



Financial Statements And Dividend Announcement  
For First Quarter Financial Period Ended 31 May 2016

## **CHEUNG WOH TECHNOLOGIES LTD**

Co. Reg. No. 197201205Z

First Quarter Financial Statements And Dividend Announcement

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

The Directors of Cheung Woh Technologies Ltd advise the following unaudited results of the Group for the financial period ended 31 May 2016.

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

**Consolidated Statement of Comprehensive Income**

		<b>GROUP</b>		Increase/ (decrease) %
		3 months ended 31.5.2016	31.5.2015	
	Notes	S\$'000	S\$'000	
Turnover		21,005	21,227	(1.0)
Cost of sales		(17,227)	(16,606)	3.7
Gross profit		3,778	4,621	(18.2)
Other operating income	a	1,519	1,600	(5.1)
Distribution and selling expenses		(757)	(832)	(9.0)
General and administrative expenses		(1,954)	(2,095)	(6.7)
Finance costs		(87)	(62)	40.3
Share of results of associate companies		856	365	134.5
Profit before taxation	b	3,355	3,597	(6.7)
Income tax expense		(170)	(441)	(61.5)
Profit for the financial period		3,185	3,156	0.9
Other comprehensive income:				
Foreign currency translation loss		(1,924)	(1,112)	
Total comprehensive income for the financial period		1,261	2,044	
Profit attributable to:				
Equity owners of the Company		3,185	3,159	
Non-controlling interests		-	(3)	
		3,185	3,156	
Total comprehensive income attributable to:				
Equity owners of the Company		1,261	2,047	
Non-controlling interests		-	(3)	
		1,261	2,044	
Earnings per share (cents)				
Basic and diluted		1.05	1.05	

n.m. - not meaningful

- 1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

		<b>GROUP</b>	
		3 months ended	
		31.5.2016	31.5.2015
		S\$'000	S\$'000
<u>Notes</u>			
a	The Group's other operating income included the following:		
	Sales of scrap metal	810	1,174
	Foreign exchange gain	439	169
	Rental income	152	150
	Sundry income	113	78
	Interest income	5	15
	Income from insurance claim	-	14
b	The Group's profit before taxation is arrived at after charging/(crediting):		
	Amortisation and depreciation	2,054	2,054
	Loss on disposal of property, plant and equipment	-	205
	Interest expense on interest-bearing loans and borrowings	87	62
	(Write-back of)/ Allowance for inventories obsolescence	(11)	20

**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**

	<b>GROUP</b>		<b>COMPANY</b>	
	31.5.2016	28.2.2016	31.5.2016	28.2.2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	66,129	62,609	1,687	1,703
Investment properties	2,640	2,657	2,640	2,657
Intangible assets	67	68	58	59
Investments in subsidiary companies	-	-	44,397	44,397
Investments in associate companies	17,544	16,687	15,662	15,662
Investment in a quoted equity	1	1	-	-
Deferred tax assets	419	419	162	162
	<u>86,800</u>	<u>82,441</u>	<u>64,606</u>	<u>64,640</u>
<b>Current assets</b>				
Inventories	11,938	12,002	-	-
Trade receivables	17,863	21,131	-	-
Amount due from an associate company	3	5	-	-
Other receivables	2,725	2,505	2,496	7,597
Other current assets	8,240	5,357	182	166
Cash and bank balances	11,874	14,631	3,125	4,815
	<u>52,643</u>	<u>55,631</u>	<u>5,803</u>	<u>12,578</u>
<b>Total assets</b>	<u>139,443</u>	<u>138,072</u>	<u>70,409</u>	<u>77,218</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	6,148	6,683	143	69
Other payables	8,471	6,668	920	2,728
Amount due to an associate company	686	414	-	-
Interest-bearing loans and borrowings	9,319	10,531	1,845	6,999
Income tax payable	91	8	-	-
	<u>24,715</u>	<u>24,304</u>	<u>2,908</u>	<u>9,796</u>
<b>Net current assets</b>	<u>27,928</u>	<u>31,327</u>	<u>2,895</u>	<u>2,782</u>
<b>Non-current liability</b>				
Interest-bearing loans and borrowings	331	632	-	-
Deferred tax liabilities	1,880	1,880	-	-
	<u>2,211</u>	<u>2,512</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>26,926</u>	<u>26,816</u>	<u>2,908</u>	<u>9,796</u>
<b>Net assets</b>	<u>112,517</u>	<u>111,256</u>	<u>67,501</u>	<u>67,422</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(1,923)	(1,923)	(1,923)	(1,923)
Revenue reserve	66,696	63,511	19,224	19,145
Statutory reserve	1,194	1,170	-	-
Foreign currency translation reserve	(3,650)	(1,702)	-	-
<b>Total equity</b>	<u>112,517</u>	<u>111,256</u>	<u>67,501</u>	<u>67,422</u>
<b>Total equity and liabilities</b>	<u>139,443</u>	<u>138,072</u>	<u>70,409</u>	<u>77,218</u>

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

A) Amount repayable in one year or less, or on demand

As at 31.05.2016		As at 28.02.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,474	1,845	3,532	6,999

B) Amount repayable after one year

As at 31.05.2016		As at 28.02.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
331	-	632	-

C) Details of any collateral

- i) Certain bank borrowings of the Group and the Company are secured; and
- ii) The bank borrowings of certain subsidiary companies are secured by legal mortgage over the subsidiary companies' properties and corporate guarantee from the holding company.

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

	<b>GROUP</b>	
	3 months ended	
	31.5.2016	31.5.2015
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	3,355	3,597
Adjustments for:		
Amortisation and depreciation	2,054	2,054
Loss on disposal of property, plant and equipment	-	205
Unrealised exchange loss/(gain)	79	(402)
Interest expense	87	62
Allowance (write-back of)/for inventories obsolescence	(11)	20
Share of results of associate companies	(856)	(365)
Interest income	(5)	(15)
<b>Operating cash flows before changes in working capital</b>	<b>4,703</b>	<b>5,156</b>
(Increase)/decrease in:		
Inventories	(35)	(2,289)
Trade receivables	2,565	2,618
Amount due from an associate company	2	2
Other receivables and prepayments	(1,519)	(1,505)
(Decrease)/increase in:		
Trade payables	(186)	747
Other payables	1,798	1,230
Amount due to an associate company	255	(36)
<b>Cash flow generated from operations #</b>	<b>7,583</b>	<b>5,923</b>
Interest received	5	15
Interest paid	(87)	(62)
Income tax paid	(33)	(438)
<b>Net cash flow generated from operating activities</b>	<b>7,468</b>	<b>5,438</b>

# The comparative figures have been reclassified to conform to the current period presentation and to better reflect their classification in consolidated statement of cash flows.

**1(c) A consolidated statement of cash flow, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd) GROUP**

	3 months ended	
	31.5.2016	31.5.2015
	S\$'000	S\$'000
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(6,377)	(4,890)
Proceeds from disposal of property, plant and equipment	7	34
Increase in advance payment to suppliers of property, plant and equipment	(2,105)	(4,469)
<b>Net cash flow used in investing activities</b>	<b>(8,475)</b>	<b>(9,325)</b>
<b>Cash flow from financing activities</b>		
Proceeds from interest-bearing loans and borrowings	4,121	2,750
Repayment of interest-bearing loans and borrowings	(5,667)	(790)
Increase in cash and cash equivalents subject to restrictions	-	(5)
<b>Net cash flow (used in)/generated from financing activities</b>	<b>(1,546)</b>	<b>1,955</b>
Net decrease in cash and cash equivalents	(2,553)	(1,932)
Cash and cash equivalents at beginning of financial period	14,499	16,400
Effect of exchange rate changes on cash and cash equivalents	(205)	(176)
<b>Cash and cash equivalents at end of financial period</b>	<b>11,741</b>	<b>14,292</b>

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	GROUP	
	31.5.2016	31.5.2015
	S\$'000	S\$'000
Cash and bank balances	11,741	14,292
Fixed deposits	133	146
	<b>11,874</b>	<b>14,438</b>
Less:		
Cash and cash equivalents subject to restriction *	(133)	(146)
<b>Cash and cash equivalents at end of financial period</b>	<b>11,741</b>	<b>14,292</b>

\* This relates to fixed deposits pledged for banker's facilities granted to a subsidiary company.

# The following table summarises the reclassification made in the comparative figures.

	<b>GROUP</b>	
	3 month ended	
	As	As
	announced	restated
	31.5.2015	31.5.2015
	S\$'000	S\$'000
<b>Operating cash flows before changes in working capital</b>	5,156	5,156
(Increase)/decrease in:		
Inventories	(1,936)	(2,289)
Trade receivables	3,339	2,618
Amount due from an associate company	2	2
Other receivables and prepayments	(797)	(1,505)
(Decrease)/increase in:		
Trade payables	251	747
Other payables	464	1,230
Amount due to an associate company	(38)	(36)
Exchange differences arising from consolidation	(518)	-
<b>Cash flow generated from operations</b>	5,923	5,923



**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**

Attributable to equity owners of the Company

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000	Total other reserves S\$'000	Total equity attributable to equity owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>GROUP</b>									
<b>Balance as at 28.02.2016</b>	50,200	(1,923)	63,511	1,170	(1,702)	(532)	111,256	-	111,256
Total comprehensive income for the financial period	-	-	3,185	24	(1,948)	(1,924)	1,261	-	1,261
<b>Balance as at 31.05.2016</b>	50,200	(1,923)	66,696	1,194	(3,650)	(2,456)	112,517	-	112,517
<b>Balance as at 28.02.2015</b>	50,200	(1,923)	57,878	1,123	(488)	635	106,790	4	106,794
Total comprehensive income for the financial period	-	-	3,159	-	(1,112)	(1,112)	2,047	(3)	2,044
<b>Balance as at 31.05.2015</b>	50,200	(1,923)	61,037	1,123	(1,600)	(477)	108,837	1	108,838

- 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 (cont'd)**

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Total equity S\$'000
<b>COMPANY</b>				
<b>Balance as at 28.02.2016</b>	50,200	(1,923)	19,145	67,422
Total comprehensive income for the financial period	-	-	79	79
<b>Balance as at 31.05.2016</b>	50,200	(1,923)	19,224	67,501
<b>Balance as at 28.02.2015</b>	50,200	(1,923)	21,494	69,771
Total comprehensive income for the financial period	-	-	138	138
<b>Balance as at 31.05.2015</b>	50,200	(1,923)	21,632	69,909

- 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 for 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

	<b>Group and Company</b>	
	No. of shares	
	('000)	(S\$'000)
Ordinary shares - Issued and fully paid		
Balance as at 1 March 2016 and 31 May 2016	313,085	50,200

There was no change in the Company's share capital from 28 February 2016 to 31 May 2016.

As at 31 May 2016, the Company held 10,873,000 of its issued shares as Treasury Shares (31 May 2015: 10,873,000).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (31 May 2015: Nil).

- 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.**

	31.05.2016	28.02.2016
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	(10,873)	(10,873)
Issued shares excluding treasury shares	<u>302,212</u>	<u>302,212</u>

- 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 were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

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

The figures in this announcement have not been audited or reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of the 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 accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 28 February 2016 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 March 2016.

- 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**

The adoption of the standards and interpretations highlighted in paragraph 4 above did not have any effect on the financial performance or position of the Group presented in this announcement.

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

	31.5.2016	31.5.2015
Profit attributable to shareholders (\$'000)	3,185	3,159
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	302,212	302,212
Earnings per share (cents) - basic and diluted	1.05	1.05

The weighted average number of shares was computed after adjusting for the effect of treasury shares held by the Company.

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

	GROUP		COMPANY	
	31.5.2016	28.2.2016	31.5.2016	28.2.2016
Net asset value per ordinary share based on share capital at the end of the period (cents)	37.23	36.81	22.34	22.31

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.2.2016: 302,212,000) ordinary shares (excluding treasury shares).

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
**(a) 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; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Consolidated statement of comprehensive income**

During the first quarter ended 31 May 2016 (1QFY17), the Group reported a turnover of \$21.0 million, a decrease of 1.0% as compared to \$21.2 million in the corresponding financial period in FY2016 (1QFY16). Revenue in Precision Metal Stamping components segment decreased by 16.7% as compared to 1QFY16 as a result of drop in customers' demands and effect of depreciation of Ringgit Malaysia against Singapore Dollar ("SGD"). On the other hand, revenue in HDD components segment increased by 2.6% as compared to 1QFY16 mainly due to increase in customers' demands coupled with the effect of appreciation of United States Dollar against SGD.

The Group's cost of sales ("COS") increased by 3.7% as compared to 1QFY16. The increase in COS was mainly attributed to increase in materials and labour costs in HDD components segment. Higher materials cost was mainly incurred in the initial stage of producing Baseplates. Labour costs have increased partly due to the engagement of subcontract labour in 1QFY17. As a result, the gross profit margin declined quarter-on-quarter.

### **Consolidated statement of comprehensive income (cont'd)**

During 1QFY17, other operating income decreased by approximately \$81K. The decrease was mainly due to decrease in sales of scrap metal (approximately \$364K). The decrease was partially offset by an increase in foreign exchange gain of approximately \$270K.

Distribution and selling expenses decreased by approximately \$75K as compared to 1QFY16 mainly due to more costly transportation mode deployed in 1QFY16.

General and administrative expenses were lower by approximately \$141K as compared to 1QFY16 mainly attributed to a loss on disposal of property, plant and equipment of approximately \$205K incurred in 1QFY16.

Finance costs increased by approximately \$25K as compared to 1QFY16 mainly due to increase in interest-bearing loans and borrowings.

Share of results of associate companies represents the Group's interest in the profit after taxation of Jiangsu Tysan Precision Engineering Co., Ltd. group of companies ("TP Group"). During 1QFY17, TP Group has recorded higher revenue. Both gross profit and net profit margins have improved. As a result, the share of results of associate companies increased by approximately \$491K.

### **Statement of financial position**

The Group's non-current assets increased by 5.3% (approximately \$4.4 million) as compared to previous financial year ended 28 February 2016 (FY16) mainly contributed by increases in property, plant and equipment and investments in associate companies. Higher property, plant and equipment as at 1QFY17 was attributed to purchases of plant and machineries, primarily for HDD components segment. Investment in associate companies increased by approximately \$0.9 million attributed to share of profit after taxation derived from TP Group during 1QFY17.

The Group's current assets decreased by 5.4% (approximately \$3.0 million) as compared to FY16 mainly due to decreases in trade receivables and cash and bank balances. Trade receivables decreased by approximately \$3.3 million mainly due to lower sales recorded in 1QFY17 as compared to fourth quarter in FY16. The decreases were partially offset by increases in other receivables and other current assets. Other receivables increased by approximately \$220K mainly attributed to higher value-added-tax recoverable in subsidiaries in China. Other current assets increased by approximately \$2.9 million mainly due to higher advance payments made for the acquisitions of plant and machineries. At the Company level, other receivables decreased substantially by approximately \$5.1 million mainly due to decrease in inter-companies receivables.

The Group's current liabilities increased by 1.7% (approximately \$411K) as compared to FY16 mainly due to increases in other payables and amount due to an associate company. Other payables increased by approximately \$1.8 million mainly due to higher accrued personnel expenses and payables on machineries. Amount due to an associate company increased by approximately \$272K mainly due to increase in purchases from the associate company. The increases were partially offset by decreases in trade payables and interest-bearing loans and borrowings. Trade payables decreased by approximately \$0.5 million mainly due to shorter turnover days in 1QFY17. Interest-bearing loans and borrowings decreased due to repayments made during 1QFY17. At the Company level, other payables and interest-bearing loans and borrowings decreased substantially by approximately \$1.8 million and \$5.2 million respectively mainly due to decrease in inter-companies payables and repayments made for the interest-bearing loans and borrowings.

**Consolidated statement of cash flow**

During 1QFY17, the Group has net cash flow generated from operating activities of \$7.5 million as compared to \$5.4 million in 1QFY16. The net cash flows generated from operating activities in 1QFY17 was mainly contributed by operating cash flows before changes in working capital, decreases in trade receivables, increases in other payables and amount due to an associate company. It was partially offset by increase in other receivables and prepayments and decrease in trade payables.

In investing activities, the Group used \$8.5 million during 1QFY17 as compared to \$9.3 million used in 1QFY16. The net cash used was mainly for purchases of property, plant and equipment.

During 1QFY17, the Group used \$1.5 million in financing activities as contrast with \$2.0 million net cash flow generated in 1QFY16. The net cash flow used in 1QFY17 was mainly for the repayment of interest-bearing loans and borrowings.

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

There is no variance from the previous financial results announcement for full financial year ended 28 February 2016.

**10 A commentary at the date of the announcement of the significant trends or 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**

Both the HDD components and Precision Metal Stamping components segments are expected to do well. However, the Group views that the unclear global financial conditions and volatility in foreign exchange may pose some uncertainties and challenges to our business.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any interim (final) dividend declared (recommended) for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the current financial period.

**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, statement to that effect.**

The Group does not have a general mandate from its shareholders for interested person transactions.

**14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in the Appendix 7H) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officer.

**Confirmation by the Board**

On behalf of the Board of Directors, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of Cheung Woh Technologies Ltd for the first quarter ended 31 May 2016 set out above to be false or misleading in any material respects.

For and On behalf of the Board of Directors

Law Kung Ying  
Director

Law Yu Chui  
Director

11 July 2016