand and Vietnam, income taxes are calculated using domestic tax rates of 16.5% (2022: 16.5%), 25% (2022: 25%), 20% (2022: 20%) and 20% (2022: 20%) respectively.

Two subsidiaries in the PRC have been entitled to the reduced tax rate of 15% under the similar scheme for three years from 1 January 2022.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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 2023 and 2022:

	Group	
	2023	2022
	\$'000	\$'000
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	<b>4,655</b>	2,254

	Group	
	2023	2022
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	<b>231,305</b>	230,763
Effects of dilution:		
– Share options	–	279
Weighted average number of ordinary shares for diluted earnings per share computation*	<b>231,305</b>	231,042

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 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
<b>Cost</b>									
At 1 January 2022	1,069	2,763	21,276	106,353	6,450	536	35,044	1,285	174,776
Additions	-	-	-	2,689	62	-	235	3,428	6,414
Disposals	-	-	-	(2,454)	(138)	-	-	-	(2,592)
Reclassifications	-	-	-	2,834	122	-	987	(4,034)	(91)
Exchange differences	(41)	(106)	(1,923)	(6,898)	(347)	(25)	(2,116)	(106)	(11,562)
At 31 December 2022 and 1 January 2023	1,028	2,657	19,353	102,524	6,149	511	34,150	573	166,945
Addition	-	-	-	6,569	50	224	2,126	2,715	11,684
Disposals	-	-	-	(4,487)	-	(119)	(56)	-	(4,662)
Reclassifications*	-	-	-	1,778	83	-	76	(1,964)	(27)
Exchange differences	(10)	(27)	(694)	(2,927)	(182)	(22)	(1,127)	(78)	(5,067)
At 31 December 2023	<b>1,018</b>	<b>2,630</b>	<b>18,659</b>	<b>103,457</b>	<b>6,100</b>	<b>594</b>	<b>35,169</b>	<b>1,246</b>	<b>168,873</b>

\* \$27,000 construction in-progress for software has been reclassified and presented as "Intangible assets" (Note 15).

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
<b>Accumulated depreciation and impairment loss</b>									
At 1 January 2022	-	439	9,290	93,369	6,041	458	32,049	-	141,646
Depreciation charge for the year	-	136	830	3,154	158	45	1,115	-	5,438
Disposals	-	-	-	(2,371)	(138)	-	-	-	(2,509)
Exchange differences	-	(21)	(888)	(5,604)	(309)	(28)	(1,905)	-	(8,755)
At 31 December 2022 and 1 January 2023	-	554	9,232	88,548	5,752	475	31,259	-	135,820
Depreciation charge for the year	-	132	772	3,125	148	48	901	-	5,126
Impairment	-	-	-	482	-	-	-	-	482
Disposals	-	-	-	(4,469)	-	(117)	(25)	-	(4,611)
Exchange differences	-	(7)	(351)	(2,161)	(169)	(15)	(970)	-	(3,673)
At 31 December 2023	-	679	9,653	85,525	5,731	391	31,165	-	133,144
<b>Net carrying amount</b>									
At 31 December 2022	1,028	2,103	10,121	13,976	397	36	2,891	573	31,125
At 31 December 2023	1,018	1,951	9,006	17,932	369	203	4,004	1,246	35,729

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold improvements	Furniture, fittings and office equipment	Total
	\$'000	\$'000	\$'000
<b>Cost</b>			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	34	17	51
<b>Accumulated depreciation</b>			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	34	17	51
<b>Net carrying amount</b>			
At 31 December 2022	–	–	–
At 31 December 2023	–	–	–

### Impairment assessments

For the financial year ended 31 December 2023, 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			Precision Machining
	CGU 1	CGU 2	CGU 3	CGU 4
	Value-in-use	Fair value less cost of disposal	Value-in-use	Value-in-use
<b>Assessed through</b>				
<b>31 December 2023</b>				
Compound annual growth rates (%)	16%	–	–*	–*
Budgeted gross margins (%)	13%	–	–*	–*
Weighted average cost of capital (%)	14%	–	–*	–*
<b>31 December 2022</b>				
Compound annual growth rates (%)	11%	–	8%	8%
Budgeted gross margins (%)	13%	–	14%	21%
Weighted average cost of capital (%)	15%	–	15%	15%

\* Not applicable as indicators of impairments were not present in the respective years.

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. For the financial year ended 31 December 2023, the recoverable amount of CGU 1 was determined based on value in use, while the recoverable amount of CGU 2 was determined based on fair value less costs of disposal.



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessments (Continued)

### 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.

### Fair value less costs of disposal

Fair value less costs of disposal has been determined based on valuations performed as at 31 December 2023. The valuation was performed by Prospec Appraisal Company Limited, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property, plant and machineries being valued.

During the financial year ended 31 December 2023, the Group recognised impairment charge of \$482,000 (2022: \$nil) on the property, plant and equipment and \$935,000 (2022: \$nil) on right-of-use assets (Note 26). These amounts have been included in the “Other expenses” line item in the consolidated income statement.

## 14. INVESTMENT PROPERTIES

	Note	Group	
		2023	2022
		\$'000	\$'000
<b>Balance sheet</b>			
At 1 January		26,859	28,976
Net gain from fair value adjustments recognised in profit or loss	7	637	493
Exchange differences		(967)	(2,610)
At 31 December		26,529	26,859
<b>Consolidated income statement</b>			
Rental income from investment properties – Minimum lease payments		2,850	2,754
Direct operating expenses arising from rental generating properties		521	546

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 14. INVESTMENT PROPERTIES (CONTINUED)

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.

### Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023 and 31 December 2022. 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 32.

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	35 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	35 years

As at the end of financial year ended 31 December 2023, the investment property with carrying amount of S\$15,378,000 was mortgaged to a bank as security for term loan (Note 25). There was no such pledge in the previous financial year.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15. INTANGIBLE ASSETS

	Group Computer Software	Company Computer software
	\$'000	\$'000
<b>Cost</b>		
At 1 January 2022	3,541	44
Additions	136	–
Reclassification*	91	–
Exchange differences	(236)	–
At 31 December 2022 and 1 January 2023	3,532	44
Additions	45	–
Reclassification*	27	–
Exchange differences	(111)	–
At 31 December 2023	<b>3,493</b>	<b>44</b>
<b>Accumulated amortisation</b>		
At 1 January 2022	3,053	44
Amortisation	202	–
Exchange differences	(196)	–
At 31 December 2022 and 1 January 2023	3,059	44
Amortisation	167	–
Exchange differences	(99)	–
At 31 December 2023	<b>3,127</b>	<b>44</b>
<b>Net carrying amount</b>		
At 31 December 2022	473	–
At 31 December 2023	<b>366</b>	–

\* \$27,000 (2022: \$91,000) software has been reclassified from construction in-progress "Property, plant and equipment" (Note 13).

### Amortisation expense

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 16. INVESTMENT IN JOINT VENTURE

The Group has the following investment in joint venture:

Name	Country of incorporation	Principal Activities	Proportion of ownership interest	
			2023 %	2022 %
<b>Held through a subsidiary</b>				
Anhui KM Technology Company Limited ("Anhui KM") <sup>(1)</sup>	People's Republic of China	Research and development, manufacturing and sale of precision metal parts, hardware fittings and metal assembly	<b>49</b>	49

(1) Audited by CAC CPA Limited Liability Partnership

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	
	2023 \$'000	2022 \$'000
<b>Summarised balance sheet</b>		
Cash and cash equivalents	<b>53</b>	120
Other current assets	<b>3,945</b>	3,707
Total current assets	<b>3,998</b>	3,827
Non-current assets	<b>2,449</b>	2,705
Total assets	<b>6,447</b>	6,532
Current liabilities	<b>(3,882)</b>	(3,247)
Non-current liabilities	<b>(92)</b>	(134)
Total liabilities	<b>(3,974)</b>	(3,381)
Net assets	<b>2,473</b>	3,151
Proportion of the Group's ownership	<b>49%</b>	49%
Group's share of net assets	<b>1,212</b>	1,544
Other adjustments	<b>(389)</b>	(398)
Carrying amount of the investment	<b>823</b>	1,146

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 16. INVESTMENT IN JOINT VENTURE (CONTINUED)

	Group	
	2023 \$'000	2022 \$'000
<b>Summarised statement of comprehensive income</b>		
Revenue	<b>3,626</b>	5,462
Depreciation and amortisation	<b>(449)</b>	(444)
Other operating expenses	<b>(3,676)</b>	(5,455)
Interest income	<b>4</b>	10
Interest expense	<b>(115)</b>	(120)
Loss before tax	<b>(610)</b>	(547)
Income tax credit	<b>32</b>	108
Loss for the year, representing total comprehensive loss for the year	<b>(578)</b>	(439)
Proportion of the Group's ownership	<b>49%</b>	49%
Group's share of results of joint venture	<b>(283)</b>	(215)

## 17. OTHER INVESTMENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At fair value through profit or loss				
– Equity securities (quoted)*	<b>6,620</b>	5,675	<b>6,620</b>	5,675
At fair value through other comprehensive income				
– Debt securities (quoted)**	<b>13,497</b>	12,807	<b>13,497</b>	12,807
	<b>20,117</b>	18,482	<b>20,117</b>	18,482

\* Quoted equity securities are investment in shares quoted on the Singapore Stock Exchange, New York Stock Exchange, NASDAQ Stock Market, Hong Kong Stock Exchange, Australian Stock Exchange and London 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.

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).

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 17. OTHER INVESTMENTS (CONTINUED)

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

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 or losses in fair value from 1 January 2019 to date of reclassification, and from date of reclassification to 31 December 2023 amounted to gain of \$22,000 and loss of \$49,000 respectively. The Group would have recorded a net fair value gain of \$40,000 in profit or loss for the year ended 31 December 2023 (2022: net fair value loss of \$150,000) had these investments not been reclassified. As at 31 December 2023, the carrying amount of these reclassified quoted debt securities that have not been derecognised amounted to \$476,000 (2022: \$1,455,000). The related interest income on these debt securities for the year ended 31 December 2023 amounted to \$18,000 (2022: \$149,000).

## 18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Note	Group			Total \$'000
		Provisions	Differences in	Unutilised	
		\$'000	depreciation	tax losses	
<b>Deferred tax assets</b>					
At 1 January 2022		682	533	475	1,690
Credited/(charged) to profit or loss during the year	11	58	(191)	293	160
Exchange differences		–	(124)	–	(124)
At 31 December 2022 and 1 January 2023		740	218	768	1,726
Credited/(charged) to profit or loss during the year	11	35	60	(150)	(55)
Exchange differences		–	(31)	–	(31)
At 31 December 2023		<b>775</b>	<b>247</b>	<b>618</b>	<b>1,640</b>

	Note	Group			Total \$'000
		Foreign income not remitted	Fair value adjustments on investment properties	Undistributed earnings of subsidiaries	
		\$'000	\$'000	\$'000	
<b>Deferred tax liabilities</b>					
At 1 January 2022		(45)	(2,003)	(278)	(2,326)
Charged to profit or loss during the year	11	–	(39)	–	(39)
Exchange differences		–	145	–	145
At 31 December 2022 and 1 January 2023		(45)	(1,897)	(278)	(2,220)
(Charged)/credited to profit or loss during the year	11	(82)	(100)	278	96
Exchange differences		–	68	–	68
At 31 December 2023		<b>(127)</b>	<b>(1,929)</b>	<b>–</b>	<b>(2,056)</b>

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 18. DEFERRED TAX (CONTINUED)

	Company	
	2023 \$'000	2022 \$'000
<b>Deferred tax liabilities</b>		
Foreign income not remitted	127	45

### Unrecognised temporary differences relating to investment in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liabilities (2022: \$278,000) have been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries and joint venture 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 \$7,927,000 (2022: \$1,134,000).

### Unrecognised deferred tax assets

At the end of reporting period, the Group has tax losses of approximately \$25,419,000 (2022: \$24,440,000), 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. Generally, the tax losses in the PRC can be carried forward for five years, except for the tax losses of entities that were granted a reduced tax rate under the High and New Technology Enterprise scheme. These tax losses can be carried forward for 10 years. The tax losses in Thailand and Vietnam can be carried forward for five years. The tax losses in Hong Kong have no expiry date.

## 19. INVENTORIES

	Group	
	2023 \$'000	2022 \$'000
<b>Balance sheet</b>		
Inventories		
– Raw materials (at cost)	6,914	7,008
– Work-in-progress (at cost)	4,416	4,541
– Finished goods (at cost or net realisable value)	14,022	13,220
	<b>25,352</b>	24,769
Capitalised contract costs – relating to manufacturing of customers' tooling	12,287	17,002
	<b>37,639</b>	41,771



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. INVENTORIES (CONTINUED)

	Group	
	2023 \$'000	2022 \$'000
<b>Consolidated income statement</b>		
Inventories recognised as an expense in cost of sales inclusive of the following charge/(credit):	<b>88,503</b>	77,955
– Allowance for inventory obsolescence	<b>164</b>	420
– Write-back of allowance for inventory obsolescence	<b>(64)</b>	(99)
Capitalised contract costs recognised as an expense in cost of sales	<b>9,562</b>	10,615
Net impairment loss on capitalised contract costs	<b>123</b>	–

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	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Trade and other receivables (current)</b>					
Trade receivables		<b>56,120</b>	48,162	–	–
Bills receivables		<b>3,154</b>	1,477	–	–
Amount due from a subsidiary		–	–	<b>7,220</b>	3,157
Loan to a joint venture		<b>274</b>	289	–	–
Other receivables		<b>4,005</b>	2,871	<b>11</b>	8
Refundable deposits		<b>1,128</b>	1,459	<b>29</b>	11
		<b>64,681</b>	54,258	<b>7,260</b>	3,176
<b>Other receivables (non-current)</b>					
Refundable deposits		<b>1,485</b>	1,224	–	–
		<b>1,485</b>	1,224	–	–
<b>Loan to a subsidiary</b>					
		–	–	<b>10,000</b>	10,000
Total trade and other receivables (current and non-current)		<b>66,166</b>	55,482	<b>17,260</b>	13,176
Add: Cash and short-term deposits	22	<b>50,168</b>	58,978	<b>15,357</b>	19,061
Less: Sales tax receivables		<b>(2,229)</b>	(1,001)	<b>(11)</b>	(8)
Total financial assets carried at amortised cost		<b>114,105</b>	113,459	<b>32,606</b>	32,229

### 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 20. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Bills receivables

Bills receivables have an average maturity of one to six months (2022: 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.

### Loan to joint venture

Loan to joint venture by a subsidiary of the Group is unsecured, interest-free, and repayable on demand and is expected to be settled in cash. During the year, the Group extended the repayment date by 12 months. The loan is denominated in Chinese Renminbi ("RMB").

### Loan to a subsidiary

Loan to a subsidiary is unsecured, long-term, capital in nature and bears interest at three month compounded Singapore Overnight Rate Average ("SORA"), plus 2.3% (2022: 1.8%). The loan was denominated in Singapore Dollar.

### 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	
	2023 \$'000	2022 \$'000
<b>Movement in allowance accounts</b>		
At 1 January	(105)	(144)
Charge for the year	(63)	(37)
Written off	-	68
Exchange differences	4	8
At 31 December	(164)	(105)

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
United States Dollar	25,485	18,131	-	-
Euro	1,579	1,238	-	-

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 21. PREPAYMENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Prepayments for property, plant and equipment	3,195	1,804	–	–
Other prepayments	1,325	1,084	38	42
	<b>4,520</b>	<b>2,888</b>	<b>38</b>	<b>42</b>

## 22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at banks and on hand	36,330	41,184	1,519	1,267
Cash at bank under portfolio investment management	1,452	2,172	1,452	2,172
Short-term deposits	12,386	15,622	12,386	15,622
Cash and short-term deposits	50,168	58,978	15,357	19,061
Less: Bank balance under portfolio investment management	(1,452)	(2,172)	(1,452)	(2,172)
Cash and cash equivalents per cash flow statement	<b>48,716</b>	<b>56,806</b>	<b>13,905</b>	<b>16,889</b>

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 2.9% (2022: 1.5%) per annum respectively.

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

Cash and cash equivalents of \$16,010,000 (2022: \$14,534,000) 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
United States Dollar	17,007	11,960	223	676
Euro	642	451	–	–

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 23. PROVISIONS

	Group
	<b>Provision for long service payment \$'000</b>
At 1 January 2022	496
Unused amounts reversed	(10)
Exchange differences	(44)
At 31 December 2022 and 1 January 2023	442
Unused amounts reversed	(24)
Utilised	(12)
Exchange differences	(15)
At 31 December 2023	<b>391</b>
<b>31 December 2023</b>	
Current	<b>5</b>
Non-current	<b>386</b>
	<b>391</b>
<b>31 December 2022</b>	
Current	5
Non-current	437
	442

### 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.

## 24. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables		<b>37,252</b>	36,951	–	–
Other payables		<b>3,431</b>	3,012	<b>191</b>	191
Accrued operating expenses		<b>15,110</b>	13,984	<b>314</b>	308
Refundable deposits from tenants		<b>453</b>	471	–	–
Total trade and other payables		<b>56,246</b>	54,418	<b>505</b>	499
Add: Loans and borrowings	25	<b>6,960</b>	–	–	–
Less: Accrued employees and other taxes payable		<b>(9,943)</b>	(8,005)	<b>(125)</b>	(111)
Total financial liabilities carried at amortised cost		<b>53,263</b>	46,413	<b>380</b>	388

### Trade and other payables

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables (Continued)

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
United States Dollar	<b>2,979</b>	3,480	-	-

## 25. LOANS AND BORROWINGS

	Interest rate (Per annum)	Maturity	Group	
			2023 \$'000	2022 \$'000
<b>Current liabilities:</b>				
Bank loans (secured)	LPR+0.15%	2024	<b>5,773</b>	-
Loans from non-controlling interests	Nil	2024	<b>1,187</b>	-
Total loans and borrowings			<b>6,960</b>	-

Bank loans (secured)

During the financial year, two PRC subsidiaries have undertaken bank loans for working capital purposes. The bank loans are repayable 12 months commencing from the date of the first drawdown and bears interest rates at China Loan Prime Rate ("LPR") plus 0.15% per annum. The loans are secured over Magix Mechatronics (Dongguan) Company Limited's investment properties as disclosed in Note 14 of the financial statements. The loans are denominated in Chinese Renminbi.

Loans from non-controlling interests

Loans from non-controlling interests are unsecured, interest-free, and repayable 12 months from the date of loan. The loans were denominated in United States Dollar.

As at 31 December 2023, no loan covenants were breached.

Reconciliation of liabilities arising from financing activities

	Non-cash changes						31.12.2023 \$'000
	1.1.2023 \$'000	Cash flows \$'000	Accretion of interest \$'000	New leases entered \$'000	Termination of leases \$'000	Others \$'000	
<b>Group</b>							
Bank loans							
- Current	-	<b>5,791</b>	<b>36</b>	-	-	<b>(54)</b>	<b>5,773</b>
Loans from non-controlling interests							
- Current	-	<b>1,204</b>	-	-	-	<b>(17)</b>	<b>1,187</b>
Lease liabilities							
- Current	<b>4,738</b>	<b>(7,298)</b>	<b>2,164</b>	<b>333</b>	-	<b>6,147</b>	<b>6,084</b>
- Non-current	<b>14,263</b>	-	-	<b>3,808</b>	-	<b>(6,920)</b>	<b>11,151</b>
	<b>19,001</b>	<b>(303)</b>	<b>2,200</b>	<b>4,141</b>	-	<b>(844)</b>	<b>24,195</b>
<b>Company</b>							
Lease liabilities							
- Current	<b>45</b>	<b>(45)</b>	<b>1</b>	-	-	<b>10</b>	<b>11</b>
- Non-current	<b>10</b>	-	-	-	-	<b>(10)</b>	-
	<b>55</b>	<b>(45)</b>	<b>1</b>	-	-	-	<b>11</b>

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 25. LOANS AND BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (Continued)

	Non-cash changes						31.12.2022 \$'000
	1.1.2022 \$'000	Cash flows \$'000	Accretion of interest \$'000	New leases entered \$'000	Termination of leases \$'000	Others \$'000	
<b>Group</b>							
Bank loan							
– Current	404	(1,153)	38	–	–	711	–
– Non-current	707	–	–	–	–	(707)	–
Lease liabilities							
– Current	4,620	(6,700)	2,198	560	(94)	4,154	4,738
– Non-current	18,169	–	–	1,990	–	(5,896)	14,263
	<u>23,900</u>	<u>(7,853)</u>	<u>2,236</u>	<u>2,550</u>	<u>(94)</u>	<u>(1,738)</u>	<u>19,001</u>
<b>Company</b>							
Lease liabilities							
– Current	55	(46)	2	–	–	34	45
– Non-current	44	–	–	–	–	(34)	10
	<u>99</u>	<u>(46)</u>	<u>2</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>55</u>

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.

## 26. 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 2022	22,931	16	22,947	98
New leases entered	2,796	–	2,796	–
Termination of leases	(92)	–	(92)	–
Depreciation	(5,422)	(11)	(5,433)	(44)
Exchange differences	(1,666)	2	(1,664)	–
At 31 December 2022 and 1 January 2023	18,547	7	18,554	54
New leases entered	4,670	–	4,670	–
Impairment	(935)	–	(935)	–
Depreciation	(5,797)	(7)	(5,804)	(43)
Exchange differences	(680)	–	(680)	–
At 31 December 2023	<u>15,805</u>	<u>–</u>	<u>15,805</u>	<u>11</u>

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 26. LEASES (CONTINUED)

Group as a lessee (Continued)

### (b) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movement during the year and the maturity analysis of lease liabilities are disclosed in Note 25.

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

	Group	
	2023 \$'000	2022 \$'000
Depreciation of right-of-use assets	5,804	5,433
Impairment of right-of-use assets	935	–
Interest expense on lease liabilities (Note 8)	2,164	2,198
Lease expense not capitalised in lease liabilities		
– Expense relating to leases of low-value assets (included in administrative expenses) (Note 10)	230	228
At 31 December	<b>9,133</b>	7,859

### (d) Total cash outflow

The Group had total cash outflows for leases of \$7,528,000 in 2023 (2022: \$6,928,000).

### (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 1 to 5 years (2022: 1 to 6 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	
	2023 \$'000	2022 \$'000
Not later than one year	3,051	2,939
Later than one year but not later than five years	5,961	8,930
More than five years	–	417
	<b>9,012</b>	12,286



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

	Group and Company			
	2023		2022	
	No. of Shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	<b>246,656</b>	<b>98,021</b>	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 29) 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			
	2023		2022	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 January	<b>15,351</b>	<b>8,855</b>	18,351	10,586
Reissued pursuant to employee share option plans				
For cash on exercise of employee share options	–	–	(3,000)	(1,050)
Transferred from share option reserve	–	–	–	(366)
Loss on reissuance of treasury shares	–	–	–	(315)
	–	–	(3,000)	(1,731)
As at 31 December	<b>15,351</b>	<b>8,855</b>	15,351	8,855

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

During the financial year ended 31 December 2022, the Company re-issued 3,000,000 treasury shares pursuant to Scheme 2014 at the exercise price of \$0.350 each (Note 29). The cost of the treasury shares re-issued amounted to \$1,731,000. Accordingly, a loss on reissuance of treasury shares of \$315,000 is recognised in other reserves (Note 28). There were no such transactions during this financial year.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28. OTHER RESERVES

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Asset revaluation reserve	(a)	2,550	2,550	-	-
Foreign currency translation reserve	(b)	(13,557)	(8,686)	-	-
Statutory reserve fund	(c)	7,245	6,648	-	-
Gain or loss on reissuance of treasury shares	(d)	(1,706)	(1,706)	(1,706)	(1,706)
Employee share option reserve	(e)	1,228	1,228	1,228	1,228
Fair value through other comprehensive income reserve ("FVOCI reserve")	(f)	(159)	(643)	(159)	(643)
		<b>(4,399)</b>	<b>(609)</b>	<b>(637)</b>	<b>(1,121)</b>

### (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.

### (e) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 29). 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28. OTHER RESERVES (CONTINUED)

### (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.

## 29. 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 2023 can be found under the Section "Options" of the Directors' Statement.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. 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:

	2023		2022	
	No. of share options	WAEP (\$)	No. of share options	WAEP (\$)
Outstanding at 1 January	<b>8,000,000</b>	<b>0.612</b>	11,300,000	0.545
– Exercised <sup>(1)</sup>	–	–	(3,000,000)	0.345
– Cancelled	–	–	(300,000)	0.760
Outstanding at 31 December <sup>(2)</sup>	<b>8,000,000</b>	<b>0.612</b>	8,000,000	0.612
Exercisable at 31 December	<b>8,000,000</b>	<b>0.612</b>	8,000,000	0.612

(1) The weighted average share price at the date of exercise of the options exercised during the financial year was \$nil (2022: 0.345).

(2) The range of exercise price for options outstanding at the end of the year was \$0.484 to \$0.76 (2022: \$0.484 to \$0.760). The weighted average remaining contractual life for these options is 1.49 years (2022: 2.46 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 2023 and 2022:

#### Scheme 2014

2,500,000 options granted on 29 March 2019<sup>(1)</sup>

Dividend yield (\$/year)	0.01
Expected volatility (%)	44.6
Risk-free rate (% per annum)	1.93
Expected life of option (years)	3.0
Share price (\$)	0.510
Exercise price (\$)	0.520
Fair value of options granted (\$)	0.149

#### Scheme 2014

2,500,000 options granted on 21 November 2019<sup>(1)</sup>

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. EMPLOYEE SHARE OPTION PLANS (CONTINUED)

Fair value of share options granted (Continued)

Scheme 2021

3,300,000 options granted on 6 December 2021<sup>(2)</sup>

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

(1) These options granted were exercisable as of 31 December 2023.

(2) 3,000,000 options granted were exercisable as of 31 December 2023. 300,000 options were cancelled in 2022.

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.

## 30. 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	
	2023	2022
	\$'000	\$'000
Sales of goods to:		
– Joint venture	47	618
– Companies related to a director	16	131
Purchase of goods from:		
– Joint venture		(749)
– Companies related to a director	(193)	(77)
Rental payments to a company related to a director	(1,079)	(1,047)

Included in lease liabilities (Note 25) at 31 December 2023 is an amount of \$3,056,000 (2022: \$3,170,000) relating to a lease arrangement with a company owned by a director.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 30. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Compensation of key management personnel

	Group	
	2023	2022
	\$'000	\$'000
Short-term employee benefits	3,634	4,719
Contributions to defined contribution plans	119	34
Share-based payments	–	507
	<b>3,753</b>	<b>5,260</b>
<i>Comprise amounts paid/payable to:</i>		
– Directors of the Company	936	948
– Other key management personnel	2,817	4,312
	<b>3,753</b>	<b>5,260</b>

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 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 2021 and 20 November 2024. On 28 March 2024, 2,500,000 share options expired.

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 2026. In 2022, 300,000 share options were cancelled.

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 and Scheme 2021 amount to 8,000,000 (2021: 11,300,000).

## 31. 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	
	2023	2022
	\$'000	\$'000
Capital commitments in respect of property, plant and equipment	5,581	3,429

### (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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. 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.

### (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:

Group	Note	Fair value measurements at the end of the reporting period using			Total \$'000
		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	
<b>31 December 2023</b>					
<b>Assets measured at fair value</b>					
<u>Financial assets at FVPL</u>					
Quoted equity securities	17	6,620	–	–	6,620
<u>Financial assets at FVOCI</u>					
Quoted debt securities	17	13,497	–	–	13,497
<b>Financials assets as at 31 December 2023</b>		<b>20,117</b>	<b>–</b>	<b>–</b>	<b>20,117</b>
<b>Non-financial assets as at 31 December 2023</b>					
Investment properties – Industrial	14	–	–	26,529	26,529

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. 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			Total \$'000
		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	
<b>31 December 2022</b>					
<b>Assets measured at fair value</b>					
<u>Financial assets at FVPL</u>					
Quoted equity securities	17	5,675	–	–	5,675
<u>Financial assets at FVOCI</u>					
Quoted debt securities	17	12,807	–	–	12,807
<b>Financials assets as at 31 December 2022</b>		<b>18,482</b>	<b>–</b>	<b>–</b>	<b>18,482</b>
<b>Non-financial assets as at 31 December 2022</b>					
Investment properties – Industrial	14	–	–	26,859	26,859

### (c) 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 2023 \$'000	Valuation techniques	Unobservable inputs	Range
<b>Recurring fair value measurements</b>				
Investment properties – Industrial	<b>26,529</b>	<b>Income approach</b>	<b>Capitalisation rate</b>	<b>8% – 12%</b>
<b>Fair value as at 31 December 2022</b>				
Description	Fair value as at 31 December 2022 \$'000	Valuation techniques	Unobservable inputs	Range
<b>Recurring fair value measurements</b>				
Investment properties – Industrial	26,859	Income approach	Capitalisation rate	8% – 12%



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (c) Level 3 fair value measurements (Continued)

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

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) 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.

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

*Cash and short-term deposits, trade and other receivables, contract assets, trade and other payables, contract liabilities 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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	
		2023 Profit before tax \$'000	2022 Profit before tax \$'000
Singapore Dollar	– Increase 100 (2022: 100)	<b>136</b>	134
	– Decrease 100 (2022: 100)	<b>(136)</b>	(134)
Chinese Renminbi	– Increase 100	<b>13</b>	–
	– Decrease 100	<b>(13)</b>	–
United States Dollar	– Increase 100 (2022: 100)	<b>25</b>	5
	– Decrease 100 (2022: 100)	<b>(25)</b>	(5)

### (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, 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 22.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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	
		2023 Profit before tax \$'000	2022 Profit before tax \$'000
USD/SGD	– Strengthened 5% (2022: 5%)	33	35
	– Weakened 5% (2022: 5%)	(33)	(35)
USD/HKD	– Strengthened 5% (2022: 5%)	147	111
	– Weakened 5% (2022: 5%)	(147)	(111)
EUR/HKD	– Strengthened 5% (2022: 5%)	54	30
	– Weakened 5% (2022: 5%)	(54)	(30)
USD/RMB	– Strengthened 5% (2022: 5%)	58	(135)
	– Weakened 5% (2022: 5%)	(58)	135

### (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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

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 as at 31 December 2023 is \$nil (2022: \$78,000). The gross carrying amount of debt securities at fair value through other comprehensive income are disclosed in Note 17.

#### ***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 2023 and 2022 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

#### *Trade receivables and contract assets* (Continued)

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						Total \$'000
	Contract assets \$'000	Current \$'000	1 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	> 90 days \$'000	
<b>31 December 2023</b>							
Gross carrying amount	4,666	38,406	6,256	1,562	764	1,145	52,799
Loss allowance provision	127	–	–	–	–	37	164
<b>31 December 2022</b>							
Gross carrying amount	616	33,738	5,019	1,391	416	993	42,173
Loss allowance provision	–	–	–	–	–	105	105

#### Precision machining components

Group	Trade receivables past due					Total \$'000
	Current \$'000	1 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	> 90 days \$'000	
<b>31 December 2023</b>						
Gross carrying amount	7,859	165	–	–	–	8,024
Loss allowance provision	–	–	–	–	–	–
<b>31 December 2022</b>						
Gross carrying amount	6,710	–	–	–	–	6,710
Loss allowance provision	–	–	–	–	–	–

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

During this financial year, the Group wrote off \$nil (2022: \$68,000) of trade receivables which are more than 180 days past due as the Group does not expect to receive future cashflows from and there are no recoveries from collection of cash flows 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Credit risk (Continued)

#### **Trade receivables and contract assets** (Continued)

##### 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 17% (2022: 17%) of the Group's trade receivables relating to 2 (2022: 2) 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.

### (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
<b>31 December 2023</b>			
<b>Financial assets</b>			
Trade and other receivables	62,452	1,485	63,937
Cash and short-term deposits	50,168	–	50,168
Other investments	20,117	–	20,117
Total undiscounted financial assets	<b>132,737</b>	<b>1,485</b>	<b>134,222</b>
<b>Financial liabilities</b>			
Loan and borrowings	7,168	–	7,168
Trade and other payables	46,303	–	46,303
Total undiscounted financial liabilities	<b>53,471</b>	<b>–</b>	<b>53,471</b>
Total net undiscounted financial assets	<b>79,266</b>	<b>1,485</b>	<b>80,751</b>

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Group	One year or less \$'000	One year to five years \$'000	Total \$'000
<b>31 December 2022</b>			
<b>Financial assets</b>			
Trade and other receivables	53,257	1,224	54,481
Cash and short-term deposits	58,978	–	58,978
Other investments	18,482	–	18,482
Total undiscounted financial assets	130,717	1,224	131,941
<b>Financial liabilities</b>			
Trade and other payables	46,413	–	46,413
Total undiscounted financial liabilities	46,413	–	46,413
Total net undiscounted financial assets	84,304	1,224	85,528
<b>Company</b>			
<b>31 December 2023</b>			
<b>Financial assets</b>			
Other receivables	7,249	–	7,249
Loan to a subsidiary	–	10,000	10,000
Cash and short-term deposits	15,357	–	15,357
Other investments	20,117	–	20,117
Total undiscounted financial assets	42,723	10,000	52,723
<b>Financial liabilities</b>			
Other payables	380	–	380
Total undiscounted financial liabilities	380	–	380
Total net undiscounted financial assets	42,343	10,000	52,343
<b>Company</b>			
<b>31 December 2022</b>			
<b>Financial assets</b>			
Other receivables	3,168	–	3,168
Loan to a subsidiary	–	10,000	10,000
Cash and short-term deposits	19,061	–	19,061
Other investments	18,482	–	18,482
Total undiscounted financial assets	40,711	10,000	50,711
<b>Financial liabilities</b>			
Other payables	388	–	388
Total undiscounted financial liabilities	388	–	388
Total net undiscounted financial assets	40,323	10,000	50,323



# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 33. 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 \$132,000 (2022: \$113,500) 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.

## 34. 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 2023 and 2022.

As disclosed in Note 28(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 2023 and 2022.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 34. CAPITAL MANAGEMENT (CONTINUED)

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.

	Note	Group	
		2023 \$'000	2022 \$'000
Lease liabilities	26	<b>17,235</b>	19,001
Loans and borrowings	25	<b>6,960</b>	–
Less: Cash and short-term deposits	22	<b>(50,168)</b>	(58,978)
Net cash		<b>(25,973)</b>	(39,977)
Equity attributable to the owners of the Company		<b>173,345</b>	176,703
Less: Fair value adjustment reserve	28(a)	<b>(2,550)</b>	(2,550)
Less: Statutory reserve fund	28(c)	<b>(7,245)</b>	(6,648)
Less: Gain or loss on reissuance of treasury shares	28(d)	<b>1,706</b>	1,706
Total capital		<b>165,256</b>	169,211
<b>Gearing ratio</b>		<b>*</b>	<b>*</b>

\* Not applicable as the Group is in net cash position

## 35. 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 35. SEGMENT INFORMATION (CONTINUED)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 December 2023	Mansfield						
	Precision Components and Tooling \$'000	Precision Machining \$'000	Adjustments and Eliminations \$'000	Total \$'000	Corporate and Others \$'000	Eliminations \$'000	Total \$'000
<b>Revenue</b>							
External customers	172,987	32,573	-	205,560	-	-	205,560
Inter-segment	92,188	790	(92,978)	-	-	-	-
Total Revenue	<b>265,175</b>	<b>33,363</b>	<b>(92,978)</b>	<b>205,560</b>	<b>-</b>	<b>-</b>	<b>205,560</b>
<b>Results</b>							
External interest income	209	122	-	331	882	-	1,213
Inter-segment interest income	-	-	-	-	581	(581)	-
Inter-segment interest expense	(581)	-	-	(581)	-	581	-
Depreciation and amortisation	(7,931)	(3,122)	-	(11,053)	(44)	-	(11,097)
Net fair value gain on investment properties	112	525	-	637	-	-	637
Dividend income from other investments	-	-	-	-	312	-	312
Net gain/(loss) on disposal of property, plant and equipment	14	(28)	-	(14)	-	-	(14)
Net foreign exchange gain/(loss)	157	385	-	542	(91)	-	451
Impairment loss on property, plant and equipment and right-of-use assets	(1,417)	-	-	(1,417)	-	-	(1,417)
Rental income	1,040	1,810	-	2,850	-	-	2,850
Share of results of joint venture	(283)	-	-	(283)	-	-	(283)
Finance cost	(1,762)	(437)	-	(2,199)	(1)	-	(2,200)
Other non-cash expenses <sup>(1)</sup>	(141)	(81)	-	(222)	71	-	(151)
Inter-segment dividend income	-	-	-	-	6,142	(6,142)	-
Segment profit before tax	3,102	3,224	-	6,326	6,194	(6,142)	6,378
Income tax expense	(160)	(1,715)	-	(1,875)	(145)	-	(2,020)
<b>Assets</b>							
Investment in joint venture	823	-	-	823	-	-	823
Additions to non-current assets <sup>(2)</sup>	10,688	2,432	-	13,120	-	-	13,120
Segment assets	<b>153,755</b>	<b>68,694</b>	<b>-</b>	<b>222,449</b>	<b>41,636</b>	<b>-</b>	<b>264,085</b>
<b>Liabilities</b>							
Segment liabilities	<b>67,549</b>	<b>22,484</b>	<b>-</b>	<b>90,033</b>	<b>716</b>	<b>-</b>	<b>90,749</b>

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 35. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022	Mansfield						Total \$'000
	Precision Components and Tooling \$'000	Precision Machining \$'000	Adjustments and Eliminations \$'000	Corporate and Others \$'000	Eliminations \$'000		
<b>Revenue</b>							
External customers	153,288	33,467	–	–	–	–	186,755
Inter-segment	81,089	40	(81,129)	–	–	–	–
<b>Total Revenue</b>	<b>234,377</b>	<b>33,507</b>	<b>(81,129)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>186,755</b>
<b>Results</b>							
External interest income	255	4	–	259	693	–	952
Inter-segment interest income	–	–	–	–	12	(12)	–
Inter-segment interest expense	(12)	–	–	(12)	–	12	–
Depreciation and amortisation	(7,432)	(3,597)	–	(11,029)	(44)	–	(11,073)
Net fair value gain on investment properties	171	322	–	493	–	–	493
Dividend income from other investments	–	–	–	–	308	–	308
Net gain/(loss) on disposal of property, plant and equipment	112	(89)	–	23	–	–	23
Net foreign exchange gain/(loss)	704	365	–	1,069	(56)	–	1,013
Rental income	1,138	1,616	–	2,754	–	–	2,754
Share of results of joint venture	(215)	–	–	(215)	–	–	(215)
Finance cost	(2,001)	(233)	–	(2,234)	(2)	–	(2,236)
Other non-cash expenses <sup>(1)</sup>	(342)	(436)	–	(778)	(57)	–	(835)
Inter-segment dividend income	–	–	–	–	6,954	(6,954)	–
<b>Segment profit/(loss) before tax</b>	<b>5,152</b>	<b>(2,104)</b>	<b>–</b>	<b>3,048</b>	<b>6,274</b>	<b>(6,954)</b>	<b>2,368</b>
Income tax credit/ (expense)	360	(429)	–	(69)	(45)	–	(114)
<b>Assets</b>							
Investment in joint venture	1,146	–	–	1,146	–	–	1,146
Additions to non-current assets <sup>(2)</sup>	3,121	3,864	–	6,985	–	–	6,985
<b>Segment assets</b>	<b>159,463</b>	<b>58,676</b>	<b>–</b>	<b>218,139</b>	<b>40,244</b>	<b>–</b>	<b>258,383</b>
<b>Liabilities</b>							
<b>Segment liabilities</b>	<b>63,417</b>	<b>17,609</b>	<b>–</b>	<b>81,026</b>	<b>654</b>	<b>–</b>	<b>81,680</b>

(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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 35. 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Hong Kong/PRC	192,841	176,362	62,586	71,071
Thailand	6,292	7,321	5,366	4,295
Vietnam	6,427	3,072	12,774	3,961
Singapore	–	–	11	54
	<b>205,560</b>	186,755	<b>80,737</b>	79,381

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investment in joint venture and non-current other receivables as presented in the balance sheet.

### Information about major customers

Revenue from two (2022: two) major customers amounted to \$58,110,000 (2022: \$56,601,000), arising from sales by the Precision Components and Tooling and Precision Machining segments.

## 36. DIVIDENDS

	Group and Company	
	2023 \$'000	2022 \$'000
<b>Declared and paid during the financial year</b>		
<i>Dividends on ordinary shares</i>		
Final exempt (one-tier) dividend for 2022: \$0.02 (2021: \$0.02) per share	<b>4,626</b>	4,626
<b>Proposed but not recognised as a liability as at 31 December</b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting</i>		
Final exempt (one-tier) dividend for 2023: \$0.02 (2022: \$0.02) per share	<b>4,626</b>	4,626

## 37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 1 April 2024.

# STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2024

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	5	0.21	62	0.00
100 – 1,000	216	8.96	193,130	0.08
1,001 – 10,000	1,247	51.72	7,656,200	3.31
10,001 – 1,000,000	926	38.41	52,723,356	22.80
1,000,001 AND ABOVE	17	0.70	170,732,680	73.81
<b>TOTAL</b>	<b>2,411</b>	<b>100.00</b>	<b>231,305,428</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	48,492,593	20.96
2	ADVANTEC HOLDING SA	22,571,000	9.76
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	20,635,200	8.92
4	LOU YILIANG	19,082,700	8.25
5	PHILLIP SECURITIES PTE LTD	14,097,779	6.09
6	DBS NOMINEES (PRIVATE) LIMITED	10,441,100	4.51
7	CITIBANK NOMINEES SINGAPORE PTE LTD	6,571,337	2.84
8	MAYBANK SECURITIES PTE. LTD.	6,322,398	2.73
9	LIM & TAN SECURITIES PTE LTD	5,336,500	2.31
10	COMCRAFT INTERNATIONAL S.A	4,421,000	1.91
11	OCBC SECURITIES PRIVATE LIMITED	3,664,910	1.58
12	LIM YU JIN DESMOND	2,215,100	0.96
13	HSBC (SINGAPORE) NOMINEES PTE LTD	1,481,363	0.64
14	LEW WING KIT	1,434,700	0.62
15	TAN WEY LING	1,429,700	0.62
16	IFAST FINANCIAL PTE. LTD.	1,415,300	0.61
17	WONG BARK CHUAN DAVID	1,120,000	0.48
18	CHEN CHIN-YU	917,400	0.40
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	811,400	0.35
20	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	810,300	0.35
	<b>TOTAL</b>	<b>173,271,780</b>	<b>74.89</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2024

## PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC (PUBLIC FLOAT)

Based on information available to the Company as of 28 March 2024, 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:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Advantec Holding SA <sup>(1)</sup>	22,571,000	9.76	60,811,300	26.29
Trustee of Chandaria Trust I <sup>(2)</sup>	–	–	83,832,300	36.24
Lou Yiliang <sup>(3)</sup>	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.

# APPENDIX

**APPENDIX DATED 11 APRIL 2024**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Appendix is circulated to shareholders (the “**Shareholders**”) of InnoTek Limited (the “**Company**”), together with the Company’s annual report for the financial year ended 31 December 2023 (the “**Annual Report 2023**”). Its purpose is to explain to the Shareholders the rationale for, and provide the Shareholders with relevant information relating to, the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the annual general meeting (“**2024 AGM**”) of the Company to be held at Queen Room, Level 2, Copthorne Kings Hotel, 403 Havelock Rd, Singapore 169632 on 26 April 2024 at 9.30 a.m.

The ordinary resolution proposed to be passed in respect of the above matter is set out in the notice of the AGM convening the 2024 AGM (“**Notice of AGM**”). The Notice of the AGM and a proxy form are enclosed with the Annual Report 2023.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.

If you have sold or transferred all your ordinary shares in the issued and paid-up share capital of the Company, you should forward this Appendix and the Annual Report 2023 (including the Notice of AGM of the Company and the accompanying proxy form) immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

# INNOTEK

**INNOTEK LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number 199508431Z)

**APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF  
THE SHARE PURCHASE MANDATE (“THE SHARE PURCHASE MANDATE”)**



# APPENDIX

## CONTENTS

<b>DEFINITIONS</b> .....	<b>124</b>
<b>LETTER TO SHAREHOLDERS</b> .....	<b>127</b>
<b>1. BACKGROUND</b> .....	<b>127</b>
<b>2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE</b> .....	<b>127</b>
<b>3. TAXATION</b> .....	<b>135</b>
<b>4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS</b> .....	<b>138</b>
<b>5. DIRECTORS' RECOMMENDATIONS</b> .....	<b>139</b>
<b>6. DIRECTORS' RESPONSIBILITY STATEMENT</b> .....	<b>139</b>
<b>7. DOCUMENTS FOR INSPECTION</b> .....	<b>139</b>

# APPENDIX

## DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

<b>"2023 Mandate"</b>	:	Has the meaning ascribed to it in Section 1
<b>"2024 AGM"</b>	:	The AGM of the Company to be held on 26 April 2024 at 9.30 a.m. at Queen Room, Level 2, Copthorne Kings Hotel, notice of which is enclosed with the Annual Report 2023
<b>"AGM"</b>	:	Annual general meeting of the Company
<b>"Annual Report 2023"</b>	:	The annual report of the Company for the financial year ended 31 December 2023
<b>"Appendix"</b>	:	This appendix to the Annual Report 2023 setting out the letter to Shareholders relating to the renewal of the Share Purchase Mandate
<b>"Approval Date"</b>	:	The date on which the resolution authorising the proposed renewal of the Share Purchase Mandate is passed
<b>"CDP"</b>	:	The Central Depository (Pte) Limited
<b>"Company"</b>	:	InnoTek Limited
<b>"Companies Act"</b>	:	The Companies Act 1967, as amended, modified or supplemented from time to time
<b>"Directors"</b>	:	The directors of the Company as at the date of this Appendix
<b>"EPS"</b>	:	Earnings per Share
<b>"FY'23"</b>	:	The financial year ended 31 December 2023
<b>"Group"</b>	:	The Company and its subsidiaries
<b>"Latest Practicable Date"</b>	:	31 March 2024, being the latest practicable date prior to the printing of this Appendix
<b>"Listing Manual"</b>	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
<b>"Market Day"</b>	:	A day on which the SGX-ST is open for trading in securities
<b>"NTA"</b>	:	Net tangible asset
<b>"public"</b>	:	Persons other than the Directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, and their respective associates (as defined in the Listing Manual)

# APPENDIX

<b>“Registrar”</b>	:	The Registrar of Companies
<b>“Relevant Period”</b>	:	The period commencing from the date on which the ordinary resolution in relation to the renewal of the Share Purchase Mandate is passed at the 2023 AGM, and expiring on the date the next AGM is or is required by law to be held, whichever is the earlier
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
<b>“Securities and Futures Act”</b>	:	The Securities and Futures Act 2001, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Persons who are registered as holders of the Shares in the register of members of the Company, or where CDP is the registered holder of the Shares, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Share Purchase Mandate”</b>	:	The general mandate to enable the Company to purchase Shares in accordance with the Constitution of the Company, the Companies Act and the Listing Manual, the terms of which are set out in this Appendix
<b>“subsidiaries”</b>	:	The subsidiaries of a company (as defined in Section 5 of the Companies Act) and <b>“subsidiary”</b> shall be construed accordingly
<b>“substantial shareholder”</b>	:	A person who has an interest in not less than 5% of the total votes attached to all the voting shares of the Company
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
<b>Currencies and others</b>		
<b>“S\$”, “\$” and “cents”</b>	:	Singapore dollars and cents respectively
<b>“%” or “per cent”</b>	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act. The term **“treasury share”** shall have the meaning ascribed to it in Section 4 of the Companies Act. The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.

# APPENDIX

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to a time and date in this Appendix is a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

# INNOTEK

## LETTER TO SHAREHOLDERS

### Directors:

Mr Neal M. Chandaria (Chairman and Non-Executive Director)  
 Mr Lou Yiliang (Executive Director and Chief Executive Officer)  
 Mr Steven Chong Teck Sin (Independent Director)  
 Mr Sunny Wong Fook Choy (Independent Director)  
 Mr Teruo Kiriya (Independent Director)  
 Dr Xu Jinsong (Independent Director)

### Registered Office:

160 Robinson Road  
 #24-12 SBF Center  
 Singapore 068914

11 April 2024

To: The Shareholders of  
 InnoTek Limited

Dear Sir/Madam

## THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 1. BACKGROUND

- 1.1 The purpose of this Appendix is to explain the rationale for, and provide Shareholders with relevant information relating to, the proposed renewal of the Share Purchase Mandate to be tabled at the 2024 AGM.
- 1.2 At the AGM of the Company held on 28 April 2022, the Company had approved, *inter alia*, the Share Purchase Mandate to enable the Company to purchase or otherwise acquire Shares. The Share Purchase Mandate was subsequently renewed at the AGM of the Company held on 28 April 2023 (the "**2023 Mandate**"). The validity period of the 2023 Mandate will expire at the forthcoming 2024 AGM. Accordingly, the Company is seeking approval from its Shareholders for the proposed renewal of the Share Purchase Mandate at the 2024 AGM.
- 1.3 The Singapore Exchange Securities Trading Limited ("**SGX-ST**") takes no responsibility for the accuracy of the statements made, or opinions expressed or reports contained in this Appendix.

### 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 2.1 The Share Purchase Mandate

- 2.1.1 Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act 1967 as amended, modified or supplemented from time to time (the "**Companies Act**"), the listing manual of the SGX-ST as amended, modified or supplemented from time to time (the "**Listing Manual**"), the Constitution and such other laws and regulations as may for the time being be applicable.
- 2.1.2 It is a requirement under the Listing Manual and the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. As the 2023 Mandate will expire at the forthcoming 2024 AGM, approval is being sought from Shareholders at the AGM for the renewal of the Share Purchase Mandate.

# APPENDIX

## 2.2 Rationale for the Share Purchase Mandate

- 2.2.1 The purchase by a company of its issued shares is one of the ways in which the return on equity of the company may be improved, thereby increasing shareholder value. By renewing the Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.
- 2.2.2 The Share Purchase Mandate will also facilitate the return to the Shareholders by the Company of surplus cash (if any) which is in excess of the Group's financial needs in an expedient and cost-effective manner.
- 2.2.3 The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the price of the Shares, off-set the effects of short-term speculation and bolster Shareholders' confidence.
- 2.2.4 Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

## 2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the 2024 AGM, are summarised below:

### 2.3.1 *Maximum Number of Shares*

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed 10% of the number of its issued Shares as at the date of the 2024 AGM on which the resolution authorising the proposed renewal of the Share Purchase Mandate is passed.

Any shares which are held as treasury shares as well as subsidiary holdings will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company held 15,351,000 treasury shares.

Purely for illustrative purposes, on the basis of 231,305,428 Shares in issue (excluding treasury shares) as at the Latest Practicable Date and assuming that no further Shares are issued on or before the Approval Date, not more than 23,130,542 Shares, representing 10% of 231,305,428 Shares (being 246,656,428 total Shares in issue less 15,351,000 treasury shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

### 2.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the date of the forthcoming AGM at which the Share Purchase Mandate is approved, up to the earliest of:

- (a) the date on which the next AGM is or is required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares have been carried out to the full extent permitted under the Share Purchase Mandate; or
- (c) the time when the authority conferred by the Share Purchase Mandate is revoked or varied by an ordinary resolution of Shareholders in a general meeting.

## 2.3.3 **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be effected by the Company by way of:

- (a) on-market purchases ("**Market Purchases**"); and
- (b) off-market purchases, otherwise than on a securities exchange, in accordance with an "equal access scheme" as defined in section 76C of the Companies Act ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the directors of the Company may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
  - (ii) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, it will issue an offer document containing, *inter alia*, the following information to all Shareholders:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Purchase;
- (d) the consequences, if any, of Share Purchases by the Company that will arise under the Take-Over Code or other applicable take-over rules;
- (e) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;

# APPENDIX

- (f) details of any Share Purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury Shares.

## 2.3.4 **Maximum Purchase Price**

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors of the Company. However, the purchase price to be paid for the Shares must not exceed the maximum price ("**Maximum Price**") as set out below:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 115% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

**"Average Closing Price"** means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual for any corporate action that occurs after the relevant five-day period; and

**"date of the making of the offer"** means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## 2.4 **Status of Purchased Shares or Acquired Shares**

2.4.1 Under the Companies Act, a Share which is purchased or acquired by the Company may be:

- (a) held by the Company as a treasury share; or
- (b) dealt with by the Company in the following manner:
  - (i) sold for cash;
  - (ii) transferred for the purposes of or pursuant to an employees' share scheme;
  - (iii) transferred as consideration for the acquisition of shares in or assets of another company or assets of a person;



# APPENDIX

- (iv) cancelled; or
- (v) sold, transferred or otherwise used for such other purposes as the Minister may by order prescribe.

2.4.2 The maximum number of treasury shares which may be held by the Company is as follows:

- (a) the Company if having only one class of shares shall not hold treasury shares exceeding 10% of the total number of such shares; or
- (b) the Company if having more than one class of shares shall not hold treasury shares of that class exceeding 10% of the total number of issued shares in that class at any time;

and in the event that the Company holds in its treasury more than 10% of the total number of issued shares in any class of its shares, it shall cancel the excess within six months or such further period as the Registrar may allow.

2.4.3 The Company shall not exercise any right in respect of the treasury shares, including:

- (a) the right to attend or vote at meetings; and
- (b) the right to receive dividend or any other distribution (in cash or otherwise) of its assets (including any distribution of assets to members on a winding up).

2.4.4 The Company may receive allotments of fully paid bonus shares in respect of its treasury shares and its treasury shares may be sub-divided or consolidated so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation.

## 2.5 Source of Funds

2.5.1 The Companies Act provides that any purchase or acquisition of Shares by the Company may be made out of its capital or profits, so long as it is solvent (i.e. the Company is able to pay its debts in full at the time which the share buy-back is being conducted and the value of its assets exceed its liabilities, including any contingent liability and will not after the proposed share buy-back become less than the value of its liabilities, including any contingent liability). The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that the financial position of the Group would be materially adversely affected.

2.5.2 The Company intends to use internal sources of funds or external borrowings to finance purchases or acquisitions of its Shares. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

# APPENDIX

## 2.6 Financial Effects

2.6.1 Where the Company chooses to cancel any of the Shares it repurchases, it shall:

- (a) reduce the amount of its share capital where the Shares are purchased or acquired out of its capital;
- (b) reduce the amount of its profits where the Shares are purchased or acquired out of its profits; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both its capital and the profits,

by the total amount of the purchase price paid by it for the Shares cancelled.

2.6.2 The consideration if paid by the Company out of its profits for the purchase or acquisition of Shares (including related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.6.3 The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, and the amount (if any) borrowed by the Group to fund the purchases or acquisitions.

2.6.4 Based on 231,305,428 shares in issue (excluding treasury shares) as at the Latest Practicable Date, and assuming no further shares are issued on or prior to the 2024 AGM, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 23,130,542 Shares, representing 10% of 231,305,428 Shares (being 246,656,428 total Shares in issue less 15,351,000 treasury shares). As the Company holds 15,351,000 Shares as treasury shares, the Company may only retain a further 9,314,643 Shares as treasury shares as it is only allowed to hold a maximum of 24,665,643 treasury shares (being 10% of the total number of issued shares of 246,656,428 Shares).

2.6.5 Assuming the Company purchases or acquires the 9,314,643 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:

- (a) in the case of Market Purchases of Shares, approximately S\$0.46 based on S\$0.44 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchases of Shares, approximately S\$0.51 based on S\$0.44 for one Share (being the price equivalent to 15% above the Average Closing Price of the Shares traded on the SGX-ST for the five consecutive market days immediately preceding the Latest Practicable Date).

# APPENDIX

2.6.6 For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the reporting year ended 31 December 2023, and assuming that:

- (a) the Share Purchase Mandate had been effected on the Latest Practicable Date; and
- (b) the purchases or acquisitions of Shares are financed solely by internal resources,

the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the reporting year ended 31 December 2023 would have been as follows:

## **Market Purchases:**

	<b>The Group</b>		<b>The Company</b>	
	<b>Before Share Purchase</b>	<b>After Share Purchase</b>	<b>Before Share Purchase</b>	<b>After Share Purchase</b>
As at 31 December 2023				
Shareholders' Funds (S\$'000)	173,336	169,051	99,128	94,843
NTA (S\$'000) <sup>(1)</sup>	171,979	167,694	99,128	94,843
Current Assets (S\$'000)	181,708	177,423	42,772	38,487
Current Liabilities (S\$'000)	77,156	77,156	589	589
Total Liabilities (S\$'000)	90,749	90,749	716	716
Cash and Cash Equivalents (S\$'000)	48,716	44,431	13,905	9,620
Number of Shares ('000)	231,305	221,990	231,305	221,990
<b>Financial Ratios</b>				
NTA per Share (cents)	74.4	72.5	42.9	41.0
Earnings Per Share ("EPS") (cents) <sup>(2)</sup>	2.01	2.10	2.61	2.72
Gearing (%) <sup>(3)</sup>	14.0	14.3	0.01	0.01
Current Ratio (times) <sup>(4)</sup>	2.36	2.30	72.6	65.3

## **Notes:**

- (1) NTA equals total equity less intangible assets and minority interests.
- (2) EPS is computed based on FY'23 net profit attributable to ordinary shareholders of the Company divided by the number of shares.
- (3) Gearing equals total borrowings divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

# APPENDIX

## Off-Market Purchases:

	The Group		The Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2023				
Shareholders' Funds (S\$'000)	173,336	168,586	99,128	94,378
NTA (S\$'000) <sup>(1)</sup>	171,979	167,229	99,128	94,378
Current Assets (S\$'000)	181,708	176,958	42,772	38,022
Current Liabilities (S\$'000)	77,156	77,156	589	589
Total Liabilities (S\$'000)	90,749	90,749	716	716
Cash and Cash Equivalents (S\$'000)	48,716	43,966	13,905	9,155
Number of Shares ('000)	231,305	221,990	231,305	221,990
<b>Financial Ratios</b>				
NTA per Share (cents)	74.40	72.3	42.9	40.8
EPS (cents) <sup>(2)</sup>	2.01	2.1	2.61	2.72
Gearing (%) <sup>(3)</sup>	14.0	14.4	0.01	0.01
Current Ratio (times) <sup>(4)</sup>	2.36	2.29	72.6	64.6

### Notes:

- (1) NTA equals total equity less intangible assets and minority interests.
- (2) EPS is computed based on FY'23 net profit attributable to ordinary shareholders of the Company divided by the number of shares.
- (3) Gearing equals total borrowings divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

**SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE PURELY FOR ILLUSTRATIVE PURPOSES ONLY. ALTHOUGH THE SHARE PURCHASE MANDATE WOULD AUTHORISE THE COMPANY TO PURCHASE OR ACQUIRE UP TO 10% OF THE ISSUED SHARES, THE COMPANY MAY NOT NECESSARILY PURCHASE OR ACQUIRE OR BE ABLE TO PURCHASE OR ACQUIRE THE ENTIRE 10% OF THE ISSUED SHARES. IN PARTICULAR, THE MAXIMUM NUMBER OF SHARES THAT THE COMPANY MAY PURCHASE UNDER THE SHARE PURCHASE MANDATE IS LIMITED TO THE EXTENT THAT THE COMPANY WILL REMAIN SOLVENT. THE DIRECTORS DO NOT INTEND TO EXERCISE THE SHARE PURCHASE MANDATE UP TO THE MAXIMUM LIMIT IF SUCH EXERCISE WOULD MATERIALLY AND ADVERSELY AFFECT THE FINANCIAL POSITION OF THE GROUP.**

- 2.7 For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are financed solely by internal resources and in the event that there is a shortfall, the purchases and acquisitions are to be financed by long-term borrowings. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.
- 2.8 **Shareholders should note that the financial effects set out above are for illustration purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Group for the reporting year ended 31 December 2023 and is not necessarily representative of future financial performance.**

# APPENDIX

- 2.9 The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

## 3. TAXATION

**Shareholders who are in any doubt as to their respective tax positions or the tax implications of Share Purchases by the Company, or who may be subject to tax whether inside or outside of Singapore, should consult their own professional advisers.**

### 3.1 Requirements in the Listing Manual

3.1.1 The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the market day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

3.1.2 The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an insider in relation to any proposed purchase or acquisition of its shares, it will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

- (a) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and
- (b) in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's full-year results and the period of two weeks before the announcement of the Company's first quarter, half-year and third quarter results.

3.1.3 The Listing Manual requires a company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

3.1.4 As at the Latest Practicable Date, there are approximately 116,487,628 Shares in the hands of the public, representing approximately 50.36% of the issued Shares of the Company (excluding treasury shares). Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public shareholders which would permit it to undertake purchases and acquisitions of its Shares up to 10% of its issued Shares pursuant to the Share Purchase Mandate, without adversely affecting the listing status of its Shares on the SGX-ST. The Directors will use their best efforts to ensure that the Company does not effect a Share Purchase if the Share Purchase will result in the number of Shares remaining in the hands of the public to fall to such a level as to cause market illiquidity and/or adversely affect the listing status of the Company on the SGX-ST.

# APPENDIX

## 3.2 Certain Take-over Code Implications

### 3.2.1 *Obligation to Make a Take-over Offer*

Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased or acquired by the Company and the number of issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

### 3.2.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and
- (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other.

### 3.2.3 *Effect of Rule 14 and Appendix 2*

- (a) The circumstances under which Shareholders (including directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such directors and their concert parties would increase to 30% or more, or, if the voting rights of such directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than 1% in any period of six months.
- (b) Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

## APPENDIX

- (c) As at the Latest Practicable Date, approximately 50.36% of the issued shares of the Company are in the hands of the public. Mr Lou Yiliang, who is a director as well as a substantial shareholder of the Company has an aggregate interest (both direct and indirect) of approximately 13.40% in the Company. Advantec Holding SA is a substantial shareholder of the Company with an aggregate interest (both direct and indirect) of approximately 36.05% and Trustee of Chandaria Trust I is deemed to be interested in the shares held by Advantec Holding SA with an aggregate interest of 36.24%. Save for the aforesaid, the Company has no other substantial shareholders.
- (d) Purely for illustrative purposes, on the basis of 231,305,428 issued Shares as at the Latest Practicable Date (excluding treasury shares), and assuming that no further Shares are issued on or prior to the AGM, not more than 23,130,542 Shares, representing 10% of 231,305,428 Shares (being 246,656,428 total Shares in issue less 15,351,000 treasury shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate, if so approved by Shareholders at the AGM.

Further assuming that:

- (i) the Share Purchase Mandate is validly and fully exercised prior to the next annual general meeting of the Company, provided that the number of Shares purchased by the Company under the Share Purchase Mandate do not exceed the maximum limit the Company is permitted under the Companies Act to retain as treasury shares (being 10% of the total number of issued shares);
- (ii) there is no change to the number of issued Shares at the time of such exercise;
- (iii) the re-purchased Shares are not acquired from the substantial shareholders;
- (iv) there is no change in the holding of Shares of the substantial shareholders between the Latest Practicable Date and the date of the AGM; and
- (v) the substantial shareholders do not sell or otherwise dispose of their holding of Shares,

the shareholdings of the substantial shareholders would be changed as follows:

	Before Share Purchase <sup>(1)</sup>		After Share Purchase <sup>(1)</sup>	
	Number of Shares	%	Number of Shares	%
<b>Director</b>				
Lou Yiliang	30,985,500	13.40	30,985,500	13.96
<b>Substantial Shareholders</b>				
Advantec Holding SA	83,382,300	36.05	83,382,300	37.56
Trustee of Chandaria Trust I	83,832,300	36.24	83,832,300	37.76

- (1) Please refer to paragraph 4 of this Appendix for additional details on the substantial shareholders' shareholdings in the Company.



# APPENDIX

As illustrated above, Advantec Holding SA and Trustee of Chandaria Trust I may incur an obligation to make a general offer to other Shareholders under the Take-over Code due to the Share Purchase Mandate. However, the Securities Industry Council had on 22 November 2007 confirmed that neither Advantec Holding SA nor Trustee of Chandaria Trust I will incur such a general offer obligation arising from the exercise by the Company of the Share Purchase Mandate.

**Save as disclosed above, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interest in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.**

3.2.4 **Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of Share Purchases by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.**

3.2.5 **Advice to Shareholders**

**The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers, the Securities Industry Council or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.**

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and indirect interests of the Directors and the substantial shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Director</b>				
Lou Yiliang <sup>(2)</sup>	19,082,700	8.25	11,902,800	5.15
Steven Chong Teck Sin	–	–	–	–
Sunny Wong Fook Choy	–	–	–	–
Neal M. Chandaria	–	–	–	–
Teruo Kiriya	–	–	–	–
Dr Xu Jinsong	–	–	–	–
<b>Substantial Shareholders (Other than Directors)</b>				
Advantec Holding SA <sup>(3)</sup>	22,571,000	9.76	60,811,300	26.29
Trustee of Chandaria Trust I <sup>(4)</sup>	–	–	83,832,300	36.24

### Notes:

(1) Percentages are based on the issued capital of the Company of 231,305,428 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr Lou Yiliang is deemed to be interested in the 11,902,800 shares held through Phillip Securities Pte. Ltd.



# APPENDIX

- (3) Advantec Holding SA is deemed to be interested in the 60,811,300 Shares held through the following:
- (a) Raffles Nominees (Pte) Ltd in respect of 40,811,300 shares; and
  - (b) UOB Bank Nominees Pte Ltd in respect of 20,000,000 shares.
- (4) Trustee of Chandaria Trust I is deemed to be interested in the 83,832,300 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.

As at the Latest Practicable Date, save as disclosed in this Appendix, none of the Directors have any interest, direct or indirect, in the Proposal (other than by reason only of being a Director).

As at the Latest Practicable Date, the Company has not received any notification from any of the Company's substantial shareholders that it has any interest, direct or indirect, in the Proposal (other than by reason of their shareholding interest in the Company).

## 5. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolutions pertaining to the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

## 7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 160 Robinson Road #24-12 SBF Center Singapore 068914 during normal business hours from the date hereof up to and including the date of the AGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for the financial year ended 31 December 2023.

Yours faithfully  
For and on behalf of the Board of Directors of  
**INNOTEK LIMITED**

Neal M. Chandaria  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 28th Annual General Meeting of **INNOTEK LIMITED** (the “**Company**”) will be held at Queen Room, Level 2, Copthorne King’s Hotel, 403 Havelock Rd, Singapore 169632 on Friday, 26 April 2024 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 2023 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 2023 (2022: 2.0 Singapore cents per share).  
**(Resolution 2)**
3. To re-elect Mr. Lou Yiliang (Chief Executive Officer and Executive Director), who will retire in accordance with Rule 720(5) of the SGX-ST Listing Manual and who, being eligible, offers himself for re-election as a Director of the Company.  
**(Resolution 3)**
4. To note the retirement of Mr. Steven Chong Teck Sin.
5. To note the retirement of Mr. Sunny Wong Fook Choy.
6. To approve the payment of Directors’ fees of up to \$377,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears. (2023: \$377,000).  
*[see Explanatory Note (i) below]*  
**(Resolution 4)**
7. 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 5)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without modifications:

8. 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;

# NOTICE OF ANNUAL GENERAL MEETING

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 (ii) below]*

**(Resolution 6)**

9. 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 (iii) below]*

**(Resolution 7)**

## 10. **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

That:

- (a) for the purposes of Section 76C and 76E of the Companies Act 1967 (the "**Companies Act**") and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company ("**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 Singapore Exchange Securities Trading Limited ("**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**");

# NOTICE OF ANNUAL GENERAL MEETING

- (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 (iv) below]*

**(Resolution 8)**

- 11. To transact any other business which may arise and can be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF RECORD DATE

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the shareholders of InnoTek Limited (the "**Company**") to the dividend being obtained at the Annual General Meeting to be held on 26 April 2024 (the "**AGM**"), the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 9 May 2024 for the purpose of determining shareholders' entitlements to a first and final dividend of S\$0.02 per ordinary share (one-tier tax exempt) (the "**First and Final Dividend**").

Duly completed and stamped registrable transfers in respect of ordinary shares not registered in the name of The Central Depository (Pte) Ltd ("**CDP**"), together with all relevant documents of title thereto, received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5.00 p.m. on 9 May 2024 will be registered to determine shareholders' entitlements to the First and Final Dividend.

Members whose securities accounts with CDP are credited with ordinary shares as at 5.00 p.m. on 9 May 2024 will be entitled to the First and Final Dividend. In respect of shares in securities accounts with CDP, the First and Final Dividend will be paid by the Company to CDP which will, in turn, distribute the First and Final Dividend to such holders in accordance with its normal practice.

Payment of the First and Final Dividend, if approved at the forthcoming AGM, will be made on 23 May 2024.

By Order of the Board

Ong Beng Hong  
Company Secretary

Singapore, 11 April 2024

## Explanatory Notes:

- (i) Ordinary Resolution 4 proposed in item 6 above, if passed, will empower the Directors to facilitate the payment of Directors' fees during the year ending 31 December 2024, quarterly in arrears.
- (ii) Ordinary Resolution 6 proposed in item 8 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).
- (iii) Ordinary Resolution 7 proposed in item 9 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 that have already been allotted and issued pursuant to the exercise of options under the Share Plan.
- (iv) Ordinary Resolution 8 proposed in item 10 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 percent 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 enclosed together with the Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. The Members of the Company are invited to attend physically at the AGM. There will be no option for shareholders to participate virtually.
2. Documents relating to the business of the AGM, which comprises the Company's 2023 Annual Report, Notice of AGM, Letter to Shareholders relating to the Share Purchase Mandate and Proxy Form are available on the SGX website at <https://www.sgx.com/securities/company-announcements> and the Company's website at <https://innotek.listedcompany.com/newsroom.html>. Printed copies of the Annual Report will not be despatched to Shareholders. For Members' convenience, printed copies of this Notice of AGM, the Proxy Form and the Request Form (as defined herein) for Members to request for a printed copy of the Annual Report (the "**Request Form**") have been despatched to the Members. Members who wish to request for a printed copy of the Annual Report may do so by submitting your request to the Company by completing and returning the Request Form to the Company by Thursday, 18 April 2024.
3. Members (including CPF and SRS investors) may participate in the AGM by:
  - a. attending the AGM in person;
  - b. submitting questions to the Chairman of the AGM in advance of, or at, the AGM; and/or
  - c. voting at the AGM:
    - i. themselves personally; or
    - ii. through their duly appointed proxy/ies.
4. CPF or SRS investors who wish to appoint the Chairman of the AGM (and not third party proxy/ies) as proxy are to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
5. A Member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead.
6. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).

In this Notice of AGM, a "**relevant intermediary**" means:

- a. 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;
  - b. 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
  - c. The Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 21953, 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.
7. A proxy need not be a Member of the Company.
  8. A member who wishes to exercise their votes can either vote on the resolutions to be tabled for approval at the AGM in person or submit a Proxy Form to appoint proxy/ies or the Chairman of the Meeting to cast votes on their behalf.
  9. Members (whether individual or corporate) appointing the proxy/ies or Chairman of the Meeting as proxy must give specific instructions as to his/her manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.
  10. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF Investors and SRS Investors (collectively "**CPF and SRS Investors**") who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the Meeting to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the AGM. 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., Tuesday, 16 April 2024** to submit their votes.

# NOTICE OF ANNUAL GENERAL MEETING

11. The instrument appointing a proxy(ies) must, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
- if submitted electronically, be submitted via email to the Company's Share Registrar at [srs.proxy@boardroomlimited.com](mailto:srs.proxy@boardroomlimited.com);
  - if 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 Tuesday, 23 April 2024, 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.

## **Submission of Questions in Advance:**

- Members (including CPF or SRS investors) may submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted and received by the Company by 9.30 a.m. on 19 April 2024:
  - in hard copy 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; or
  - by email to the Company's Share Registrar at [srs.teamE@boardroomlimited.com](mailto:srs.teamE@boardroomlimited.com).

## **Members are strongly encouraged to submit completed questions electronically.**

- Members (including CPF or SRS investors) will need to identify themselves when posing questions by email or by mail providing the following details:
  - the member's full name as it appears on his/her/its CDP/CPF/SRS/Scrip-based share records;
  - the member's NRIC/Passport/UEN number;
  - the member's contact number and email address; and
  - the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP, Scrip-based, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

- The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM. The responses to questions from Members will be posted on the SGXNET and the Company's website at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNET and the Company's website within one (1) month after the date of the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

## **Personal Data Privacy:**

By (a) submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or (b) 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:

- the processing and administration by the Company (or its agents or service providers) of proxy forms appointing a proxy and/or representative for the AGM (including any adjournment thereof);
- 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;
- the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- 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

Mr. Lou Yiliang the Director seeking re-election at the forthcoming annual general meeting of the Company to be convened on 26 April 2024 ("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.

	<b>Mr. Lou Yiliang</b>
Date of Appointment	2 November 2015
Date of last re-appointment	29 April 2021
Age	75
Country of principal residence	China
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. Lou Yiliang for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr. Lou Yiliang 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	Executive
Job Title (e.g. Lead ID, ARMC Chairman, ARMC Member, etc.)	Chief Executive Officer of the Company
Working experience and occupation(s) during past 10 years	Chairman and Chief Executive Officer with full executive responsibilities
Shareholding interest in the listed issuer and its subsidiaries	30,985,500 shares
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	Brother, Okura Ippei
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)  Present	Current Directorships in companies: 1) InnoTek Limited (listed on SGX) 2) Toyochi Tsusho Co. Ltd. 3) Toyochi Industry Co. Ltd. 4) Konka Precision Mold Plastic Co. Ltd. 5) Mansfield Manufacturing Company Limited 6) Sun Mansfield Manufacturing (Dongguan) Co. Ltd. 7) Mansfield Manufacturing (Wuhan) Company Limited 8) Mansfield (Suzhou) Manufacturing Company Limited 9) Lens Tool & Die (H.K.) Limited 10) Mansfield (Thailand) Company Limited 11) Magix Mechatronics Company Limited



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<p>12) Magix Mechatronics (Dongguan) Company Limited</p> <p>13) Feng Chua Tooling (Dongguan) Company Limited</p> <p>14) Mansfield Technology (Taiwan) Company Limited</p> <p>15) Mansfield Vietnam Co., Ltd</p> <p>16) Hua Yuan Sheng Industrial Company Limited</p>
(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 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
(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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(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
(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).	N.A.

# INNOTEK LIMITED

(Company Registration no. 199508431Z)  
(Incorporated in the Republic of Singapore)

## ANNUAL GENERAL MEETING ON 26 APRIL 2024 AT 9.30 A.M.

### PROXY FORM

(Please see notes overleaf before completing this Form) This Proxy Form 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 be despatched to members.

Important	
1.	The Annual Report and Notice of Annual General Meeting ("AGM") dated 11 April 2024 and the proxy form have been made available on SGX website at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> and the Company's website at <a href="https://innotek.listedcompany.com/newsroom.html">https://innotek.listedcompany.com/newsroom.html</a> .
2.	The Annual General Meeting ("AGM") will be held at Queen Room, Level 2, Copthorne King's Hotel, 403 Havelock Rd, Singapore 169632 on Friday, 26 April 2024 at 9.30 a.m. <b>There will be no option for shareholders to participate virtually.</b>
3.	Members may submit questions to the Chairman of the Meeting in advance of the AGM, or prior to, the AGM and voting live at the AGM or by appointing proxies to vote on behalf. The relevant details are set out in the Company's Notice of AGM which may be accessed at the SGX website at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> and the Company's website at <a href="https://innotek.listedcompany.com/newsroom.html">https://innotek.listedcompany.com/newsroom.html</a> .
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 or SRS Investors may: a. vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or b. appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should contact and instruct their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM, i.e. by 5.00 p.m. on 16 April 2024, to allow sufficient time for their respective Relevant Intermediaries to submit a proxy form(s) to appoint the Chairman of the AGM to vote on their behalf.
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 11 April 2024.

I/We \_\_\_\_\_ (Name), NRIC/Passport Number\* \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of **INNOTEK LIMITED** (the "Company"), hereby appoint:

(a)

Name	NRIC/Passport No.	Email Address <sup>^</sup>	Proportion of Shareholdings	
			No. of Shares	(%)
Address				

and/or (delete as appropriate)

Name	NRIC/Passport No.	Email Address <sup>^</sup>	Proportion of Shareholdings	
			No. of Shares	(%)
Address				

OR

(b) the Chairman of the Annual General Meeting ("AGM"), as my/our proxy to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held on 26 April 2024 at 9.30 a.m. in a wholly physical format at Queen Room, Level 2, Copthorne King's Hotel, 403 Havelock Rd, Singapore 169632 and at any adjournment thereof.

\*I/We direct \*my/our proxy/proxies to vote for or against the resolutions or abstain from the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, in respect of a resolution, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion.

	ORDINARY RESOLUTION	For*	Against*	Abstain*
1.	Directors' Statement and the Audited Financial Statements for the year ended 31 December 2023			
2.	Declaration of First and Final Dividend			
3.	Re-election of Mr. Lou Yiliang			
4.	Approval of Directors' Fees for FY 2024			
5.	Re-appointment of Ernst & Young LLP as Auditors			
6.	Authority to issue new shares			
7.	Authority to allot and issue new shares in accordance with the provisions of the Share Plan			
8.	To approve the Renewal of the 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 \_\_\_\_\_ 2024.

Total Number of Shares in:	No. of Shares
(a) CDP register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE.**



**Notes:**

1. The AGM will be convened and held at Queen Room, Level 2, Copthorne King's Hotel, 403 Havelock Rd, Singapore 169632 on Friday, 26 April 2024 at 9.30 a.m., a member will be able to attend the Annual General Meeting in person. For this AGM, members of the Company (including relevant intermediaries) may vote by way of this Proxy Form appointing the Chairman of the Meeting to vote in accordance with the Proxy Form or by their duly appointed proxies as set out in the Notice of AGM.
2. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
3. A "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
4. A member who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such a member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.
5. A proxy need not be a member of the Company.
6. The proxy form appointing a proxy must be signed under the hand of the appointor or by his attorney duly authorised in writing. Where the proxy form appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form(s) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be sent with the executed proxy form either by post or by email, failing which the proxy form may be treated as invalid.
7. Members (whether individual or corporate) appointing the proxy/ies or Chairman of the Meeting as proxy must give specific instructions as to his/her manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.
8. 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 [srs.proxy@boardroomlimited.com](mailto:srs.proxy@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; orin 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.

**As it may be difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

9. 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.
10. The Company shall be entitled to reject an instrument of proxy that is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer 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 appointer, 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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# INNOTEK

**INNOTEK LIMITED**

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