

CHEUNG WO H TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

Third Quarter Financial Statements And Related 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 period ended 30 November 2014.

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

	Notes	GROUP		Increase/ (decrease) %	GROUP		Increase/ (decrease) %
		3QFY15 S\$'000	3QFY14 S\$'000		3QYTFY15 S\$'000	3QYTFY14 S\$'000	
Turnover		24,382	16,124	51.2	64,697	46,265	39.8
Cost of sales		(16,830)	(14,181)	18.7	(50,740)	(41,418)	22.5
Gross profit		7,552	1,943	288.7	13,957	4,847	188.0
Other operating income	a	1,119	1,310	(14.6)	3,503	3,124	12.1
Distribution and selling expenses		(816)	(503)	62.2	(2,316)	(1,831)	26.5
General and administrative expenses		(3,663)	(1,840)	99.1	(6,775)	(6,921)	(2.1)
Other expenses	b	(738)	-	n.m.	(738)	-	n.m.
Finance costs		(68)	(44)	54.5	(120)	(156)	(23.1)
Share of results of associate companies		441	864	(49.0)	1,751	2,587	(32.3)
Profit before taxation	c	3,827	1,730	121.2	9,262	1,650	461.3
Income tax credit/(expense)	d	117	(188)	n.m.	45	12	275.0
Profit for the financial period		3,944	1,542	155.8	9,307	1,662	460.0
Other comprehensive income:							
Foreign currency translation gain/(loss)		3,658	(1,066)		2,602	1,640	
Total comprehensive income for the financial period		7,602	476		11,909	3,302	
Profit attributable to:							
Equity owners of the Company		3,946	1,555		9,333	1,696	
Non-controlling interests		(2)	(13)		(26)	(34)	
		3,944	1,542		9,307	1,662	
Total comprehensive income attributable to:							
Equity owners of the Company		7,400	509		11,744	3,324	
Non-controlling interests		202	(33)		165	(22)	
		7,602	476		11,909	3,302	
Earnings per share (cents)							
Basic and diluted		1.31	0.51		3.09	0.56	

n.m. - not meaningful

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

	GROUP		COMPANY	
	30.11.2014	28.02.2014	30.11.2014	28.02.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	52,511	50,701	1,758	3,286
Investment property	2,738	1,294	2,738	1,294
Intangible assets	75	79	65	69
Investments in subsidiary companies	-	-	43,018	46,005
Investments in associate companies	18,490	16,886	15,662	15,662
Investment in a quoted equity	1	1	-	-
	73,815	68,961	63,241	66,316
Current assets				
Inventories	13,197	12,608	-	441
Trade receivables	20,596	11,144	-	1,831
Amounts due from an associate company	95	322	-	320
Other receivables	2,810	1,442	5,912	4,225
Prepayments	3,632	953	68	58
Cash and bank balances	7,372	10,872	1,146	1,974
	47,702	37,341	7,126	8,849
Total assets	121,517	106,302	70,367	75,165
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,574	5,075	-	2,105
Other payables	6,189	3,703	756	523
Amount due to an associate company	245	437	-	-
Interest-bearing loans and borrowings	4,359	2,902	-	-
Income tax payable	10	20	-	-
	18,377	12,137	756	2,628
Net current assets	29,325	25,204	6,370	6,221
Non-current liabilities				
Deferred tax liabilities	2,745	2,752	-	-
	2,745	2,752	-	-
Total liabilities	21,122	14,889	756	2,628
Net assets	100,395	91,413	69,611	72,537
Equity attributable to owners of the Company				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(1,923)	(1,923)	(1,923)	(1,923)
Revenue reserve	54,836	47,618	21,334	24,260
Statutory reserve	859	859	-	-
Foreign currency translation reserve	(3,785)	(6,196)	-	-
	100,187	90,558	69,611	72,537
Non-controlling interests	208	855	-	-
Total equity	100,395	91,413	69,611	72,537
Total equity and liabilities	121,517	106,302	70,367	75,165

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

	GROUP		GROUP	
	3QFY15 S\$'000	3QFY14 S\$'000	3QYTDFY15 S\$'000	3QYTDFY14 S\$'000
Cash flows from operating activities				
Profit before taxation	3,827	1,730	9,262	1,650
Adjustments for:				
Amortisation and depreciation	1,889	1,838	5,633	5,471
(Gain)/loss on disposal of property, plant and equipment	(29)	(330)	111	(347)
Unrealised exchange loss/(gain)	126	(99)	98	903
Write-down of inventories	-	19	-	19
Interest expense	68	44	120	156
Write-back of allowance for inventories obsolescence	(5)	(153)	(7)	(152)
Share of results of associate companies	(441)	(864)	(1,751)	(2,587)
Interest income	(9)	(9)	(23)	(41)
(Write-back of)/ Allowance for impairment on trade receivables	(4)	-	47	-
Operating cash flows before changes in working capital	5,422	2,176	13,490	5,072
(Increase)/decrease in:				
Inventories	(2,431)	148	(581)	(1,562)
Trade receivables	(3,714)	(271)	(9,566)	(2,145)
Amount due from associate companies	(92)	(220)	227	(1,202)
Other receivables and prepayments	(846)	(582)	(4,027)	(2,723)
(Decrease)/increase in:				
Trade payables	1,018	(62)	2,403	1,625
Other payables	(1,623)	117	2,486	804
Amount due to an associate company	75	(1,274)	(192)	67
Exchange differences arising from consolidation	2,669	(379)	1,876	183
Cash flow generated from/(used in) operations	478	(347)	6,116	119
Interest received	9	9	23	41
Interest paid	(68)	(44)	(120)	(156)
Income tax paid	(159)	(27)	(59)	(35)
Net cash flow generated from/(used in) operating activities	260	(409)	5,960	(31)

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					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
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000				
GROUP									
Balance as at 28.02.2014	50,200	(1,923)	47,618	859	(6,196)	(5,337)	90,558	855	91,413
Total comprehensive income for the financial period	-	-	9,333	-	2,411	2,411	11,744	165	11,909
Capital reduction	-	-	-	-	-	-	-	(812)	(812)
Dividends paid on ordinary shares	-	-	(2,115)	-	-	-	(2,115)	-	(2,115)
Balance as at 30.11.2014	50,200	(1,923)	54,836	859	(3,785)	(2,926)	100,187	208	100,395
Balance as at 28.02.2013	50,200	(1,896)	46,720	707	(7,484)	(6,777)	88,247	69	88,316
Total comprehensive income for the financial period	-	-	1,696	-	1,628	1,628	3,324	(22)	3,302
Purchase of treasury shares	-	(27)	-	-	-	-	(27)	-	(27)
Balance as at 30.11.2013	50,200	(1,923)	48,416	707	(5,856)	(5,149)	91,544	47	91,591

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

	GROUP			
	3QFY15	3QFY14	3QYTDFY15	3QYTDFY14
Profit attributable to shareholders (\$'000)	3,946	1,555	9,333	1,696
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	302,212	302,256	302,212	302,256
Earnings per share (cents) - basic and diluted	1.31	0.51	3.09	0.56

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	
	30.11.2014	28.02.2014	30.11.2014	28.02.2014
Net asset value per ordinary share based on share capital at the end of the period (cents)	33.15	29.97	23.03	24.00

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.2.2014: 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

The Group has reported a turnover of \$24.4 million for the third quarter ended 30 November 2014 (3QFY15), an increase of 51.2% (approximately \$8.3 million) as compared to \$16.1 million in the corresponding financial period in FY2014 (3QFY14). Sales in HDD components and Precision Metal Stamping components segments had gone up by 65.5% and 9.8% respectively as compared to the same period last year. The increases were mainly contributed by higher demands from customers.

The Group's cost of sales (COS) increased by 18.7% (approximately \$2.6 million) as compared to 3QFY14. The gross profit margin improved from 12.1% to 31.0% quarter-on-quarter. The improvement in gross profit margin was mainly attributable to overhead costs did not increase in proportion to the increase in turnover.

Other operating income decreased by 14.6% (approximately \$0.2 million) as compared to 3QFY14. The decrease was mainly due to higher gain on disposal of property, plant and equipment (approximately \$0.3 million) recorded in 3QFY14. The decrease was partially offset by higher sales of scrap metal and rental income recorded in 3QFY15.

8 A review of the performance of the group (cont'd)

Consolidated statement of comprehensive income (cont'd)

Distribution and selling expenses increased by 62.2% (approximately \$0.3 million) as compared to 3QFY14. The increase was mainly due to increase in sales activities during 3QFY15. The General and administrative expenses increased by 99.1% (approximately \$1.8 million) as compared to 3QFY14. The increase was mainly due to higher foreign exchange loss (approximately \$1.0 million) recorded in 3QFY15.

Other expenses of \$0.7 million incurred by the Group was loss on foreign exchange arising from capital reduction of a subsidiary of the Company.

Finance cost increased by 54.5% (approximately \$24,000) in 3QFY15 mainly attributable to higher interest-bearing loans and borrowing balances as compared to 3QFY14.

Share of results of associate companies represents the Group's interest in the profit after taxation of associate companies. The share of results of associate companies decreased by 49.0% (approximately \$423,000) mainly due to lower profits generated by Jiangsu Tysan Precision Engineering Co Ltd group of companies.

Statement of financial position

The Group's non-current assets increased by 7.0% (approximately \$4.9 million) as compared to previous financial year ended 28 February 2014 (FY14) mainly contributed by increases in property, plant and equipment and investments in associate companies. Increase in investments in associate companies was attributable to share of profit after tax derived from associate companies during the three quarters financial period ended 30 November 2014 (3QYTDFY15). Increase in investment property was due to reclassification of leasehold land and property from property, plant and equipment after the Company sublet part of the leasehold building. The Company's investments in subsidiary companies decreased by 6.5% (approximately \$3.0 million) due to capital reduction carried out by a subsidiary during 3QFY15.

The Group's current assets increased by 27.7% (approximately \$10.4 million). Trade receivables increased by 84.8% (approximately \$9.5 million) mainly due to higher sales generated in 3QFY15. Other receivables increased by 94.9% (approximately \$1.4 million) mainly due to higher amount owing by scrap collectors as a result of higher sales of scrap metal towards financial period end and increase in tax recoverable in subsidiaries from tax authorities in China. Prepayments increased substantially (approximately \$2.7 million) mainly due to amounts prepaid for the purchases of factories by subsidiaries in Malaysia and plant and machineries by subsidiaries in China. These increases in current assets were partially offset by decreases in amounts due from an associate company and cash and bank balances. The Company does not have any inventory nor trade receivables due to the completion of its relocation of manufacturing activities to Malaysia. Other receivables of the Company increased by 39.9% (approximately \$1.7 million) mainly due to increase in inter-companies receivables.

The Group's current liabilities increased by 51.4% (approximately \$6.2 million) as compared to FY14. The increase was mainly due to increases in trade and other payables and interest-bearing loans and borrowings. Trade payables increased by 49.2% (approximately \$2.5 million) mainly due to increase in purchases during 3QFY15 as a result of higher production activities. Other payables increased by 67.1% (approximately \$2.5 million) mainly due to higher tooling deposits received from customers and accrued personnel expenses. Interest-bearing loans and borrowings increased by 50.2% (approximately \$1.5 million) due to a subsidiary of the Company has obtained a term loan to finance purchases of plant and machineries. The Company does not have any trade payables as a result of cessation of manufacturing activities in Singapore.