

202508 PART 1 - INFORMATION REQUIRED FOR HALF-YEAR and FULL-YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the 6 months ended 30 June 2024

| Group | Note | 6 Months Ended 30-Jun | | Change % |
|---|------------|--------------------------|-----------------|--------------|
| | | 2024 S\$'000 | 2023 S\$'000 | |
| Revenue | | 121,572 | 92,861 | 30.9 |
| Cost of sales | 1(e)6.1(a) | (103,871) | (77,202) | 34.5 |
| Gross profit | | 17,701 | 15,659 | 13.0 |
| Other items of expense | | | | |
| Selling and distribution expenses | | (1,917) | (1,507) | 27.2 |
| Administrative expenses | 1(e)6.1(b) | (14,389) | (12,237) | 17.6 |
| Finance costs | | (1,100) | (1,066) | 3.2 |
| Other expenses | 1(e)6.1(c) | (285) | (276) | 3.3 |
| Share of results of joint venture | | (211) | (128) | 64.8 |
| Total other items of expense | | (17,902) | (15,214) | 17.7 |
| Other items of income | | | | |
| Interest income | | 1,096 | 568 | 93.0 |
| Other income | 1(e)6.1(c) | 2,969 | 2,798 | 6.1 |
| Total other items of income | | 4,065 | 3,366 | 20.8 |
| Profit before tax | | 3,864 | 3,811 | 1.4 |
| Income tax expense | 1(e)7 | (744) | (705) | 5.5 |
| Profit net of tax | | 3,120 | 3,106 | 0.5 |
| Profit/(loss) attributable to : | | | | |
| - Owners of the Company | | 3,154 | 3,439 | (8.3) |
| - Non-controlling interest | | (34) | (333) | (89.8) |
| Other comprehensive income : | | | | |
| <u>Items that may be classified subsequently to profit or loss</u> | | | | |
| - Foreign currency translation | | 2,174 | (3,763) | NM |
| - Fair value gain on financial assets measured at fair value through other comprehensive income ("FVOCI") | | 91 | 359 | (74.7) |
| Other comprehensive income for the period , net of tax | | 2,265 | (3,404) | NM |
| Total comprehensive income | | 5,385 | (298) | NM |
| Comprehensive income attributable to : | | | | |
| - Owners of the Company | | 5,423 | 40 | NM |
| - Non-controlling interest | | (38) | (338) | (88.8) |
| Earnings per share attributable to owners of the Company (cents per share) | | | | |
| Basic | 1(e)9.1 | 1.36 | 1.49 | (8.7) |
| Diluted | 1(e)9.1 | 1.36 | 1.49 | (8.7) |
| NM denotes Not Meaningful | | | | |

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

BALANCE SHEETS (UNAUDITED)

| | Note | Group | | Company | |
|---|----------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at 30-Jun-24 S\$'000 | As at 31-Dec-23 S\$'000 | As at 30-Jun-24 S\$'000 | As at 31-Dec-23 S\$'000 |
| Non-current Assets | | | | | |
| Property, plant and equipment | | 37,080 | 35,729 | 12 | - |
| Investment properties | | 27,033 | 26,529 | - | - |
| Intangible assets | | 340 | 366 | - | - |
| Investment in subsidiary | | - | - | 47,061 | 47,061 |
| Loan to subsidiary | | - | - | 10,000 | 10,000 |
| Investment in joint venture | | 636 | 823 | - | - |
| Right-of-use assets | | 14,709 | 15,805 | 54 | 11 |
| Other receivables | | 1,969 | 1,485 | - | - |
| Deferred tax assets | | 1,677 | 1,640 | - | - |
| | | 83,444 | 82,377 | 57,127 | 57,072 |
| Current Assets | | | | | |
| Inventories | | 34,593 | 37,639 | - | - |
| Trade and other receivables | | 84,025 | 64,681 | 1,487 | 7,260 |
| Income tax receivable | | 45 | 44 | - | - |
| Contract assets | | 5,775 | 4,539 | - | - |
| Prepayments | | 5,307 | 4,520 | 7 | 38 |
| Other investments | 1(e)(5)(A)(i) | 22,033 | 20,117 | 22,033 | 20,117 |
| Cash and short-term deposits | 1(e)(5)(A)(ii) | 42,900 | 50,168 | 15,477 | 15,357 |
| | | 194,678 | 181,708 | 39,004 | 42,772 |
| Total Assets | | 278,122 | 264,085 | 96,131 | 99,844 |
| Current Liabilities | | | | | |
| Lease liabilities | 1(e)(5)(B) | 7,034 | 6,084 | 17 | 11 |
| Trade and other payables | | 67,334 | 56,246 | 489 | 505 |
| Contract liabilities | | 5,383 | 4,257 | - | - |
| Provisions | | 5 | 5 | - | - |
| Loans and borrowings | 1(e)(5)(B) | 8,998 | 6,960 | - | - |
| Income tax payable | | 3,690 | 3,604 | 90 | 73 |
| | | 92,444 | 77,156 | 596 | 589 |
| Net Current Assets | | 102,234 | 104,552 | 38,408 | 42,183 |
| Non-current Liabilities | | | | | |
| Provisions | | 395 | 386 | - | - |
| Lease liabilities | 1(e)(5)(B) | 9,099 | 11,151 | 37 | - |
| Deferred tax liabilities | | 2,093 | 2,056 | 127 | 127 |
| | | 11,587 | 13,593 | 164 | 127 |
| Total Liabilities | | 104,031 | 90,749 | 760 | 716 |
| Net Assets | | 174,091 | 173,336 | 95,371 | 99,128 |
| Share capital | 1(d)(ii) (a) | 98,021 | 98,021 | 98,021 | 98,021 |
| Treasury shares | 1(d)(ii) (c) | (8,855) | (8,855) | (8,855) | (8,855) |
| Retained earnings | 1(d)(i) | 86,176 | 87,578 | 7,103 | 10,599 |
| Other reserves | 1(d)(i) | (2,204) | (4,399) | (898) | (637) |
| Equity attributable to owners of the Company | | 173,138 | 172,345 | 95,371 | 99,128 |
| Equity attributable to Non-Controlling Interest | 1(d)(i) | 953 | 991 | - | - |
| Total Equity | | 174,091 | 173,336 | 95,371 | 99,128 |

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

| GROUP | Note | 6 Months Ended | |
|--|------|----------------|----------|
| | | 2024 | 2023 |
| | | S\$'000 | S\$'000 |
| Operating activities : | | | |
| Profit before tax | | 3,864 | 3,811 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 2,693 | 2,565 |
| Amortisation of intangible assets | | 76 | 90 |
| Depreciation of right-of-use assets ("ROUA") | | 3,020 | 2,792 |
| Net loss/(gain) on disposal of PPE and intangible assets | | 5 | (25) |
| Net (gain)/loss on disposal of other investments | | (8) | 190 |
| Allowance for doubtful debts | | 278 | - |
| Net fair value (gain)/loss on investment securities | | (559) | 70 |
| Interest expense | | 1,100 | 1,066 |
| Interest income | | (1,096) | (568) |
| Provision/(reversal) for inventory obsolescence | | 3,217 | (31) |
| Exchange differences | | 1,116 | (1,292) |
| Share of results of joint venture | | 211 | 128 |
| Provision for severance benefits and restructuring expenses | | 2 | 4 |
| Dividend income from other investments | | (160) | (156) |
| Total adjustment items | | 9,895 | 4,833 |
| Operating cash flows before changes in working capital | | 13,759 | 8,644 |
| <u>Changes in working capital</u> | | | |
| Increase in trade and other receivables and contract assets | | (21,406) | (10,788) |
| (Increase)/decrease in inventories | | (167) | 3,283 |
| Increase in prepayments | | (1) | (1,072) |
| Increase/(decrease) in trade and other payables and contract liabilities | | 12,213 | (2,773) |
| Decrease in provision | | - | (12) |
| | | (9,361) | (11,362) |
| Cash flow generated from/(used in) operations | | 4,398 | (2,718) |
| Interest paid | | (1,100) | (1,066) |
| Interest received | | 1,097 | 586 |
| Income taxes paid | | (724) | (70) |
| | | (727) | (550) |
| Net cash generated from/(used in) operating activities | | 3,671 | (3,268) |

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) – Cont'd

| GROUP | Note | 6 Months Ended | |
|---|---------------|----------------|-----------------|
| | | 30-Jun | |
| | | 2024 | 2023 |
| | | S\$'000 | S\$'000 |
| Net cash generated from/(used in) operating activities | | 3,671 | (3,268) |
| Investing activities : | | | |
| Purchase of property, plant and equipment ("PPE") | | (3,918) | (2,442) |
| Additions to prepaid property, plant and equipment ("PPE") | | (702) | - |
| Deposit utilised for PPE | | - | (419) |
| Proceeds from disposal of PPE | | 36 | 42 |
| Purchase of intangible assets | | (43) | (16) |
| Proceeds from disposal of other investments | | 2,912 | 2,982 |
| Purchase of other investments | | (4,174) | (4,111) |
| Dividend from other investments | | 160 | 156 |
| Acquisition of subsidiary | | - | (3,131) |
| Decrease in bank balance under portfolio investment management | | 978 | 832 |
| Increase in structured deposit | | - | (2,896) |
| Net cash flows used in investing activities | | (4,751) | (9,003) |
| Financing activities : | | | |
| Proceed from borrowings | | 1,861 | - |
| Repayment of principal portion of lease liabilities | | (3,000) | (2,631) |
| Dividend paid on ordinary shares by the company | 1 (e)8 | (4,626) | (4,626) |
| Net cash used in financing activities | | (5,765) | (7,257) |
| Net change in cash and cash equivalents | | (6,845) | (19,528) |
| Effect of exchange rate changes on cash and cash equivalents | | 555 | (514) |
| Cash and cash equivalents as at beginning of period | | 48,716 | 56,806 |
| Cash and cash equivalents as at end of period | 1(e)5.(A)(ii) | 42,426 | 36,764 |

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

STATEMENT IN CHANGES IN EQUITY (UNAUDITED)

| GROUP | Attributable to owners of the Group | | | | | | | | | | | | Non-controlling interest |
|---|-------------------------------------|--------------------------|----------------------------|------------------------------|---------------------------------|---|------------------------------|--|--------------------------------------|--|--------------------------------|-------|--------------------------|
| | Total Equity S\$'000 | Share Capital S\$'000 | Treasury Shares S\$'000 | Retained Earnings S\$'000 | Share Option Reserve S\$'000 | Foreign Currency Translation Reserve S\$'000 | Statutory Reserve S\$'000 | Fair Value Reserve of Financial Assets at FVOCI S\$'000 | Asset Revaluation Reserve S\$'000 | Gain or Loss on Reissuance of Treasury Shares S\$'000 | Total Other Reserve S\$'000 | | |
| 2024 | | | | | | | | | | | | | |
| Balance at 1 January 2024 | 173,336 | 98,021 | (8,855) | 87,578 | 1,228 | (13,557) | 7,245 | (159) | 2,550 | (1,706) | (4,399) | 991 | |
| Profit/(loss) for January - June 2024 | 3,120 | - | - | 3,154 | - | - | - | - | - | - | - | (34) | |
| Other comprehensive income | | | | | | | | | | | | | |
| - Foreign currency translation | 2,174 | - | - | - | - | 2,174 | - | - | - | - | 2,174 | - | |
| - Fair value gain on financial assets measured at fair value through other comprehensive income ("FVOCI") | 87 | - | - | - | - | - | 91 | - | - | - | 91 | (4) | |
| Other comprehensive income | 2,261 | - | - | - | - | 2,174 | - | 91 | - | - | 2,265 | (4) | |
| Total comprehensive income | 5,381 | - | - | 3,154 | - | 2,174 | - | 91 | - | - | 2,265 | (38) | |
| Contribution by and distribution to owners | | | | | | | | | | | | | |
| - Expiry of Employee share options | - | - | - | 351 | (351) | - | - | - | - | - | (351) | - | |
| - Dividends on ordinary shares | (4,626) | - | - | (4,626) | - | - | - | - | - | - | - | - | |
| Total contribution by and distribution to owners, representing total transactions with owners in their capacity as owners | (4,626) | - | - | (4,275) | (351) | - | - | - | - | - | (351) | - | |
| Others | | | | | | | | | | | | | |
| - Transfer to statutory reserve (Note (i)) | - | - | - | (281) | - | - | 281 | - | - | - | 281 | - | |
| Balance at 30 June 2024 | 174,091 | 98,021 | (8,855) | 86,176 | 877 | (11,383) | 7,526 | (68) | 2,550 | (1,706) | (2,204) | 953 | |
| 2023 | | | | | | | | | | | | | |
| Balance at 1 January 2023 | 176,703 | 98,021 | (8,855) | 88,146 | 1,228 | (8,686) | 6,648 | (643) | 2,550 | (1,706) | (609) | - | |
| Non-controlling interest arising from acquisition of subsidiary | 1,510 | - | - | - | - | - | - | - | - | - | - | 1,510 | |
| Profit/(loss) for January - June 2023 | 3,106 | - | - | 3,439 | - | - | - | - | - | - | - | (333) | |
| Other comprehensive income | | | | | | | | | | | | | |
| - Foreign currency translation | (3,763) | - | - | - | - | (3,758) | - | - | - | - | (3,758) | (5) | |
| - Fair value gain on financial assets measured at fair value through other comprehensive income ("FVOCI") | 359 | - | - | - | - | - | 359 | - | - | - | 359 | - | |
| Other comprehensive income | (3,404) | - | - | - | - | (3,758) | - | 359 | - | - | (3,399) | (5) | |
| Total comprehensive income | (298) | - | - | 3,439 | - | (3,758) | - | 359 | - | - | (3,399) | (338) | |
| Contribution by and distribution to owners | | | | | | | | | | | | | |
| - Dividends on ordinary shares | (4,626) | - | - | (4,626) | - | - | - | - | - | - | - | - | |
| Total contribution by and distribution to owners, representing total transactions with owners in their capacity as owners | (4,626) | - | - | (4,626) | - | - | - | - | - | - | - | - | |
| Others | | | | | | | | | | | | | |
| - Transfer to statutory reserve (Note (i)) | - | - | - | (210) | - | - | 210 | - | - | - | 210 | - | |
| Balance at 30 June 2023 | 173,289 | 98,021 | (8,855) | 86,749 | 1,228 | (12,444) | 6,858 | (284) | 2,550 | (1,706) | (3,798) | 1,172 | |

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

STATEMENT IN CHANGES IN EQUITY (UNAUDITED) – Cont'd

| COMPANY | Total Equity S\$'000 | Attributable to owners of the Company | | | | | | |
|--|-------------------------|---------------------------------------|----------------------------|------------------------------|---------------------------------|--|--|--------------------------------|
| | | Share Capital S\$'000 | Treasury Shares S\$'000 | Retained Earnings S\$'000 | Share Option Reserve S\$'000 | Fair Value Reserve of Financial Assets at FVOCI S\$'000 | Gain or Loss on Reissuance of Treasury Shares S\$'000 | Total Other Reserve S\$'000 |
| 2024 | | | | | | | | |
| Balance at 1 January 2024 | 99,128 | 98,021 | (8,855) | 10,599 | 1,228 | (159) | (1,706) | (637) |
| Profit for January - June 2024 | 779 | - | - | 779 | - | - | - | - |
| Other comprehensive income | | | | | | | | |
| - Fair value gain on financial assets measured at fair value through other comprehensive income ("FVOCI") | 90 | - | - | - | - | 90 | - | 90 |
| Other comprehensive income | 90 | - | - | - | - | 90 | - | 90 |
| Total comprehensive income | 869 | - | - | 779 | - | 90 | - | 90 |
| Contribution by and distribution to owners | | | | | | | | |
| - Expiry of Employee share options | - | - | - | 351 | (351) | - | - | (351) |
| - Dividends on ordinary shares | (4,626) | - | - | (4,626) | - | - | - | - |
| Total contribution by and distribution to owners, representing total transactions with owners in their capacity as owners | (4,626) | - | - | (4,275) | (351) | - | - | (351) |
| Balance at 30 June 2024 | 95,371 | 98,021 | (8,855) | 7,103 | 877 | (69) | (1,706) | (898) |
| 2023 | | | | | | | | |
| Balance at 1 January 2023 | 97,222 | 98,021 | (8,855) | 9,177 | 1,228 | (643) | (1,706) | (1,121) |
| Loss for January - June 2023 | (191) | - | - | (191) | - | - | - | - |
| Other comprehensive income | | | | | | | | |
| - Fair value gain on financial assets measured at fair value through other comprehensive income ("FVOCI") | 359 | - | - | - | - | 359 | - | 359 |
| Other comprehensive income | 359 | - | - | - | - | 359 | - | 359 |
| Total comprehensive income | 168 | - | - | (191) | - | 359 | - | 359 |
| Contribution by and distribution to owners | | | | | | | | |
| - Grant of equity-settled share options to employees | - | - | - | - | - | - | - | - |
| - Treasury shares reissued pursuant to employee share option plan | - | - | - | - | - | - | - | - |
| - Dividends on ordinary shares | (4,626) | - | - | (4,626) | - | - | - | - |
| Total contribution by and distribution to owners, representing total transactions with owners in their capacity as owners | (4,626) | - | - | (4,626) | - | - | - | - |
| Balance at 30 June 2023 | 92,764 | 98,021 | (8,855) | 4,360 | 1,228 | (284) | (1,706) | (762) |

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

(a) Share capital

| | As at 30 June 2024 | | As at 30 June 2023 | |
|----------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | No. of Shares | Amount S\$'000 | No. of Shares | Amount S\$'000 |
| Number of issued ordinary shares | 246,656,428 | 98,021 | 246,656,428 | 98,021 |

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

| | As at 30 June 2024 | As at 30 June 2023 |
|---|-----------------------|-----------------------|
| Outstanding at 1 January | 8,000,000 | 8,000,000 |
| Lapsed * | (2,500,000) | - |
| Cancelled ** | (300,000) | - |
| Options granted under the InnoTek Employees' Share Option | 5,200,000 | 8,000,000 |

* 2.5 million share options granted to Mr. Lou Yiliang expired on 29 March 2024, as the options were not exercised within the designated period.

** 300,000 share options granted under the 2021 Scheme were cancelled following staff resignation on 28 February 2024.

(c) Treasury shares

| | No. of Shares | Amount S\$'000 |
|---|------------------|-------------------|
| Balance as at 30 June 2023 and 30 June 2024 | 15,351,000 | 8,855 |

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

| | As at 30 June 2024 | | As at 30 June 2023 | |
|--|-----------------------|---------|-----------------------|---------|
| | No of shares '000 | S\$'000 | No of shares '000 | S\$'000 |
| Total number of issued shares at end of the period | 246,656 | 98,021 | 246,656 | 98,021 |
| Number of treasury shares at end of the period | (15,351) | (8,855) | (15,351) | (8,855) |
| Net number of issued shares at end of the period | 231,305 | 89,166 | 231,305 | 89,166 |

1(d)(iv) A statement showing all sales, transfers, cancellations, and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellations, and/or use of treasury shares as of the current financial period.

1(d)(v) A statement showing all sales, transfers, cancellations, and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellations, and/or use of subsidiary holdings as of the current financial period.

1(e) Notes to the consolidated financial statements

1. Corporate information

InnoTek Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. Its registered office and principal place of business of the Company is located at 12 Woodlands Square, Tower 1, #11-67, Woods Square, Singapore 737715. The principal activity of the Company is investment holding.

The principal activities of the Group are:

- (a) Manufacturing and sales of precision component stamping and tooling products
- (b) Manufacturing and sales of precision machining products
- (c) Investment holding

2. Basis of preparation

The Group and the Company prepared the consolidated financial statements under Rule 705 in accordance with Appendix 7.2 and also in accordance with the relevant accounting standards for interim financial reporting under SFRS(I).

The accounting policies and method of computation adopted are consistent with those of the previous financial year’s audited financial statements which were prepared in accordance with SFRS(I), except for changes, if any, as set out in Note 2.1.

The interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements. The consolidated financial statements are prepared in Singapore dollars, which is the Company’s functional currency.

2.1 Changes in accounting policies and method of computation, if any, giving reasons and impact of the changes.

The Group has not adopted any new accounting standards or made any changes to its accounting policies and computation methods. For the annual period beginning on 1 January 2024, the Group has applied the following SFRS(I)s, along with amendments to and interpretations of SFRS(I), for the first time.

- Classification of Liabilities as Current or Non-current (Amendment to SFRS(I)1-1).
- Lease Liability in a Sales of Leaseback (Amendments to SFRS(I)16).
- Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I)10 and SFRS(I)1-28).

The application of these amendments to standards and interpretations does not have a materials effect on the condensed interim financial statements

2.2 Uses of judgments and estimates

Management employs judgments and estimates in preparing the financial statements, which impact the reported amounts of revenues, expenses, assets, and liabilities. These judgments and estimates are essential for the accurate presentation of the Group’s financial position and performance. However, due to the inherent uncertainty in these estimates, actual results may differ, potentially requiring material adjustments in future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

- **Deferred tax assets**

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available to utilize these losses. Determining the amount of deferred tax assets requires significant judgement, based on the timing and level of future taxable profits, along with future tax planning strategies. The Group assessed the probability of expected future cash inflows based on anticipated revenues from existing orders and contracts over the next three years which these reviews conducted annually at the end of each financial year,

- **Income Taxes**

The Group's exposure to income taxes in multiple jurisdictions necessitates significant judgement in determining the overall tax provision, due to complex regulations and uncertain future taxable income and expenditures. The Group estimates liabilities for expected tax issues by considering potential audits and the likelihood of tax authority acceptance. Differences between the final tax outcomes and initial estimates will impact income tax and deferred tax provisions in the relevant period.

- **Fair value of investment properties**

Investment properties are valued only once at the end of each financial year unless unfavorable economic situations warrant a special valuation exercise. In preparing the *interim* consolidated financial statements, it is assumed that the fair value of investment properties does not change as at the end of the previous fiscal year-end.

- **Impairment/reversal 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. Such reviews will only be done at the end of each financial year unless unfavourable circumstances warrant a special review exercise in the preparation of the *interim* consolidated financial statements.

- **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.

3. Seasonal operations

The Group's businesses are typically influenced by seasonal demand for TVs and displays, as well as the extended Chinese New Year and Labor Day holidays in China.

4. Segment and revenue information

The Group is organised into business units based on its 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.
- II. The precision machining segment specialises in the machining of products mainly from the TV and office automation industries.
- III. The corporate and others segment is involved in group-level corporate services and treasury functions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

**4.1 Reportable Segments
By Business Segment (Group Figures S\$'000)**

| | Mansfield | | | | | | | | Corporate and Others | | Elimination | | Per consolidated financial statements | |
|--|----------------------------------|----------------|---------------------|---------------|------------------------------|-----------------|----------------|----------------|----------------------|---------------|-------------|----------|---------------------------------------|----------------|
| | Precision Components and Tooling | | Precision Machining | | Adjustments and eliminations | | Total | | | | | | | |
| | 1H'24 | 1H'23 | 1H'24 | 1H'23 | 1H'24 | 1H'23 | 1H'24 | 1H'23 | 1H'24 | 1H'23 | 1H'24 | 1H'23 | 1H'24 | 1H'23 |
| Business Segments | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | |
| External customers | 100,896 | 78,026 | 20,676 | 14,835 | - | - | 121,572 | 92,861 | - | - | - | - | 121,572 | 92,861 |
| Inter-segment | 59,593 | 40,285 | 518 | 289 | (60,111) | (40,574) | - | - | - | - | - | - | - | - |
| Total Revenue | 160,489 | 118,311 | 21,194 | 15,124 | (60,111) | (40,574) | 121,572 | 92,861 | - | - | - | - | 121,572 | 92,861 |
| Results | | | | | | | | | | | | | | |
| External interest income | 349 | 95 | 244 | 2 | - | - | 593 | 97 | 503 | 471 | - | - | 1,096 | 568 |
| Inter-segment interest income | - | - | - | - | - | - | - | - | 295 | 256 | (295) | (256) | - | - |
| Inter-segment interest expense | (295) | (256) | - | - | - | - | (295) | (256) | - | - | 295 | 256 | - | - |
| Depreciation and amortisation | (4,091) | (3,879) | (1,680) | (1,546) | - | - | (5,771) | (5,425) | (18) | (22) | - | - | (5,789) | (5,447) |
| Dividend income from other investments | - | - | - | - | - | - | - | - | 160 | 156 | - | - | 160 | 156 |
| Gain/(loss) on disposal of PPE | - | 25 | (5) | - | - | - | (5) | 25 | - | - | - | - | (5) | 25 |
| Foreign currency gain/(loss) | 270 | 347 | - | 482 | - | - | 270 | 829 | 152 | (12) | - | - | 422 | 817 |
| Rental income | 531 | 538 | 992 | 837 | - | - | 1,523 | 1,375 | - | - | - | - | 1,523 | 1,375 |
| Share of results of joint venture | (211) | (128) | - | - | - | - | (211) | (128) | - | - | - | - | (211) | (128) |
| Finance costs | (790) | (793) | (309) | (272) | - | - | (1,099) | (1,065) | (1) | (1) | - | - | (1,100) | (1,066) |
| Other non-cash (expenses)/gain' | (2,950) | 36 | (212) | (6) | - | - | (3,162) | 30 | 567 | (259) | - | - | (2,595) | (229) |
| Segment profit/(loss) before tax | 316 | 2,737 | 2,719 | 1,263 | - | - | 3,035 | 4,000 | 829 | (189) | - | - | 3,864 | 3,811 |
| Income tax expenses | (37) | - | (657) | (705) | - | - | (694) | (705) | (50) | - | - | - | (744) | (705) |
| Assets | | | | | | | | | | | | | | |
| Investment in joint venture | 636 | 972 | - | - | - | - | 636 | 972 | - | - | - | - | 636 | 972 |
| Additions to non-current assets | 3,098 | 2,016 | 851 | 440 | - | - | 3,949 | 2,456 | 12 | - | - | - | 3,961 | 2,456 |
| Segment assets | 165,879 | 157,481 | 74,617 | 59,523 | - | - | 240,496 | 217,004 | 37,626 | 35,509 | - | - | 278,122 | 252,513 |
| Liabilities | 78,349 | 60,151 | 24,978 | 18,442 | - | - | 103,327 | 78,593 | 760 | 631 | - | - | 104,087 | 79,224 |

4.2 Revenue and non-current assets

By Geographical Location (Group Figures S\$'000)

| | Revenue | | Non-current Assets | |
|-----------------|----------------|---------------|--------------------|---------------|
| | 6 Months Ended | | As at | |
| | 30-Jun-24 | 30-Jun-23 | 30-Jun-24 | 31-Dec-23 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Hong Kong / PRC | 107,000 | 87,751 | 63,881 | 62,586 |
| Thailand | 5,651 | 3,304 | 5,448 | 5,283 |
| Vietnam | 8,921 | 1,806 | 12,372 | 12,774 |
| Singapore | - | - | 66 | 11 |
| Total | 121,572 | 92,861 | 81,767 | 80,654 |

Non-current assets consist of property, plant, and equipment ("PPE"), right-of-use assets, investment properties, intangible assets, investment in the joint venture, deposit paid for PPE and non-current other receivables as presented in the balance sheet.

4.3 A breakdown of sales

| | Latest Period S\$'000 | Previous Period S\$'000 | % Increase/ (decrease) |
|---|--------------------------|----------------------------|---------------------------|
| (a) Sales reported for 1st half of financial year | 121,572 | 92,861 | 30.9 |
| (b) Profit/(loss) net of tax attributable to : | 3,120 | 3,106 | 0.5 |
| (i) Owners of the Company | 3,154 | 3,439 | (8.3) |
| (ii) Non-controlling interest | (34) | (333) | (89.8) |

5. Financial assets and financial liabilities

| | Note | Fair Value Hierarchy Level | Group | | Company | |
|---|------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | | As at 30-Jun-24 S\$'000 | As at 31-Dec-23 S\$'000 | As at 30-Jun-24 S\$'000 | As at 31-Dec-23 S\$'000 |
| (A) Financial assets | | | | | | |
| (i) Other investment | | | | | | |
| <u>At fair value through profit or loss ("FVPL")</u> | | | | | | |
| Equity securities (quoted) | | 1 | 7,691 | 6,620 | 7,691 | 6,620 |
| <u>At fair value through other comprehensive income ("FVOCI")</u> | | | | | | |
| Debt securities (quoted) | | 1 | 14,342 | 13,497 | 14,342 | 13,497 |
| | | | 22,033 | 20,117 | 22,033 | 20,117 |
| (ii) Cash and short-term deposits | | | | | | |
| Cash and bank balance | | | 29,815 | 36,330 | 2,393 | 1,519 |
| Short-term deposits | | | 12,611 | 12,386 | 12,611 | 12,386 |
| Cash and cash equivalents per cashflow statements | | (a) | 42,426 | 48,716 | 15,004 | 13,905 |
| Cash and bank balance under investment portfolio | | | 474 | 1,452 | 474 | 1,452 |
| Total cash and short-term deposits per balance sheet | | | 42,900 | 50,168 | 15,478 | 15,357 |

(a) The decrease in the Group's cash and cash equivalents by the end of 30 June 2024, resulted from the cash generated through operating activities, coupled with an outflow towards acquisition of plant and equipment (PPE), payment of dividends to shareholders.

(B) Financial liabilities

Below showed the aggregate amount of Group's borrowings and debt securities

| | Note | Group | | Company | |
|--|------|---------------|---------------|-----------|-----------|
| | | As at | As at | As at | As at |
| | | 30-Jun-24 | 31-Dec-23 | 30-Jun-24 | 31-Dec-23 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Amount repayable in one year or less, on demand | | | | | |
| Lease liabilities | | 7,034 | 6,084 | 17 | 11 |
| Total lease liabilities | | 7,034 | 6,084 | 17 | 11 |
| Loans and borrowings - secured | (b) | 7,781 | 5,773 | - | - |
| Loans and borrowings - Non secured | | 1,217 | 1,187 | - | - |
| | | 8,998 | 6,960 | - | - |
| | | 16,032 | 11,857 | 17 | 11 |
| Amount repayable after one year | | | | | |
| Lease liabilities | | 9,099 | 11,151 | 37 | - |
| | | 9,099 | 11,151 | 37 | - |
| Total | | 25,131 | 23,008 | 54 | 11 |

(b) The Chinese subsidiaries secured short-term loans that were collateralized with investment properties located in China.

6. Significant items and major variances explanations relating to:**6.1 Profit before tax**

| | Note | 6 Months Ended | |
|---|------|----------------|--------------|
| | | 30-Jun | |
| | | 2024 | 2023 |
| | | S\$'000 | S\$'000 |
| (a) Major items included in cost of sales are : | | | |
| - Inventories recognised as an expense in cost of sales | (a) | (57,137) | (44,456) |
| - Provision for inventory obsolescence | (b) | (3,217) | 31 |
| - Depreciation of property, plant and equipment ("PPE") | | (1,902) | (1,929) |
| - Depreciation of right-of-use assets | | (2,558) | (2,373) |
| - Wages and salaries | (a) | (20,751) | (17,027) |
| (b) Major items included in administrative expenses are : | | | |
| - Depreciation of PPE | | (791) | (636) |
| - Amortisation of intangible assets | | (76) | (90) |
| - Depreciation of right-of-use assets | | (461) | (419) |
| - Rental expense | | (144) | (136) |
| - Wages and salaries | (a) | (8,073) | (7,102) |
| - Business Tax & Statutory Charges | (c) | (1,408) | (737) |
| (c) Major items included in other expenses and other income | | | |
| - provision for doubtful debts | (d) | (278) | - |
| - Items related to Investment Portfolio | | | |
| Fair value("FV") gain/(loss) for equities | | 559 | (70) |
| FV gain for debt instruments (through other comprehensive income) * | | 90 | 359 |
| Net gain/(loss) on disposal of other investments | | 8 | (190) |
| Dividend income from other investment | | 160 | 156 |
| Interest income from investment bonds | | 261 | 229 |
| Total gain for investment portfolio | | <u>800</u> | <u>484</u> |
| * FV gain of debt instruments through other comprehensive income | | <u>(90)</u> | <u>(359)</u> |
| Gain for investment portfolio through income statement | | <u>710</u> | <u>125</u> |
| - Foreign currency gain | | 422 | 817 |
| - Property rental income | (e) | 1,523 | 1,375 |

- (a) The increase in Inventory, wages, and salaries correspond to the increase in sales.
- (b) The intensified competition in the automotive industry has led the Group to reassess its business strategy and streamline its customer base to focus on electric vehicles("EV"). As a result, the Group has recognized an allowance for inventory obsolescence for items that will no longer be used. Additionally, the Group has accounted for inventory obsolescence related to projects that have reached the end of their life cycle, mainly in the automotive and office automation sectors.
- (c) An additional provision for property tax on rental properties was made for a subsidiary company in China.
- (d) A provision for doubtful debts was recorded mainly due to part price adjustments related to automotive projects, which were higher in previous years.
- (e) An increase in property rental income due to the renewal of a lease agreement and a revised rental rate for one of the properties in China.

7. Taxation

The Group makes or adjusts the tax provision for the period's income tax based on the relevant tax rates applied to the period's earnings. The major components of income tax expense in the Consolidated Statement of Comprehensive income are: -

| GROUP | 6 Months Ended 30-Jun | |
|----------------------------|--------------------------|--------------|
| | 2024 | 2023 |
| Current income tax expense | (744) | (705) |
| Total tax expense | (744) | (705) |

8. Dividend paid

| GROUP | 6 Months Ended 30-Jun | |
|--|--------------------------|-------|
| | 2024 | 2023 |
| Ordinary dividends paid (S\$'000) | 4,626 | 4,626 |
| Dividend per share (net of tax) in S\$ | 0.020 | 0.020 |

9. Earning and net assets value per ordinary share

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

| Earning per ordinary share of the Group based on net earnings attributable to the shareholders of the Company : | 6 Months Ended 30-Jun | |
|---|--------------------------|---------|
| | 2024 | 2023 |
| (i) Based on the weighted average number of shares (in cents) | | |
| Earnings per share | 1.36 | 1.49 |
| Weighted average number of shares ('000) | 231,305 | 231,305 |
| (ii) On a fully diluted basis (in cents) | | |
| Earnings per share | 1.36 | 1.49 |
| Adjusted weighted average number of shares ('000) | 231,305 | 231,305 |

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

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | As at 30-Jun-24 | As at 31-Dec-23 | As at 30-Jun-24 | As at 31-Dec-23 |
| the total number of issued share excluding treasury shares as at the end of the period reported on | 75.2 cents | 74.9 cents | 41.2 cents | 42.9 cents |

1(f) Other Information Required by Listing Rule Appendix 7.2

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

The figures have not been audited or reviewed by auditors.

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

The figures have not been audited or reviewed by auditors.

1.1.A. Where the latest financial statements are subject to an adverse opinion, qualified opinion, or disclaimer of opinion:

(a) Updates on the efforts taken to resolve outstanding audit issues

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

There are no adverse opinions, qualified opinions, or disclaimers of opinion.

1.2 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared to its most recently audited annual financial statements for the financial year ended 31 December 2023.

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

Not applicable

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

Review for the second half ended 30 June 2024 ("1H'24")

Turnover (1H'24 vs 1H'23)

The Group's revenue for the first half of 2024 ("1H'24") increased by S\$28.7 million, or 30.9%, to S\$121.6 million, from S\$92.9 million in first half of 2024 ("1H'23"). This was mainly due to:

- (1) A substantial increase in revenue contribution from projects secured in GPU servers for AI applications, which saw the highest growth, medical devices, ATMs, and other segments have also contributed to incremental growth.
- (2) Higher sales in the automotive segment are driven by strong demand from China's EV market and other international markets. The growth was partially offset by weaker sales of foreign brands in China's traditional gasoline car market. Additionally, sales of tooling and stamping parts for EV battery components also contributed positively.
- (3) Despite a soft market in Europe and the US, the TV/Display segment achieved increased revenue, primarily driven by new product launches from key customers and seasonal trends.

The increase was also offset by:

- (4) Softer sales in the Office Automation ("OA") segment amid persistently weak demand, amplified by the high tooling sales of the previous year, creating a more challenging comparison base.
- (5) Demand for gaming machines also experienced a slowdown.

Net profit (1H'24 vs 1H'23)

For the 1H'24, the Group reported a net profit of S\$3.1 million, almost unchanged from 1H'23, mainly due to:

- (1) Gross profit for 1H'24 rising 13.0% to S\$17.7 million from S\$15.7 million a year ago, propelled by increased revenue.
- (2) Gross profit margin declined to 14.6% in 1H'24 from 16.9% a year ago, amid increasing competition within the automotive segment.
- (3) The cost of sales ("COS") increased mainly due to higher provisions for inventory obsolescence and unutilized tooling. This obsolescence resulted from intensified competition in the EV industry, which prompted the Group to conduct a strategic review and streamline its customer base to focus on key Automotive segments.
- (4) General and Administrative ("G&A") costs increased due to:
 - a. Higher wages and salaries in line with the increase in revenue.
 - b. Provision for doubtful debts recorded mainly due to part-price adjustments related to automotive projects, which were higher in previous years

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

No forecast or projected statement has been previously disclosed to shareholders.

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

China's economy expanded by 5.0% in the first half of 2024, amid increased exports and infrastructure investments, particularly in EV production. This has been hampered by slower-than-expected domestic consumer goods retail sales, reflecting slower economic growth within China.

Against this backdrop, the Group has remained resilient, with the utilisation rates of its main facilities in China remaining high, while its overseas facilities saw significant year-on-year increases due to rising order volumes. The improved performance underscores the effectiveness of the Group's ongoing strategy to diversify its customer base, broaden its product portfolio, and expand its manufacturing footprint toward Southeast Asia.

The Group is installing new machinery such as a 3,000-tonnage hydraulic press and additional larger-tonnage stamping presses to manufacture EV battery packs and meet new automotive orders. It has added die-casting equipment to expand its server business product portfolio and implemented advanced technologies such as intra-mould transfer stamping which will enhance operational efficiency and automation.

These investments will enable the Group to accelerate its shift from automotive parts for traditional diesel/petrol car parts to technologically advanced products, such as GPU servers for AI applications, ATMs, gaming machines, and EV. In particular, InnoTek has retained its status as one of the main suppliers of assembled chassis for a high-end GPU server customer, and will actively pursue new model orders, amid growing market demand.

During the period under review, the Office Automation (“OA”) segment secured new projects and recorded higher order volumes. Looking ahead, the Group will continue to engage customers, with a focus on diversifying its manufacturing footprint beyond China into Southeast Asia while maintaining its role as a core supplier in China.

Meanwhile, the automotive market continues to see short-term volatility amid a shift from gasoline cars towards EV. In response, the Group is realigning its product range to better serve its global Tier 1 customers while leveraging its precision stamping capabilities to seize new growth opportunities in the EV and EV battery markets.

The TV/Display segment is positioned for growth as key customers bolster their leadership in the high-end TV market by increasing production in Southeast Asia and responding swiftly to demand fluctuations in Europe and the U.S. InnoTek aims to drive long-term business success by enhancing technical expertise, optimising costs, and expanding its capacity in Southeast Asia.

The Group’s operations in Thailand have secured fresh orders from existing and new OA and automotive customers for 2H’24. Mansfield Vietnam Company Limited, the wholly-owned subsidiary, recorded a significant year-on-year increase in orders for its TV/Display products. Meanwhile, the Group’s 70%-held joint venture in Bac Giang, Vietnam, hopes to achieve break-even in 2H’24.

The Group is cautiously optimistic that its financial performance will continue to improve in 2H’24, having enhanced its manufacturing capacity and capabilities. While the Group hopes to see a recovery in the markets it serves, it is cognisant of geopolitical and global economic uncertainties and will continue to maintain strict cost discipline to remain competitive.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the present financial period? No

(b) Current Financial Period Reported On

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

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closing date

Not applicable.

5.1 If no dividend has been declared/recommended, a statement to that effect and provide the reasons.

No Dividend was declared for the present financial period on grounds of prudence.

6 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The company has not obtained an IPT mandate from shareholders.

Interested parties transactions for the 6 months ended 30 June 2024

| Name of Interested Person | Nature of Relationship | Aggregate value of all interested person transactions during the financial period under review S\$ | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>) S\$ | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$ |
|-----------------------------------|--|---|--|--|
| Wuhan Grand Mould Plastic Co. Ltd | Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 29.61% | 536,096 | 536,096 | N/A |
| Auhui KM Technology Co Ltd | Mr. Lou Yiliang, CEO of InnoTek Limited has an indirect interest of 15.1% | 606,951 | 606,951 | N/A |

7. Negative confirmation pursuant to Rule 705(5).

The Directors hereby confirmed that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company and the Group for the six months ended 30 June 2024 to be false or misleading in any material aspects.

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

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

9. Disclosure on acquisition and realisation of shares pursuant to Rule 706A.

Save as disclosed on SGXNET, there were no acquisitions or realisations of shares resulting in a company becoming or ceasing to be a subsidiary or associated company of the company, or resulting in the company increasing or reducing its shareholding percentage in a subsidiary or associated company.

BY ORDER OF THE BOARD

Neal Manilal Chandaria
Chairman
Non-Executive and Non-Independent Director

Lou Yiliang
Chief Executive Officer

13 August 2024