

RESPONSE TO QUERY FROM SGX

The Board of Directors (“Board”) of Cheung Woh Technologies Ltd (the “Company”) wishes to announce the following in response to query raised by SGX in respect of the announcement (the “Announcement”) of financial results for the third quarter financial period ended 30 November 2013 released on 13 January 2014 (the “Third Quarter Financial Results”).

Question

The turnover for the 9-month ended 30 November 2013 decreased by about 3.6% compared to the 9-month ended 30 November 2012. However, we note that trade receivables have increased by about 32.7% from S\$9,570,000 to S\$12,696,000 for the same period compared. Please explain the reason(s) for the change and whether the Company foresees any issues with the collectability of these debts.

Company’s response

The 9-month ended 30 November 2012 (“3QYTDFY13”) financial results of the Group have included that of Suzhou Tysan Steel Co., Ltd. (“TS”), which was disposed off in the third quarter of FY2013. For a more meaningful analysis of the 9-month ended 30 November for 2013 and 2012, the 9-month ended 30 November 2012 has been adjusted to reflect the Group’s consolidated financial performance without TS. (Please refer to Note 8 in page 13 & 14 of the Third Quarter Financial Results).

The turnover for the 9-month ended 30 November 2013 (“3QYTDFY14”) increased by 6.0% (approximately \$2.6 million) as compared to 3QYTDFY13. The trade receivables as at 30 November 2013 increased by 32.7% (approximately \$3.1 million) as compared to 30 November 2012. The increase in trade receivables was mainly due to increase in sales in October and November 2013 which are still within the credit terms. There was also an increase in the overdue amounts. However, the overdue amounts have been substantially collected subsequent to 30 November 2013. Therefore the Company does not foresee any issues with the collectability of the trade receivables.

By Order of the Board

Law Yu Chui
Director
21 January 2014