



Financial Statements And Related Announcement
For Third Quarter Financial Period Ended 30 November 2014

CHEUNG WOH 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/	GROUP		Increase/
		3QFY15	3QFY14	(decrease)	3QYTFY15	3QYTFY14	(decrease)
		S\$'000	S\$'000	%	S\$'000	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(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)

Notes	GROUP		GROUP	
	3QFY15 S\$'000	3QFY14 S\$'000	3QYTD FY15 S\$'000	3QYTD FY14 S\$'000
a	The Group's other operating income included the following:			
	959	912	2,614	2,421
Sales of scrap metal				
Rental income	151	15	411	15
Interest income	9	9	23	41
Income from insurance claim	-	-	246	-
Sundry income	-	44	209	300
Gain on disposal of property, plant and equipment	-	330	-	347
b	Other expenses represent foreign exchange loss on capital reduction of a subsidiary of the Company.			
c	The Group's profit before taxation is arrived at after charging/(crediting):			
	1,889	1,838	5,633	5,471
Amortisation and depreciation				
Foreign exchange loss	1,044	173	336	1,440
Interest expense on interest-bearing loans and borrowings	68	44	120	156
(Gain)/loss on disposal of property, plant and equipment	(29)	-	111	-
(Write-back of)/ Allowance for impairment on trade receivables	(4)	-	47	-
Retrenchment benefits	-	-	-	731
Write-down of inventories	-	19	-	19
Write-back of allowance for inventories obsolescence	(5)	(153)	(7)	(152)
d	The Group's income tax expense have been adjusted for:			
	8	(4)	8	(4)
Under/(over) provision in respect of prior years				

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

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 30.11.2014		As at 28.02.2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4,359	-	2,902	-

B) Amount repayable after one year

As at 30.11.2014		As at 28.02.2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

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 a legal mortgage over the subsidiary companies' properties, a fixed charge over certain of its machineries and corporate guarantee from the Company.

(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(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		GROUP	
	3QFY15 S\$'000	3QFY14 S\$'000	3QYTD FY15 S\$'000	3QYTD FY14 S\$'000
Cash flow from investing activities				
Purchase of property, plant and equipment	(3,345)	(1,646)	(8,512)	(4,072)
Proceeds from disposal of property, plant and equipment	304	363	350	492
Investment in an associate company	-	-	-	(12)
Net cash flow used in investing activities	(3,041)	(1,283)	(8,162)	(3,592)
Cash flow from financing activities				
Repayment of interest-bearing loans and borrowings	(843)	(803)	(3,404)	(4,357)
Increase in cash and cash equivalents subject to restrictions	-	-	(5)	(12)
Dividends paid on ordinary shares	(1,511)	-	(2,115)	-
Proceeds from interest-bearing loans and borrowings	158	-	4,778	-
Capital reduction	(812)	-	(812)	-
Shares purchased and held as treasury shares	-	-	-	(27)
Net cash flow used in financing activities	(3,008)	(803)	(1,558)	(4,396)
Net decrease in cash and cash equivalents	(5,789)	(2,495)	(3,760)	(8,019)
Cash and cash equivalents at beginning of financial period	12,618	10,825	10,720	16,213
Effect of exchange rate changes on cash and cash equivalents	387	(100)	256	36
Cash and cash equivalents at end of financial period	7,216	8,230	7,216	8,230

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

	GROUP	
	30.11.2014 S\$'000	30.11.2013 S\$'000
Cash and bank balances	7,216	8,230
Fixed deposits	156	153
	7,372	8,383
Less:		
Cash and cash equivalents subject to restriction *	(156)	(153)
Cash and cash equivalents at end of financial period	7,216	8,230

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

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

- 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
COMPANY				
Balance as at 28.02.2014	50,200	(1,923)	24,260	72,537
Total comprehensive income for the financial period	-	-	(811)	(811)
Dividends paid on ordinary shares	-	-	(2,115)	(2,115)
Balance as at 30.11.2014	<u>50,200</u>	<u>(1,923)</u>	<u>21,334</u>	<u>69,611</u>
Balance as at 28.02.2013	50,200	(1,896)	18,097	66,401
Total comprehensive income for the financial period	-	-	4,275	4,275
Purchase of treasury shares	-	(27)	-	(27)
Balance as at 30.11.2013	<u>50,200</u>	<u>(1,923)</u>	<u>22,372</u>	<u>70,649</u>

- 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

	<u>Group and Company</u>	
	No. of shares (('000)	(S\$'000)
Ordinary shares - Issued and fully paid		
Balance as at 1 Sep 2014 and 30 November 2014	<u>313,085</u>	<u>50,200</u>

There was no change in the Company's share capital from 28 February 2014 to 30 November 2014.

As at 30 November 2014, the Company held 10,873,000 of its issued shares as Treasury Shares (30 November 2013: 10,873,000).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (30 November 2013: 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.

	30.11.2014	28.02.2014
	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 2014 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 March 2014.

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 new FRS had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

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.

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

Consolidated statement of cash flows

During 3QFY15, the Group has net cash flows generated from operations of \$0.3 million as compared to net cash flows used in operations of \$0.4 million in 3QFY14. The net cash flows generated was mainly contributed by higher profit generated during 3QFY15 and increase in trade payables. This was partially offset by increases in inventories, trade receivables, other receivables and prepayments, and decrease in other payables.

In investing activities, the Group used \$3.0 million during 3QFY15 as compared to \$1.3 million used in 3QFY14. The net cash used was mainly for purchases of property, plant and equipment.

During 3QFY15, the Group used \$3.0 million net cash flows in financing activities as compared to \$0.8 million net cash flows used in 3QFY14. The net cash used was mainly for repayment of interest-bearing loans and borrowings, dividends paid on ordinary shares and capital reduction.

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 second quarter ended 31 August 2014.

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 HDD components and Precision Metal Stamping components segments are expected to do well.

Barring any unforeseen circumstances, the Board of Directors expects the Group to be profitable in the financial year ending 28 February 2015.

11 Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (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

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.

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 to come to the attention of the Board of Directors of the Company which may render the unaudited financial result of Cheung Woh Technologies Ltd for the third quarter ended 30 November 2014 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

12 January 2015