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Elec & Eltek International Company Limited
依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

UNAUDITED FINANCIAL RESULTS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2017

This announcement is made by Elec & Eltek International Company Limited (the "**Company**") pursuant to Rule 13.49(6) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**") (the "**Listing Rules**"). This announcement is originally prepared in English. In the case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This announcement is prepared in accordance with the relevant regulations of the Singapore Exchange Securities Trading Limited ("**SGX**"). The financial information set out in this announcement has been prepared in accordance with the Singapore Financial Reporting Standards ("**FRS**") and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

This announcement contains projections and forward-looking statements regarding the objectives and expectations of the Company and its subsidiaries (collectively referred to as the "**Group**") with respect to the Group's business opportunities and business prospects. Such forward-looking statements do not constitute guarantees of the future performance of the Group and are subject to factors that could cause the Company's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, general industry and economics conditions, shifts in customer demands, customers and partners, and government and policy changes. The Group undertakes no obligation to update or revise any forward-looking statements contained in this announcement to reflect subsequent events or circumstances.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

	Six months ended		
	30 June 2017 ("1HCY17")	30 June 2016 ("1HCY16")	% Change
	US$'000	US$'000	
Revenue	**235,102**	238,953	-1.6%
EBITDA	**38,505**	25,663	50.0%
EBITDA margin	**16.4%**	10.7%	5.7%
Underlying profit before tax*	**19,820**	11,666	69.9%
Net profit attributable to owners of the Company			
- Underlying net profit*	**16,525**	9,496	74.0%
- Reported profit	**16,525**	4,496	267.5%
Basic earnings per share			
- Underlying net profit*	**US8.84 cents**	US5.08 cents	74.0%
- Reported profit	**US8.84 cents**	US2.41 cents	266.8%
	30 June 2017	31 December 2016	
Net asset value per share	**US$2.04**	US$2.02	1.0%
Net gearing ratio	**11.4%**	9.7%	1.7%

* Excluding the provision for impairment of property, plant and equipment of approximately US$nil made in the quarter ended 30 June 2017 (1HCY16: US$5.0 million).

RESULTS

The board of directors ("**Directors**" and each a "**Director**") of the Company (the "**Board**") is pleased to announce the unaudited consolidated results of the Group for the second quarter ("**2QCY17**") and six months ended 30 June 2017 ("**1HCY17**") together with the comparative figures for the second quarter ("**2QCY16**") and six months ended 30 June 2016 ("**1HCY16**").

Consolidated Statement of Profit or Loss

	Notes	**2QCY17 US$'000 (Unaudited)**	2QCY16 US$'000 (Unaudited)	% Change	**1HCY17 US$'000 (Unaudited)**	1HCY16 US$'000 (Unaudited)	% Change
Revenue	2	**118,891**	126,969	-6.4%	**235,102**	238,953	-1.6%
Cost of sales		**(101,496)**	(112,283)	-9.6%	**(199,626)**	(212,725)	-6.2%
Gross profit		**17,395**	14,686	18.4%	**35,476**	26,228	35.3%
Gross profit margin		**14.6%**	11.6%	3.0%	**15.1%**	11.0%	4.1%
Other operating income and gains		**517**	712	-27.4%	**995**	1,866	-46.7%
Distribution and selling costs		**(2,527)**	(2,425)	4.2%	**(5,167)**	(5,915)	-12.6%
Administrative expenses		**(5,104)**	(8,860)	-42.4%	**(9,738)**	(13,639)	-28.6%
Other operating expenses and losses		**(885)**	(356)	148.6%	**(1,153)**	(1,059)	8.9%
Finance costs	3	**(298)**	(336)	-11.3%	**(593)**	(815)	-27.2%
Profit before taxation		**9,098**	3,421	165.9%	**19,820**	6,666	197.3%
Income tax expense	4	**(1,351)**	(975)	38.6%	**(3,006)**	(1,740)	72.8%
Profit for the period		**7,747**	2,446	216.7%	**16,814**	4,926	241.3%
Profit attributable to:							
Owners of the Company		**7,615**	1,492	410.4%	**16,525**	4,496	267.5%
Non-controlling interests		**132**	954	-86.2%	**289**	430	-32.8%
		7,747	2,446	216.7%	**16,814**	4,926	241.3%
Earnings per share (US cents)	6						
- Basic		**4.07**	0.80	408.8%	**8.84**	2.41	266.8%

Notes to Consolidated Statement of Profit or Loss:

	2QCY17	2QCY16		**1HCY17**	1HCY16	
	US$'000	US$'000	% Change	**US$'000**	US$'000	% Change
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Depreciation	**8,931**	9,032	-1.1%	**18,053**	18,331	-1.5%
Amortisation of prepaid land use rights	**41**	41	n/m	**82**	82	n/m
Allowance for doubtful debts	**597**	901	-33.7%	**657**	695	-5.5%
(Reversal of allowance) allowance for inventory obsolescence	**(282)**	1,009	-127.9%	**122**	1,173	-89.6%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2QCY17	2QCY16		**1HCY17**	1HCY16	
	US$'000	US$'000	% Change	**US$'000**	US$'000	% Change
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Profit for the period	**7,747**	2,446	216.7%	**16,814**	4,926	241.3%
Other comprehensive income (expenses):						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	**(338)**	(2,723)	-87.6%	**(574)**	(3,032)	-81.1%
Other comprehensive expenses for the period, net of tax	**(338)**	(2,723)	-87.6%	**(574)**	(3,032)	-81.1%
Total comprehensive income (expenses) for the period	**7,409**	(277)	2,774.7%	**16,240**	1,894	757.4%
Total comprehensive income (expenses) attributable to:						
Owners of the Company	**7,277**	(1,231)	691.1%	**15,951**	1,464	989.6%
Non-controlling interests	**132**	954	-86.1%	**289**	430	-32.8%
	7,409	(277)	2,774.7%	**16,240**	1,894	757.4%

n/m - percentage not meaningful

Statement of Financial Position

	Notes	GROUP		COMPANY	
		30 June 2017	31 December 2016	**30 June 2017**	31 December 2016
		US$'000 (Unaudited)	US$'000 (Audited)	**US$'000 (Unaudited)**	US$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		**17,614**	18,651	**184**	182
Trade receivables	9	**142,752**	131,523	**—**	—
Bills receivables	9	**1,612**	3,341	**—**	—
Other receivables		**14,543**	11,879	**—**	—
Prepaid land use rights		**399**	399	**—**	—
Inventories	10	**37,939**	33,315	**—**	—
Total current assets		**214,859**	199,108	**184**	182
Non-current assets					
Property, plant and equipment	8	**250,509**	260,415	**—**	—
Prepaid land use rights		**12,531**	12,613	**—**	—
Deposits for acquisition of plant and equipment	8	**7,395**	1,547	**—**	—
Investment properties		**99,925**	99,925	**—**	—
Subsidiary companies		**—**	—	**468,783**	468,783
Deferred tax assets		**84**	84	**—**	—
Total non-current assets		**370,444**	374,584	**468,783**	468,783
Total assets		**585,303**	573,692	**468,967**	468,965
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	12	**36,159**	49,523	**—**	—
Trade payables	11	**110,703**	108,232	**—**	—
Bills payables	11	**1,991**	308	**—**	—
Other payables		**25,113**	30,257	**1,252**	3,590
Amounts due to subsidiary companies		**—**	—	**233,688**	219,579
Provision for taxation		**2,919**	1,668	**—**	—
Total current liabilities		**176,885**	189,988	**234,940**	223,169
Non-current liabilities					
Bank loans	12	**25,000**	5,659	**—**	—
Deferred tax liabilities		**1,720**	1,372	**—**	—
Total non-current liabilities		**26,720**	7,031	**—**	—
Capital, reserves and non-controlling interests					
Share capital	13	**113,880**	113,880	**113,880**	113,880
Reserves		**256,811**	252,075	**120,147**	131,916
Equity attributable to owners of the Company		**370,691**	365,955	**234,027**	245,796
Non-controlling interests		**11,007**	10,718	**—**	—
Total equity		**381,698**	376,673	**234,027**	245,796
Total liabilities and equity		**585,303**	573,692	**468,967**	468,965

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital US$'000	Capital reserve US$'000 (Note i)	Statutory reserve US$'000 (Note ii)	Revaluation reserve US$'000 (Note iii)	Other reserve US$'000 (Note iv)	Retained earnings US$'000	Foreign currency translation reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
THE GROUP										
2QCY17										
Balance at 1 April 2017 (unaudited)	113,880	1,916	6,252	42,684	166	194,883	14,848	374,629	10,875	385,504
Change in equity for 2QCY17										
Total comprehensive income (expenses) for the period										
Profit for the period	—	—	—	—	—	7,615	—	7,615	132	7,747
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(338)	(338)	—	(338)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(338)	(338)	—	(338)
Total	—	—	—	—	—	7,615	(338)	7,277	132	7,409
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Total	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Balance at 30 June 2017 (unaudited)	113,880	1,916	6,252	42,684	166	191,283	14,510	370,691	11,007	381,698
2QCY16										
Balance at 1 April 2016 (unaudited)	113,880	1,916	5,805	42,684	166	183,644	15,580	363,675	9,887	373,562
Change in equity for 2QCY16										
Total comprehensive income (expenses) for the period										
Profit for the period	—	—	—	—	—	1,492	—	1,492	954	2,446
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(2,723)	(2,723)	—	(2,723)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(2,723)	(2,723)	—	(2,723)
Total	—	—	—	—	—	1,492	(2,723)	(1,231)	954	(277)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Total	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Balance at 30 June 2016 (unaudited)	113,880	1,916	5,805	42,684	166	179,529	12,857	356,837	10,516	367,353

	Attributable to owners of the Company									
	Share capital US$'000	Capital reserve US$'000 (Note i)	Statutory reserve US$'000 (Note ii)	Revaluation reserve US$'000 (Note iii)	Other reserve US$'000 (Note iv)	Retained earnings US$'000	Foreign currency translation reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
THE GROUP										
1HCY17										
Balance at 1 January 2017 (audited)	113,880	1,916	6,252	42,684	166	185,973	15,084	365,955	10,718	376,673
Change in equity for 1HCY17										
Total comprehensive income (expenses) for the period										
Profit for the period	—	—	—	—	—	16,525	—	16,525	289	16,814
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(574)	(574)	—	(574)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(574)	(574)	—	(574)
Total	—	—	—	—	—	16,525	(574)	15,951	289	16,240
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Total	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Balance at 30 June 2017 (unaudited)	113,880	1,916	6,252	42,684	166	191,283	14,510	370,691	11,007	381,698
1HCY16										
Balance at 1 January 2016 (audited)	113,880	1,916	5,805	42,684	166	180,640	15,889	360,980	10,411	371,391
Change in equity for 1HCY16										
Total comprehensive income (expenses) for the period										
Profit for the period	—	—	—	—	—	4,496	—	4,496	430	4,926
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(3,032)	(3,032)	—	(3,032)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(3,032)	(3,032)	—	(3,032)
Total	—	—	—	—	—	4,496	(3,032)	1,464	430	1,894
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Total	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Balance at 30 June 2016 (unaudited)	113,880	1,916	5,805	42,684	166	179,529	12,857	356,837	10,516	367,353

Notes:

(i) Capital reserve represents amounts transferred from the share option reserve of the Company upon the exercise of Share options.

(ii) Statutory reserve represents amounts set aside by subsidiary companies operating in the People's Republic of China (the "**PRC**") and Thailand for declaration of dividends as required under the laws of the PRC and Thailand.

(iii) The revaluation reserve of the Group represents the gain on revaluation of certain properties of the Group as a result of the transfer from property for own use to investment properties.

(iv) The amount credited to other reserve represents the difference between the fair value of consideration and the carrying amount of the net assets attributable to the additional interest in subsidiaries being acquired from non-controlling shareholders, which will be recognised to the profit and loss upon the disposal of the subsidiaries or the disposal of assets by the subsidiaries.

	Share capital US$'000	Capital reserve US$'000	Retained earnings US$'000	Total equity US$'000
THE COMPANY				
2QCY17				
Balance at 1 April 2017 (unaudited)	113,880	1,916	129,952	245,748
Loss for the period, representing total comprehensive expenses for the period	—	—	(506)	(506)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(11,215)	(11,215)
Balance at 30 June 2017 (unaudited)	113,880	1,916	118,231	234,027
2QCY16				
Balance at 1 April 2016 (unaudited)	113,880	1,916	131,602	247,398
Loss for the period, representing total comprehensive expenses for the period	—	—	(258)	(258)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 June 2016 (unaudited)	113,880	1,916	125,737	241,533
1HCY17				
Balance at 1 January 2017 (audited)	113,880	1,916	130,000	245,796
Loss for the period, representing total comprehensive expenses for the period	—	—	(554)	(554)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(11,215)	(11,215)
Balance at 30 June 2017 (unaudited)	113,880	1,916	118,231	234,027
1HCY16				
Balance at 1 January 2016 (audited)	113,880	1,916	131,839	247,635
Loss for the period, representing total comprehensive expenses for the period	—	—	(495)	(495)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 June 2016 (unaudited)	113,880	1,916	125,737	241,533

Consolidated Statement of Cash Flows

	2QCY17	2QCY16	**1HCY17**	1HCY16
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Operating activities				
Profit before taxation	**9,098**	3,421	**19,820**	6,666
Adjustments for:				
Allowance for doubtful debts	**597**	901	**657**	695
Finance costs	**298**	336	**593**	815
Depreciation of property, plant and equipment	**8,931**	9,032	**18,053**	18,331
Amortisation of prepaid land use rights	**41**	41	**82**	82
Gain on disposal of property, plant and equipment	**(56)**	(11)	**(57)**	(6)
(Reversal of allowance) allowance for inventory obsolescence	**(282)**	1,009	**122**	1,173
Impairment loss on property, plant and equipment	**—**	5,000	**—**	5,000
Interest income	**(21)**	(200)	**(43)**	(231)
Operating income before movements in working capital	**18,606**	19,529	**39,227**	32,525
Decrease (increase) in inventories	**1,678**	359	**(4,746)**	(4,640)
Increase in trade and other receivables	**(8,486)**	(15,169)	**(12,821)**	(19,150)
Increase (decrease) in trade and other payables	**1,723**	(4,038)	**(1,190)**	12,339
Net cash generated from operations	**13,521**	681	**20,470**	21,074
Interest income received	**21**	200	**43**	231
Interest paid	**(332)**	(425)	**(637)**	(1,025)
Income taxes paid	**(675)**	(1,387)	**(1,389)**	(1,651)
Net cash generated from (used in) operating activities	**12,535**	(931)	**18,487**	18,629

	2QCY17	2QCY16	**1HCY17**	1HCY16
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Investing activities				
Proceeds from disposal of property, plant and equipment	**94**	3,945	**98**	3,950
Purchase of property, plant and equipment	**(6,046)**	(3,049)	**(8,116)**	(11,960)
Deposits paid for acquisition of property, plant and equipment	**(4,073)**	(611)	**(5,848)**	(2,391)
Net cash (used in) generated from investing activities	**(10,025)**	285	**(13,866)**	(10,401)
Financing activities				
Proceeds from bank borrowings	**13,760**	11,121	**30,791**	18,062
Repayment of bank borrowings	**(1,982)**	(13,641)	**(24,814)**	(19,395)
Dividends paid by the Company	**(11,215)**	(5,607)	**(11,215)**	(5,607)
Dividends paid by subsidiary companies to non-controlling shareholders	**—**	(325)	**—**	(325)
Net cash generated from (used in) financing activities	**563**	(8,452)	**(5,238)**	(7,265)
Net increase (decrease) in cash and cash equivalents	**3,073**	(9,098)	**(617)**	963
Cash and cash equivalents at the beginning of the period	**14,693**	20,588	**18,651**	10,950
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	**(152)**	42	**(420)**	(381)
Cash and cash equivalents at the end of the period	**17,614**	11,532	**17,614**	11,532

Notes:

1. Basis of preparation and principal accounting policies

The same accounting policies and methods of computation have been applied in the preparation of the quarterly consolidated financial statements for 2QCY17 as the most recent audited financial statements as at 31 December 2016.

For the current period, the Group has applied all the new and revised FRSs, as well as amendments to and interpretation of FRS that are relevant to its operations and effective for financial periods beginning on or after 1 January 2017:

The adoption of these new and revised FRS does not result in changes to the Group's and the Company's accounting policies, and has no material effect on the amounts reported for the current or prior financial periods.

The Group has not early adopted the following new and revised FRSs or amendments to FRS, which would take effect from financial periods beginning on or after 1 January 2017:

- *FRS 115 Revenue from Contracts with Customers*
- *FRS 109 Financial Instruments*
- *FRS 116 Leases*
- *Amendment to FRS 115 classifications to FRS 115 Revenue from Contract with Customers*
- *Amendment to FRS 7 Statements of Cash Flows: Disclosure Initiative*
- *Amendments to FRS12 Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses*

Management anticipates that the adoption of the above new and revised FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of initial adoption except for the adoption of the new FRS 109 Financial instruments, FRS 115 Revenue from contracts with customers and FRS 116 Leases. Details of the impact on the financial statements for the adoption of these new FRSs are set out in the annual report for the year ended 31 December 2016.

2. Revenue and segment information

The Group's operating activities are attributable to two single reporting and operating segments on (i) fabrication and distribution of printed circuit boards ("**PCB**"); and (ii) property investment. These segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to FRS that are regularly reviewed by the Executive Directors of the Company.

Six months period ended 30 June 2017	Fabrication and distribution of PCB	Property investment	Total
	US$'000	US$'000	US$'000
Segment revenue			
Revenue from external customers	231,635	3,467	235,102
Segment Results	17,493	2,881	20,374
Corporate and other unallocated expenses			(554)
Profit before tax			19,820

	Fabrication and distribution of PCB	Property investment	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Segment assets	467,547	100,142	—	567,689
Unallocated assets	—	—	17,614	17,614
Consolidated total assets				585,303
LIABILITIES				
Segment liabilities	(200,378)	(1,507)	—	(201,885)
Unallocated liabilities	—	—	(1,720)	(1,720)
Consolidated total liabilities				(203,605)

Six months period ended 30 June 2016	Fabrication and distribution of PCB	Property investment	Total
	US$'000	US$'000	US$'000
Segment revenue			
Revenue from external customers	236,043	2,910	238,953
Segment Results	3,960	2,864	6,824
Corporate and other unallocated expenses			(158)
Profit before tax			6,666

	Fabrication and distribution of PCB	Property investment	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Segment assets	485,166	101,367	—	586,533
Unallocated assets	—	—	11,532	11,532
Consolidated total assets				598,065
LIABILITIES				
Segment liabilities	(224,501)	(996)	—	(225,497)
Unallocated liabilities	—	—	(5,215)	(5,215)
Consolidated total liabilities				(230,712)

3. Finance costs

	1HCY17	1HCY16
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**637**	1,025
Less: Amounts capitalised	**(44)**	(210)
	593	815

4. Income tax expense

	1HCY17	1HCY16
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax:		
Singapore income tax	**1**	1
PRC enterprise income tax	**2,639**	1,503
	2,640	1,504
Deferred tax	**366**	236
	3,006	1,740

The Group is subject to taxation at the place of its operations where its profit is generated. Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

5. Dividend

No dividend has been declared or recommended for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

6. Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following:

	Earnings		Earnings	
	2QCY17	2QCY16	**1HCY17**	1HCY16
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings for the purpose of basic earnings per share	**7,615**	1,492	**16,525**	4,496

	Number of shares		Number of shares	
	2QCY17	2QCY16	**1HCY17**	1HCY16
	'000	'000	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**186,920**	186,920	**186,920**	186,920
Earnings per share (US cents) - basic	**4.07**	0.80	**8.84**	2.41

The Group has not granted options over shares. There are no dilutive potential ordinary shares.

7. Net asset value

	Group		Company	
	30 June 2017	31 December 2016	**30 June 2017**	31 December 2016
	US$	US$	**US$**	US$
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Net asset value (including non-controlling interests) per ordinary share based on total number of issued shares excluding treasury shares at the end of the period*	**2.04**	2.02	**1.25**	1.32

* Based on 186,919,962 issued shares as at 30 June 2017 (31 December 2016: 186,919,962 issued shares).

8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US$14.0 million (1HCY16: approximately US$14.4 million) on acquisition of property, plant and equipment including deposits paid.

The deposits for acquisition of plant and equipment relate to down payments made when new plant and equipment are purchased for operational needs. The amount of down payment reported at each quarter end will depend on factors such as (but not limited to) timing of orders placed for respective equipment, the delivery and the commissioning of the equipment purchase.

9. Trade and bills receivables

	GROUP	
	30 June 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade receivables		
- Third parties	**136,912**	127,225
- Related companies (note)	**5,840**	4,298
	142,752	131,523
Bills receivables	**1,612**	3,341
Total	**144,364**	134,864

Note: Related companies are subsidiaries of the ultimate holding company other than the Group.

The following is an ageing analysis of the Group's trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	GROUP	
	30 June 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**107,199**	113,882
91 to 180 days	**35,553**	17,641
Over 180 days	**—**	—
	142,752	131,523

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2016: within 180 days).

Trade receivables are non-interest bearing and generally on 30 to 120 days' credit terms.

10. Inventories

	GROUP	
	30 June 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Raw materials	**9,200**	8,525
Work-in-progress	**17,670**	11,469
Finished goods	**11,069**	13,321
	37,939	33,315

11. Trade and bills payables

	GROUP	
	30 June 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	**70,562**	68,248
- Related companies (note)	**40,141**	39,984
	110,703	108,232
Bills payables	**1,991**	308
Total	**112,694**	108,540

Note: Related companies are subsidiaries of the ultimate holding company other than the Group.

The Group's trade payables are non-interest bearing and generally on 15 to 120 days' terms. The following is an ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	GROUP	
	30 June 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**83,245**	78,415
91 to 180 days	**17,116**	18,695
Over 180 days	**10,342**	11,122
	110,703	108,232

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2016: within 180 days). The bills payables was mainly related to the purchase of equipment through issuing irrevocable letters of credits payment mode.

12. Bank loans

	GROUP	
	30 June 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	**61,159**	55,182
Comprising the following amounts due:		
- within one year	**36,159**	49,523
- more than one year	**25,000**	5,659
	61,159	55,182

The Group's total external borrowings increase by approximately 10.8% to approximately US$61.2 million as at 30 June 2017 compared with 31 December 2016.

13. Share capital

As at 30 June 2017, the Company has a total of 186,919,962 (31 December 2016: 186,919,962) issued ordinary shares excluding treasury shares.

14. Share options

There were no share options of the Company outstanding as at 30 June 2017 and 31 December 2016 respectively. No share options have been granted under the 2008 Elec & Eltek Employees' Share Option Scheme since its adoption by the Company on 9 May 2008 and as at the date of this announcement.

15. Net current assets and total assets less current liabilities

As at 30 June 2017, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US$38.0 million (31 December 2016: approximately US$9.1 million).

As at 30 June 2017, the Group's total assets less current liabilities amounted to approximately US$408.4 million (31 December 2016: approximately US$383.7 million).

16. Reconciliation between FRS and International Financial Reporting Standards ("IFRS")

For 1HCY17, there were no material differences between the consolidated financial statements of the Group prepared under FRS and IFRS.

BUSINESS REVIEW

The Group is delighted to announce its satisfactory performance for 2QCY17 and 1HCY17. Since 2016, a shortage of laminates upstream materials led to an undersupply of laminates in the market, hence driving up the price for laminates. The Group captured this opportunity, and similar to 1QCY17, the Group's laminates plant continued to lift its production and external sales. In addition, with further improvement in PCB plant's operating efficiency, the Group recorded a significant increase of 267.5% in net profit of US$16.5 million for 1HCY17, as compared to net profit of US$4.5 million for 1HCY16.

The Group's revenue for 2QCY17 decreased by 6.4% from 2QCY16 to approximately US$118.9 million (2QCY16: US$127.0 million). The Group's gross profit increased by 18.4% to US$17.4 million in 2QCY17 as compared with that of US$14.7 million in 2QCY16, and gross margin grew to 14.6% (2QCY16: 11.6%). The increase in gross profit was primarily attributable to the increased external sales and profit margin of laminates, and further improved operating efficiency of PCB plants. Net attributable profit (profit after tax and non-controlling interests) increased by 410.4% to US$7.6 million in 2QCY17, as compared with US$1.5 million in 2QCY16.

In 2QCY17, communication & networking products (including mobile phones) accounted for about 47.2% (2QCY16: 56.5%) of the Group's total PCB sales while automotive PCB sales accounted for around 21.6% of the Group's total PCB sales (2QCY16: 21.1%). Other products (including computer & peripherals, consumer electronics and industrial related products) accounted for approximately 31.2% (2QCY16: 22.4%) of the Group's total PCB sales. High Density Interconnect ("**HDI**") PCB accounted for approximately 27.0% of the Group's total PCB sales in 2QCY17 (2QCY16: 32.9%).

The Group continues to generate steady operating cash flow. As at 30 June 2017, the Group's net gearing ratio was 11.4%. The Group's financial position remains healthy.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2017, the Group's net current assets was approximately US$38.0 million (31 December 2016: approximately US$9.1 million), making the current ratio 1.21 as compared to 1.05 as at 31 December 2016.

The net working capital cycle was 34 days as at 30 June 2017 (31 December 2016: 34 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 28 days (31 December 2016: 25 days).

- Trade receivables, in terms of debtors turnover days, increased to 106 days (31 December 2016: 101 days).

- Trade payables, in terms of creditors turnover days, increased to 100 days (31 December 2016: 92 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 30 June 2017 was approximately 11.4% (31 December 2016: 9.7%). The proportion of short-term and long-term bank borrowings stood at 59%: 41% (31 December 2016: 90%: 10%). The total equity of the Group, as at 30 June 2017, was approximately US$381.7 million (31 December 2016: approximately US$376.7 million). As at 30 June 2017, the Group had cash on hand and undrawn loan facilities of approximately US$17.6 million and US$25.1 million respectively.

The Group's transactions and monetary assets are principally denominated in United States dollars, Renminbi and Hong Kong dollars. The Group did not consider it face any material foreign exchange exposure during the half year under review.

HUMAN RESOURCES

As at 30 June 2017, the Group had approximately 8,700 employees (31 December 2016: 8,700). Salaries of employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market as well as the minimum wage guideline, as prescribed by the relevant local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profit target achievements of the Company and individual performance.

The Company has in place a share option scheme in order to attract and retain the best available personnel and to align individual interests with the Group's interests.

PROSPECTS

Operating environment remains challenging in the second half of 2017. The Group's business development team will maintain the Group's well-established business relationships with major customers, and seek new customers to achieve greater market share. The Group is in the progress of upgrading its production facilities in order to optimize product performance, so as to enhance the Group's competitiveness and satisfy customers' demands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During 1HCY17, neither the Company nor any of the subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Board ("**Audit Committee**") has reviewed, with the Group's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited interim financial statements of the Group for 1HCY17. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 2QCY17 and 1HCY17 have not been audited or reviewed by the Group's auditors.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has adopted the code provisions ("**Code Provisions**") as stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") as the code of the Company.

Currently, the Board comprises five board committees, namely the Audit Committee, the nomination committee ("**Nomination Committee**"), the remuneration committee ("**Remuneration Committee**"), the employees' share option scheme committee ("**Employees' Share Option Scheme Committee**") and the executive committee ("**Executive Committee**") of the Board (collectively, "**Board Committees**"). The respective terms of reference of the Board Committees, except for the Employees'

Share Option Scheme Committee and the Executive Committee, are posted on the website of SEHK. The respective terms of reference of the Board Committees, except for the Employees' Share Option Scheme Committee, are also posted on the Company's website.

During the first half of the year under review, the Company met the Code Provisions in the CG Code, save for the following:

1. Deviation from Code Provision A.4.1

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and be subject to re-election.

All the existing non-executive directors of the Company are not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with "Article 95 — Election of Directors" of the Articles of Association of the Company (except Mr. Ong Shen Chieh ("**Mr. Ong**") for the reason disclosed in "2. Deviation from Code Provision A.4.2" below). Articles 95 provides that one-third of the Company's directors (prioritized by the length of service since a director's previous re-election or appointment) shall retire or offer themselves for re-election by shareholders at every annual general meeting of the Company. This effectively means that no directors (except Mr. Ong for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) will remain in office for more than 3 years without being re-elected by the Company's shareholders at the general meeting of the Company. The Company therefore considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

2. Deviation from Code Provision A.4.2

Under Code Provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Companies Act of Singapore requires that every company incorporated in Singapore shall have, at all times, at least one director who is ordinarily resident in Singapore. Mr. Ong, the only Singapore resident director of the Company, and who was appointed as the Company's independent non-executive Director on the same day as the resignation of Mr. Lai Chong Tuck as the Company's independent non-executive Director on 30 June 2016, is due to retire at the first

general meeting of the Company after his appointment. Howerver, as advised by the Company's Singapore legal adviser, Mr. Ong cannot be subject to retirement and re-election at the first general meeting of the Company after his appointment, or to retirement by rotation and re-election at the annual general meetings of the Company, because the Company would then risk violating the Companies Act of Singapore as there would be no Singapore resident director existing in the Company immediately following Mr. Ong's retirement, even if he were to be re-elected afterwards by the Company's shareholders at the Company's general meeting.

In order to comply with this Code Provision without violating the Companies Act of Singapore, the Company will consider the possibility of appointing one additional Singapore resident Director to the Board to allow such two Singapore resident Directors to retire by rotation, if necessary, interchangeably, to avoid the absence of a Singapore resident Director at any one time.

3. Deviation from Code Provision E.1.2

Under Code Provision E.1.2 of the CG Code, the chairman of the Board ("**Chairman**") should attend the annual general meeting of the Company.

The Chairman, Mr. Cheung Kwok Wing, was unable to attend the annual general meeting of the Company held on 28 April 2017 ("**2017 AGM**") due to business reasons. He delegated the duty of answering and addressing questions raised by shareholders at the 2017 AGM to Ms. Stephanice Cheung Wai Lin, who is the vice chairman ("**Vice Chairman**") and an executive Director of the Company, and who also assumes the duty of chief executive officer of the Company.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

HONG KONG CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by its directors and relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. A copy of the internal memorandum is circulated to each of the Company's directors and relevant employees at least 30 days and 60 days, respectively, before the date of the board meeting to approve the Company's quarterly results and annual results, with a reminder that the directors and relevant employees cannot deal in the securities of the Company until after such results have been published.

On specific enquiry made, all directors of the Company have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct throughout 1HCY17.

SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

The Group does not have any material subsequent event after 1HCY17.

FORECAST STATEMENT

No forecast statement had been previously disclosed to shareholders of the Company.

DISCLOSURE ON THE WEBSITE OF THE RELEVANT SECURITIES EXCHANGES

This announcement shall be published on the websites of SGX (http://www.sgx.com), the SEHK (http://www.hkexnews.hk) and the Company (http://www.eleceltek.com).

APPRECIATION

On behalf of the Board, we would like to take this opportunity to express our gratitude to our global employees for their continued loyalty, diligence and unreserved support to the Group.

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the financial period ended 30 June 2017 of the Company and of the Group to be false or misleading, in any material aspect.

INTERESTED PERSONS TRANSACTIONS

The interested persons transactions carried out within the Group during the reporting period, which fall under Chapter 9 of the SGX Listing Manual, are as follows:

Name of Interested Person US$'000	Aggregate value of all interested person transactions during the financial period under review (including transactions of less than S$100,000 and excluding transactions conducted under a shareholders' mandate pursuant to Rule 920) **1HCY17**	1HCY16	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (including transactions of less than S$100,000) **1HCY17**	1HCY16
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**1,235**	3,500
	—	—	**1,235**	3,500
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**36,451**	29,450
Delta Realty Limited	**20**	—	**—**	—
Elec & Eltek Corporate Services Limited	**18**	39	**—**	—
Heng Yang Kingboard Chemical Co., Ltd.	**—**	—	**843**	742
Hong Kong Fibre Glass Company Limited	**—**	—	**8,601**	7,065
Huizhou Chung Shun Chemical Co., Ltd.	**—**	—	**593**	475
Jiangmen Glory Faith PCB Company Limited	**—**	—	**—**	164
Jiangmen Kingboard High-tech Company Limited	**—**	—	**—**	8,817
Kingfai (Lian Zhou) Electronic Materials Company Limited	**—**	—	**—**	5,371
Techwise Circuits Co., Ltd.	**—**	—	**—**	3
New Poly Chemical (Guangzhou) Company Limited	**—**	—	**—**	1,991
	38	39	**46,488**	54,078
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**3,700**	3,685
Express Electronics Ltd	**—**	—	**221**	80
Jiangmen Glory Faith PCB Co., Ltd.	**—**	—	**—**	66
Techwise (Macao Commercial Offshore) Circuits Limited	**—**	—	**4,502**	3,364
Top Faith PCB Co., Ltd.	**—**	—	**—**	1,940
	—	—	**8,423**	9,135

CONFIRMATION OF DIRECTORS' AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

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

CONFIRMATION BY THE BOARD

We, Stephanie Cheung Wai Lin and Chang Wing Yiu, being two of the Directors, do hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and six months ended 30 June 2017 to be false or misleading.

On behalf of the Board of Directors

Stephanie Cheung Wai Lin
Executive Director

Chang Wing Yiu
Executive Director

By order of the Board
Elec & Eltek International Company Limited
Stephanie Cheung Wai Lin
Vice Chairman

Hong Kong, 14 August 2017

As of the date of this announcement, the Board comprises the following Directors:

Executive Directors:-
Stephanie Cheung Wai Lin *(Vice Chairman)*
Chang Wing Yiu
Ng Hon Chung

Non-executive Director:-
Cheung Kwok Wing *(Chairman)*

Independent non-executive Directors:-
Stanley Chung Wai Cheong
Ong Shen Chieh
Kong Tze Wing