

Financial Statement Announcement for the third quarter ended 30 Sep 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Consolidated income statement for third quarter ended 30 Sep 2018. These figures have not been audited or reviewed.

(In Singapore dollars)	Jul - Sep 2018 \$'000	Jul - Sep 2017 \$'000	+ / (-) %	Jan - Sep 2018 \$'000	Jan - Sep 2017 \$'000	+ / (-) %
Revenue	191,760	188,146	1.9	542,600	537,505	0.9
Cost of sales	(168,254)	(161,198)	4.4	(474,642)	(457,012)	3.9
Gross profit	23,506	26,948	(12.8)	67,958	80,493	(15.6)
Other items of income						
Interest income	117	96	21.9	343	302	13.6
Other income	3,070	1,012	203.4	9,984	3,437	190.5
Other items of expense						
Marketing and distribution	(3,837)	(3,726)	3.0	(10,745)	(11,300)	(4.9)
Administrative expenses	(10,742)	(9,790)	9.7	(31,704)	(29,729)	6.6
Other expenses	(954)	(3,878)	(75.4)	(8,588)	(10,778)	(20.3)
Finance costs	(1,105)	(890)	24.2	(3,226)	(2,451)	31.6
Share of results of joint venture	140	305	(54.1)	1,002	691	45.0
Profit before tax	10,195	10,077	1.2	25,024	30,665	(18.4)
Income tax expense	(2,672)	(2,361)	13.2	(5,824)	(7,052)	(17.4)
Profit for the period	7,523	7,716	(2.5)	19,200	23,613	(18.7)
Profit attributable to:						
Owners of the Company	7,523	7,716	(2.5)	19,200	23,613	(18.7)

Consolidated statement of comprehensive income for third quarter ended 30 Sep 2018. These figures have not been audited or reviewed.

Profit net of tax	7,523	7,716	(2.5)	19,200	23,613	(18.7)
Other comprehensive income						
Foreign currency translation	(9,611)	1,360	(806.7)	21	(4,299)	(100.5)
Share of foreign currency translation of joint venture	(147)	(20)	635.0	(108)	(247)	(56.3)
Other comprehensive income for the period, net of tax	(9,758)	1,340	(828.2)	(87)	(4,546)	(98.1)
Total comprehensive income for the period	(2,235)	9,056	(124.7)	19,113	19,067	0.2
Attributable to:						
Owners of the Company	(2,235)	9,056	(124.7)	19,113	19,067	0.2

1(a)(ii)
) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the statement of income for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

Profit before tax is stated after (charging) / crediting:-

	Jul - Sep 2018 \$'000	Jul - Sep 2017 \$'000	+ / (-) %	Jan - Sep 2018 \$'000	Jan - Sep 2017 \$'000	+ / (-) %
Depreciation of property, plant and equipment	(6,825)	(7,167)	(4.8)	(21,795)	(21,271)	2.5
Property, plant and equipment written off	(47)	(54)	(13.0)	(70)	(217)	(67.7)
(Loss)/gain on disposal of property, plant and equipment	(32)	19	(268.4)	(132)	381	(134.6)
Write back/(allowance) for inventories obsolescence/foreseeable losses	97	131	(26.0)	(345)	(947)	(63.6)
Write back for doubtful debts	22	13	69.2	12	31	(61.3)
Amortisation of intangible assets	(378)	(390)	(3.1)	(1,129)	(1,172)	(3.7)
Reversal of provision for onerous contract	81	84	(3.6)	242	251	(3.6)
Foreign exchange gain/(loss)	<u>2,250</u>	<u>(3,101)</u>	<u>(172.6)</u>	<u>420</u>	<u>(7,839)</u>	<u>(105.4)</u>

1(b)(i)

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

(In Singapore dollars)

As at	Group			Company		
	30.09.2018 \$'000	31.12.2017 \$'000	+ / (-) %	30.09.2018 \$'000	31.12.2017 \$'000	+ / (-) %
Non-current assets						
Property, plant and equipment	189,650	193,865	(2.2)	10,704	10,038	6.6
Intangible assets	14,494	15,583	(7.0)	-	-	n.m.
Other investments	1,429	1,428	0.1	-	-	n.m.
Investment in subsidiaries	-	-	n.m.	365,577	338,254	8.1
Investment in joint venture	6,230	6,077	2.5	-	-	n.m.
Prepayments	239	260	(8.1)	239	260	(8.1)
Other receivables	-	-	n.m.	1,329	30,661	(95.7)
Deferred tax assets	2,426	2,471	(1.8)	-	-	n.m.
	214,468	219,684	(2.4)	377,849	379,213	(0.4)
Current assets						
Inventories	153,061	141,009	8.5	10,392	4,483	131.8
Prepayments	5,172	5,476	(5.6)	182	664	(72.6)
Trade and other receivables	223,855	212,381	5.4	57,278	46,899	22.1
Cash and short term deposits	87,691	105,281	(16.7)	2,507	7,654	(67.2)
	469,779	464,147	1.2	70,359	59,700	17.9
Non-current assets held for sales (Note 1)	8,789	-	n.m.	-	-	n.m.
	478,568	464,147	3.1	70,359	59,700	17.9
Less: Current liabilities						
Trade and other payables	197,003	201,225	(2.1)	75,096	62,091	20.9
Loans and borrowings	66,723	60,819	9.7	28,352	30,197	(6.1)
Tax payable	4,559	3,064	48.8	-	-	n.m.
	268,285	265,108	1.2	103,448	92,288	12.1
Net current assets / (liabilities)	210,283	199,039	5.6	(33,089)	(32,588)	1.5
Less: Non-current liabilities						
Other liabilities	1,757	2,164	(18.8)	-	-	n.m.
Loans and borrowings	43,816	42,861	2.2	17,007	26,787	(36.5)
Deferred tax liabilities	7,235	7,574	(4.5)	-	-	n.m.
	52,808	52,599	0.4	17,007	26,787	(36.5)
Net assets	371,943	366,124	1.6	327,753	319,838	2.5
Equity attributable to owners of the Company						
Share capital	301,015	301,015	-	301,015	301,015	-
Reserves	70,928	65,109	8.9	26,738	18,823	42.0
Total equity	371,943	366,124	1.6	327,753	319,838	2.5

Note 1: This relates to the property located at Zhongshan where the Company has appointed Knight Frank (Shanghai) Property Consultants Company Limited to execute the sales process as announced on 25 April 2018

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

Amount repayable in one year or less, or on demand

As at 30.09.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,590	65,133	1,641	59,178

Amount repayable after one year

As at 30.09.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	43,816	-	42,861

Details of any collateral

Collateral for secured borrowings is as follows:

- Sunningdale Innovative Technology (Tianjin) Co Ltd's loan of \$1.6 million (31.12.2017: \$1.6 million) is secured by cash and bank balances of the same amount of other subsidiary companies.
- The finance lease of \$0.001 million (31.12.2017: \$0.004 million) recorded by SIA Skan Tooling is secured by certain fixed assets of the said subsidiary.

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 statement of cash flows for third quarter ended 30 Sep 2018

(In Singapore dollars)	Jul - Sep 2018 \$'000	Jul - Sep 2017 \$'000	Jan - Sep 2018 \$'000	Jan - Sep 2017 \$'000
Cash flows from operating activities:				
Profit before tax	10,195	10,077	25,024	30,665
Adjustments for:				
Depreciation of property, plant and equipment	6,825	7,167	21,795	21,271
Property, plant and equipment written off	47	54	70	217
Loss/(gain) on disposal of property, plant and equipment	32	(19)	132	(381)
(Write back)/allowance for inventories obsolescence/ foreseeable losses	(97)	(131)	345	947
Write back for doubtful debts	(22)	(13)	(12)	(31)
Amortisation of intangible assets	378	390	1,129	1,172
Reversal of provision for onerous contract	(81)	(84)	(242)	(251)
Share of results of joint venture	(140)	(305)	(1,002)	(691)
Provision for retrenchment costs	-	86	-	333
Grant of equity-settled share awards to employees	298	269	896	805
Interest expense	1,105	890	3,226	2,451
Interest income	(117)	(96)	(343)	(302)
Currency realignment	(3,905)	1,140	2,833	1,063
Operating cashflows before changes in working capital	14,518	19,425	53,851	57,268
Increase in inventories	(5,911)	(7,733)	(12,036)	(27,520)
Decrease/(increase) in prepayments	607	161	339	(149)
(Increase)/decrease in trade and other receivables	(830)	16,833	(9,855)	1,065
Increase/(decrease) in trade and other payables	2,420	(11,006)	(5,926)	13,818
Retrenchment costs	(468)	(86)	(809)	(779)
Cash flows from operations	10,336	17,594	25,564	43,703
Interest paid	(1,105)	(890)	(3,226)	(2,451)
Interest received	117	96	343	302
Income tax paid	(2,332)	(2,287)	(4,587)	(7,845)
Net cash flows from operating activities	7,016	14,513	18,094	33,709
Cash flows from investing activities:				
Purchase of property, plant and equipment	(4,572)	(7,400)	(27,551)	(25,014)
Net proceeds from disposal of property, plant and equipment	30	30	167	2,863
Net proceeds from disposal of other investment	-	-	-	1
Dividend income from joint venture	367	-	750	140
Purchase of other investments	-	(166)	-	(1,421)
Acquisition of subsidiary, net of cash acquired	287	-	287	-
Net cash flows used in investing activities	(3,888)	(7,536)	(26,347)	(23,431)
Cash flows from financing activities:				
Proceeds from loans and borrowings	13,508	161	27,339	15,430
Repayment of loans and borrowings	(8,705)	(4,433)	(21,048)	(11,283)
Dividends paid to shareholders	(5,676)	(4,702)	(14,190)	(15,985)
Net cash flows from financing activities	(873)	(8,974)	(7,899)	(11,838)
Net increases/(decrease) in cash and cash equivalents	2,255	(1,997)	(16,152)	(1,560)
Cash and cash equivalents at beginning of period	85,909	110,649	102,951	113,024
Effects of exchange rate changes on cash and cash equivalent	(2,417)	(287)	(1,052)	(3,099)
Cash and cash equivalents at end of period	85,747	108,365	85,747	108,365

Note:

	30.09.2018	31.12.2017	30.09.2017	31.12.2016
Cash and cash at bank	87,691	105,281	111,009	115,255
Less: Bank overdraft	(354)	(693)	(1,007)	(562)
Less: Bank balances pledged	(1,590)	(1,637)	(1,637)	(1,669)
Cash and cash equivalents	85,747	102,951	108,365	113,024
	30.06.2018	30.06.2017		
Cash and cash at bank	88,333	113,220		
Less: Bank overdraft	(769)	(942)		
Less: Bank balances pledged	(1,655)	(1,629)		
Cash and cash equivalents	85,909	110,649		

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

Statement of Changes in Equity for third quarter ended 30 Sep 2018

(In Singapore dollars)

Group	Attributable to owners of the Company				Total \$'000
	Share Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Other Reserve \$'000	
Balance at 01.01.2017 - As previously reported	300,146	61,927	(23,488)	12,732	351,317
Adjustment from adoption of SFRS(I)	-	(23,488)	23,488	-	-
Balance at 01.01.2017 - As restated	300,146	38,439	-	12,732	351,317
Profit for the period	-	7,698	-	-	7,698
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(9,431)	(274)	(9,705)
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	269	269
Transfer to statutory reserve	-	(138)	-	138	-
Balance at 31.03.2017 - As restated	300,146	45,999	(9,431)	12,865	349,579
Profit for the period	-	8,199	-	-	8,199
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	3,740	79	3,819
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	267	267
Dividends paid	-	(11,283)	-	-	(11,283)
Balance at 30.06.2017	300,146	42,915	(5,691)	13,211	350,581
Profit for the period	-	7,716	-	-	7,716
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	1,219	121	1,340
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	269	269
Transfer to statutory reserve	-	(71)	-	71	-
Dividends paid	-	(4,702)	-	-	(4,702)
Balance at 30.09.2017	300,146	45,858	(4,472)	13,672	355,204
Balance at 01.01.2018 - As restated	301,015	52,661	(1,632)	14,080	366,124
Profit for the period	-	1,940	-	-	1,940
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	6,034	323	6,357
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	299	299
Balance at 31.03.2018	301,015	54,601	4,402	14,702	374,720
Profit for the period	-	9,737	-	-	9,737
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(166)	3,480	3,314
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	299	299
Dividends paid	-	(8,514)	-	-	(8,514)
Balance at 30.06.2018	301,015	55,824	4,236	18,481	379,556
Profit for the period	-	7,523	-	-	7,523
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(9,194)	(564)	(9,758)
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	298	298
Transfer to statutory reserve	-	(239)	-	239	-
Dividends paid	-	(5,676)	-	-	(5,676)
Balance at 30.09.2018	301,015	57,432	(4,958)	18,454	371,943

(In Singapore dollars)

Company	Attributable to owners of the Company			
	Share Capital	Retained Earnings	Other Reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 01.01.2017	300,146	(4,651)	1,062	296,557
Profit for the period	-	4,354	-	4,354
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	269	269
Balance at 31.03.2017	300,146	(297)	1,331	301,180
Profit for the period	-	7,175	-	7,175
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	267	267
Dividends paid	-	(11,283)	-	(11,283)
Balance at 30.06.2017	300,146	(4,405)	1,598	297,339
Profit for the period	-	1,342	-	1,342
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	269	269
Dividends paid	-	(4,702)	-	(4,702)
Balance at 30.09.2017	300,146	(7,765)	1,867	294,248
Balance at 01.01.2018	301,015	17,522	1,301	319,838
Profit for the period	-	398	-	398
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	299	299
Balance at 31.03.2018	301,015	17,920	1,600	320,535
Profit for the period	-	3,041	-	3,041
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	299	299
Dividends paid	-	(8,514)	-	(8,514)
Balance at 30.06.2018	301,015	12,447	1,899	315,361
Profit for the period	-	17,770	-	17,770
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	298	298
Dividends paid	-	(5,676)	-	(5,676)
Balance at 30.09.2018	301,015	24,541	2,197	327,753

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as 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

Issued and fully paid	Ordinary Share
Balance as at 31.12.2017	189,205,336
Balance as at 30.09.2018	189,205,336

As at 30.09.2018, the share capital of the Company comprised 189,205,336 ordinary shares.

The number of shares that may be issued on conversion of share awards as at 30.09.2018 was 3,501,500 (31.12.2017: 3,501,500) shares.

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.

The Company does not have treasury shares as at 30.09.2018 (31.12.2017 : nil)

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

There was no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30.09.2018

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures are not audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4 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 financial statements for the current reporting period compared with the audited financial statements for the year ended 31.12.2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which are effective for annual financial periods beginning on or after 01.01.2018.

5 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

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 01.01.2017, and accordingly, has reclassified an amount of \$23,488,000 of foreign currency translation reserve to the opening retained earnings as at 01.01.2017.

Other than the effect of the matter as described above, the adoption of the new and revised standards did not have any material effect on the financial performance or position of the Group.

6 Earnings 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

	Group		Group	
	3rd Qtr 2018	3rd Qtr 2017	9 mths ended 30.09.2018	9 mths ended 30.09.2017
Earnings per ordinary share (EPS) for the period based on net profit attributable to				
(a) on weighted average number of ordinary shares (cents)	3.98	4.10	10.15	12.56
(b) on a fully diluted basis (cents)	3.90	4.02	9.96	12.30

Earnings per ordinary share is calculated on the Group profit for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary share of 189,205,336 (3Q2017: 188,055,336) for third quarter ended 30.09.2018.

Earnings per ordinary share (diluted basis) is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the period under review and adjusted to include all potential dilutive ordinary shares up to 30.09.2018. The adjusted weighted average number of ordinary shares is 192,706,836 (3Q2017: 192,012,836) for third quarter ended 30.09.2018.

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

	Group		Company	
	At 30.09.2018	At 31.12.2017	At 30.09.2018	At 31.12.2017
Net asset value per ordinary share				
Net asset value per ordinary share based on existing issued share capital as at the end of period (\$)	1.97	1.94	1.73	1.69

	Group		Company	
	At 30.09.2018	At 31.12.2017	At 30.09.2018	At 31.12.2017
Net tangible asset value per ordinary share				
Net tangible asset value per ordinary share based on existing issued share capital as at the end of period (\$)	1.89	1.85	1.73	1.69

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's 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 and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

CONSOLIDATED INCOME STATEMENT

July – September 2018 (“3Q18”)

The Group's revenue increased 1.9% year-on-year (“yoy”) from \$188.1 million for 3Q17 to \$191.8 million for 3Q18.

The Group reported an increase in revenue from all business segments except for Mould Fabrication segment. The decrease in revenue from the Mould Fabrication segment was due to lesser orders recognised to profit and loss during the period.

	Jul-Sep 2018	Jul-Sep 2017	Inc/(Dec)
	\$'000	\$'000	%
Automotive	66,058	63,213	4.5%
Consumer/IT	78,737	76,922	2.4%
Healthcare	14,581	12,050	21.0%
Mould Fabrication	32,384	35,961	-9.9%
	<u>191,760</u>	<u>188,146</u>	1.9%

The Group's gross profit decreased 12.8% yoy from \$26.9 million for 3Q17 to \$23.5 million for 3Q18. Correspondingly, the Group's gross profit margin declined from 14.3% for 3Q17 to 12.3% for 3Q18. This was mainly due to increase in labour, utilities, and materials costs as well as pricing pressure from customers.

The increase in other income was due to foreign exchange gain of \$2.3 million for 3Q18.

The increase in administrative expenses from \$9.8 million for 3Q17 to \$10.7 million for 3Q18 was due to higher staff costs, professional fees and travelling expenses.

The decrease in other expenses was mainly due to foreign exchange losses amounting to \$3.1 million for 3Q17 whereas the Group reported foreign exchange gain under other income for 3Q18.

The increase in finance costs was due to the drawdown of loans to finance the Group's new factory in Penang and for capital expenditure.

The Group achieved a net profit of \$7.5 million for 3Q18 compared to a net profit of \$7.7 million for 3Q17. Excluding foreign exchange gains and losses and retrenchment costs, net profit would have been \$5.3 million for 3Q18 and \$10.9 million for 3Q17, representing a 51.6% yoy decline.

	Jul-Sep 2018	Jul-Sep 2017	+ / (-)
	\$'000	\$'000	%
Profit for the period reported	7,523	7,716	(2.5)
Adjustments:			
Foreign exchange (gain)/loss	(2,250)	3,101	(172.6)
Retrenchment costs	-	86	(100.0)
	<u>5,273</u>	<u>10,903</u>	(51.6)

CONSOLIDATED BALANCE SHEET

The Group's PPE amounted to \$189.7 million as at 30 September 2018 as compared to \$193.9 million as at 31 December 2017. PPE was stated net of depreciation charges of \$21.8 million (9M17: \$21.3 million), partially offset by currency re-alignment and the addition of \$28.4 million (9M17: \$26.4 million) in PPE.

The Group maintained a cash balance of \$87.7 million as at 30 September 2018 (31 December 2017: \$105.3 million). This resulted in a net debt position of \$22.8 million (31 December 2017: net cash \$1.6 million) after accounting for loans and borrowings amounting to \$110.5 million (31 December 2017: \$103.7 million). The decrease in net cash was due to a foreign currency translation loss of \$1.05 million on the opening balance of cash and cash at bank, the payment of capital expenditure amounting to \$27.6 million, the payment of dividends amounting to \$14.2 million and the payment of debt amounting to \$1.1 million following the acquisition of Adval Tech (Thailand) Co Ltd on 4 September 2018⁽¹⁾.

CONSOLIDATED CASHFLOW STATEMENT

July – September 2018 (“3Q18”)

Net cash flows from operating activities amounted to \$7.0 million for 3Q18 as compared to \$14.5 million for 3Q17. Net cash flows used in investing activities amounted to \$3.9 million for 3Q18 as compared to \$7.5 million for 3Q17 due to lower amount paid for the purchase of PPE.

Net cash flows used in financing activities amounted to \$0.9 million for 3Q18 as compared to \$9.0 million for 3Q17 due to additional loans draw down for the payment of capital expenditure.

⁽¹⁾ For more information, please refer to the Group's announcement on SGXNet dated 5 September 2018

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not Applicable.

10 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

In addition to rising labour costs, rising utility costs and foreign exchange rate volatility, negative market sentiment surrounding the trade war continues to present challenges to the Group's operations which span across 20 manufacturing sites in nine different countries. Furthermore, pricing pressure from customers and rising materials cost have presented the Group with additional headwinds.

Despite rising trade tensions, the Group's technological capabilities and global manufacturing footprint has led to an increasing amount of business queries from both new and existing customers who are confident in the Group's ability to handle challenging projects on a global scale. As a result, the Group's order backlog across the Automotive, Healthcare, Consumer/IT and Mould Fabrication segments remains stable. Within the Consumer/IT segment, the Group has made the strategic decision to exit some low-margin projects.

The Group continues to remain focused on building the long-term stability of its operations. In this light, the Group continues to sharpen its competitive edge by investing into technology and new machinery to stay ahead of the curve in an ever-changing business environment.

As announced via SGXNet on 25 April 2018, the Group has appointed Knight Frank (Shanghai) Property Consultants Limited as its exclusive brokerage team to execute the sale process for its factory in Zhongshan, China. At present, this sale process is still ongoing. Shareholders will be updated on any material developments regarding the potential disposal of the factory in accordance with SGX listing rules.

Looking ahead, the Group is vigilant of headwinds such as rising costs and an increasingly competitive business landscape. While the Group has substantial operations outside of China, the Group continues to monitor the ongoing trade war situation closely. The Group remains confident in its resilient business model as the long-term sustainability and profitability of operations remain on track.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

Not Applicable

13 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.

There is no IPTs for the period under review

BY ORDER OF THE BOARD

KHOO BOO HOR

**Executive Director &
Chief Executive Officer**

9 November 2018

14 CONFIRMATION BY THE BOARD

We, KOH BOON HWEE and KHOO BOO HOR, being two directors of Sunningdale Tech Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, 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 third quarter 2018 to be false or misleading.

On behalf of the board of directors

KOH BOON HWEE
Non-Executive Chairman

KHOO BOO HOR
Executive Director &
Chief Executive Officer

15 Issuer to confirm that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1)

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1).