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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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

This announcement is made by Elec & Eltek International Company Limited (the "**Company**") pursuant to Rule 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**"). 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 (International) ("**SFRS(I)**") and has not been audited or 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 Group'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

	Nine months ended		
	30 September 2018 ("YTD 3QCY18") US$'000	30 September 2017 ("YTD 3QCY17") US$'000	% Change
Revenue	**444,261**	364,046	22.0%
EBITDA	**57,263**	57,927	-1.1%
EBITDA margin	**12.9%**	15.9%	-3.0%
Profit before tax	**25,831**	29,639	-12.8%
Net profit attributable to owners of the Company	**21,380**	24,812	-13.8%
Basic and diluted earnings per share	**US11.44 cents**	US13.27 cents	-13.8%
	30 September 2018	31 December 2017	
Net asset value per share	**US$2.18**	US$2.15	1.4%
Net gearing ratio	**21.5%**	11.8%	9.7%

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 third quarter ("**3QCY18**") and nine months ended 30 September 2018 ("**YTD 3QCY18**") together with the comparative figures for the third quarter ("**3QCY17**") and nine months ended 30 September 2017 ("**YTD 3QCY17**").

Consolidated Statement of Profit or Loss

	Notes	**3QCY18** **US$'000** **(Unaudited)**	3QCY17 US$'000 (Unaudited)	% Change	**YTD 3QCY18** **US$'000** **(Unaudited)**	YTD 3QCY17 US$'000 (Unaudited)	% Change
Revenue	2	**164,142**	128,944	27.3%	**444,261**	364,046	22.0%
Cost of sales		**(144,683)**	(111,998)	29.2%	**(392,895)**	(311,624)	26.1%
Gross profit		**19,459**	16,946	14.8%	**51,366**	52,422	-2.0%
Gross profit margin		***11.9%***	*13.1%*	*-1.2%*	***11.6%***	*14.4%*	*-2.8%*
Other operating income and gains		**432**	961	-55.0%	**1,813**	1,956	-7.3%
Distribution and selling costs		**(2,612)**	(2,384)	9.6%	**(7,471)**	(7,551)	-1.1%
Administrative expenses		**(7,953)**	(4,951)	60.6%	**(18,183)**	(14,689)	23.8%
Other operating expenses and losses		**(86)**	(430)	-80.0%	**(368)**	(1,583)	-76.8%
Finance costs	3	**(646)**	(323)	100.0%	**(1,326)**	(916)	44.8%
Profit before taxation		**8,594**	9,819	-12.5%	**25,831**	29,639	-12.8%
Income tax expense	4	**(1,693)**	(1,504)	12.6%	**(3,842)**	(4,510)	-14.8%
Profit for the period		**6,901**	8,315	-17.0%	**21,989**	25,129	-12.5%
Profit attributable to:							
Owners of the Company		**6,530**	8,287	-21.2%	**21,380**	24,812	-13.8%
Non-controlling interests		**371**	28	1,225.0%	**609**	317	92.1%
		6,901	8,315	-17.0%	**21,989**	25,129	-12.5%
Earnings per share (US cents)	6						
- Basic and diluted		**3.49**	4.43	-21.2%	**11.44**	13.27	-13.8%

Notes to Consolidated Statement of Profit or Loss:

	3QCY18 US$'000 (Unaudited)	3QCY17 US$'000 (Unaudited)	% Change	**YTD 3QCY18 US$'000 (Unaudited)**	YTD 3QCY17 US$'000 (Unaudited)	% Change
Depreciation	**10,519**	9,267	13.5%	**30,054**	27,320	10.0%
Amortisation of prepaid land use rights	**41**	41	n/m	**123**	123	n/m
Allowance for doubtful debts	**2,476**	700	253.7%	**2,362**	1,357	74.1%
(Reversal of allowance) Allowance for inventory obsolescence	**(13)**	295	-104.4%	**183**	417	-56.1%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	3QCY18 US$'000 (Unaudited)	3QCY17 US$'000 (Unaudited)	% Change	**YTD 3QCY18 US$'000 (Unaudited)**	YTD 3QCY17 US$'000 (Unaudited)	% Change
Profit for the period	**6,901**	8,315	-17.0%	**21,989**	25,129	-12.5%
Other comprehensive expenses:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations	**108**	(270)	-140.0%	**(44)**	(844)	-94.8%
Other comprehensive expenses for the period, net of tax	**108**	(270)	-140.0%	**(44)**	(844)	-94.8%
Total comprehensive income for the period	**7,009**	8,045	-12.9%	**21,945**	24,285	-9.6%
Total comprehensive income attributable to:						
Owners of the Company	**6,638**	8,017	-17.2%	**21,336**	23,968	-11.0%
Non-controlling interests	**371**	28	1,225.0%	**609**	317	92.1%
	7,009	8,045	-12.9%	**21,945**	24,285	-9.6%

n/m percentage not meaningful

Statements of Financial Position

	Notes	THE GROUP		THE COMPANY	
		30 September 2018 US$'000 (Unaudited)	31 December 2017 US$'000 (Audited)	**30 September 2018 US$'000 (Unaudited)**	31 December 2017 US$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		**21,608**	25,985	**113**	179
Trade receivables	9	**186,446**	168,280	**—**	—
Bills receivables	9	**973**	3,555	**—**	—
Other receivables		**14,495**	13,216	**18**	1
Prepaid land use rights		**399**	399	**—**	—
Inventories	10	**48,418**	44,156	**—**	—
Total current assets		**272,339**	255,591	**131**	180
Non-current assets					
Property, plant and equipment	8	**314,258**	286,660	**—**	—
Prepaid land use rights		**12,326**	12,449	**—**	—
Deposits for acquisition of plant and equipment	8	**10,222**	10,401	**—**	—
Investment properties		**101,692**	101,692	**—**	—
Subsidiary companies		**—**	—	**487,541**	470,324
Deferred tax assets		**84**	84	**—**	—
Total non-current assets		**438,582**	411,286	**487,541**	470,324
Total assets		**710,921**	666,877	**487,672**	470,504
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	12	**79,460**	47,286	**—**	—
Trade payables	11	**141,187**	133,012	**—**	—
Bills payables	11	**16,657**	17,293	**—**	—
Other payables		**28,651**	36,739	**803**	2,258
Amounts due to subsidiary companies		**—**	—	**265,816**	231,454
Provision for taxation		**3,773**	3,234	**—**	—
Total current liabilities		**269,728**	237,564	**266,619**	233,712
Non-current liabilities					
Bank loans	12	**30,000**	25,942	**—**	—
Deferred tax liabilities		**2,834**	2,003	**—**	—
Total non-current liabilities		**32,834**	27,945	**—**	—
Capital, reserves and non-controlling interests					
Share capital	13	**113,880**	113,880	**113,880**	113,880
Reserves		**282,528**	276,146	**107,173**	122,912
Equity attributable to owners of the Company		**396,408**	390,026	**221,053**	236,792
Non-controlling interests		**11,951**	11,342	**—**	—
Total equity		**408,359**	401,368	**221,053**	236,792
Total liabilities and equity		**710,921**	666,877	**487,672**	470,504

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										
3QCY18										
Balance at 1 July 2018 (unaudited)	113,880	1,916	6,826	42,684	166	210,241	14,057	389,770	11,580	401,350
Change in equity for 3QCY18										
Profit for the period	—	—	—	—	—	6,530	—	6,530	371	6,901
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	108	108	—	108
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	108	108	—	108
Total comprehensive income for the period	—	—	—	—	—	6,530	108	6,638	371	7,009
Balance at 30 September 2018 (unaudited)	113,880	1,916	6,826	42,684	166	216,771	14,165	396,408	11,951	408,359
3QCY17										
Balance at 1 July 2017 (unaudited)	113,880	1,916	6,252	42,684	166	191,283	14,510	370,691	11,007	381,698
Change in equity for 3QCY17										
Profit for the period	—	—	—	—	—	8,287	—	8,287	28	8,315
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(270)	(270)	—	(270)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(270)	(270)	—	(270)
Total comprehensive income (expenses) for the period	—	—	—	—	—	8,287	(270)	8,017	28	8,045
Balance at 30 September 2017 (unaudited)	113,880	1,916	6,252	42,684	166	199,570	14,240	378,708	11,035	389,743

	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										
YTD 3QCY18										
Balance at 1 January 2018 (audited)	113,880	1,916	6,826	42,684	166	210,345	14,209	390,026	11,342	401,368
Change in equity for YTD 3QCY18										
Profit for the period	—	—	—	—	—	21,380	—	21,380	609	21,989
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(44)	(44)	—	(44)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(44)	(44)	—	(44)
Total comprehensive income (expenses) for the period	—	—	—	—	—	21,380	(44)	21,336	609	21,945
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(14,954)	—	(14,954)	—	(14,954)
Total comprehensive expenses for the period	—	—	—	—	—	(14,954)	—	(14,954)	—	(14,954)
Balance at 30 September 2018 (unaudited)	113,880	1,916	6,826	42,684	166	216,771	14,165	396,408	11,951	408,359
YTD 3QCY17										
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 YTD 3QCY17										
Profit for the period	—	—	—	—	—	24,812	—	24,812	317	25,129
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(844)	(844)	—	(844)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(844)	(844)	—	(844)
Total comprehensive income (expenses) for the period	—	—	—	—	—	24,812	(844)	23,968	317	24,285
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Total comprehensive expenses for the period	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Balance at 30 September 2017 (unaudited)	113,880	1,916	6,252	42,684	166	199,570	14,240	378,708	11,035	389,743

Notes:

(i) Capital reserve represents amounts transferred from share option reserve 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 (Note i)	Retained earnings US$'000	Total equity US$'000
THE COMPANY				
3QCY18				
Balance at 1 July 2018 (unaudited)	113,880	1,916	105,447	221,243
Loss for the period, representing total comprehensive income for the period	—	—	(190)	(190)
Balance at 30 September 2018 (unaudited)	113,880	1,916	105,257	221,053
3QCY17				
Balance at 1 July 2017 (unaudited)	113,880	1,916	118,231	234,027
Loss for the period, representing total comprehensive income for the period	—	—	(124)	(124)
Balance at 30 September 2017 (unaudited)	113,880	1,916	118,107	233,903
YTD 3QCY18				
Balance at 1 January 2018 (audited)	113,880	1,916	120,996	236,792
Loss for the period, representing total comprehensive income for the period	—	—	(785)	(785)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(14,954)	(14,954)
Balance at 30 September 2018 (unaudited)	113,880	1,916	105,257	221,053
YTD 3QCY17				
Balance at 1 January 2017 (audited)	113,880	1,916	130,000	245,796
Loss for the period, representing total comprehensive income for the period	—	—	(678)	(678)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(11,215)	(11,215)
Balance at 30 September 2017 (unaudited)	113,880	1,916	118,107	233,903

Note:

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

Consolidated Statement of Cash Flows

	3QCY18 **US$'000** **(Unaudited)**	3QCY17 US$'000 (Unaudited)	**YTD 3QCY18** **US$'000** **(Unaudited)**	YTD 3QCY17 US$'000 (Unaudited)
Operating activities				
Profit before taxation	**8,594**	9,819	**25,831**	29,639
Adjustments for:				
Allowance for doubtful debts	**2,476**	700	**2,362**	1,357
Finance costs	**646**	323	**1,326**	916
Depreciation of property, plant and equipment	**10,519**	9,267	**30,054**	27,320
Amortisation of prepaid land use rights	**41**	41	**123**	123
Gain on disposal of property, plant and equipment	**(2)**	(119)	**(87)**	(176)
(Reversal of allowance) Allowance for inventory obsolescence	**(13)**	295	**183**	417
Interest income	**(21)**	(28)	**(71)**	(71)
Operating income before movements in working capital	**22,240**	20,298	**59,721**	59,525
Increase in inventories	**(1,035)**	(4,777)	**(3,624)**	(9,523)
Increase in trade, bills and other receivables	**(49)**	(8,608)	**(21,512)**	(21,429)
Increase in trade, bills and other payables	**117**	24,522	**1,106**	23,332
Net cash generated from operations	**21,273**	31,435	**35,691**	51,905
Interest income received	**21**	28	**71**	71
Interest paid	**(646)**	(406)	**(1,433)**	(1,043)
Income taxes paid	**(1,098)**	(1,121)	**(3,190)**	(2,510)
Net cash generated from operating activities	**19,550**	29,936	**31,139**	48,423
Investing activities				
Proceeds from disposal of property, plant and equipment	**2**	120	**196**	218
Purchase of property, plant and equipment	**(21,128)**	(19,594)	**(51,498)**	(27,710)
Deposits paid for acquisition of property, plant and equipment	**(1,730)**	(2,528)	**(5,977)**	(8,376)
Net cash used in investing activities	**(22,856)**	(22,002)	**(57,279)**	(35,868)

	3QCY18 US$'000 (Unaudited)	3QCY17 US$'000 (Unaudited)	YTD 3QCY18 US$'000 (Unaudited)	YTD 3QCY17 US$'000 (Unaudited)
Financing activities				
Proceeds from bank borrowings	**11,936**	—	**52,536**	30,791
Repayment of bank borrowings	**(7,229)**	(2,757)	**(16,304)**	(27,571)
Dividends paid by the Company	**—**	—	**(14,954)**	(11,215)
Net cash generated from (used in) financing activities	**4,707**	(2,757)	**21,278**	(7,995)
Net increase (decrease) in cash and cash equivalents	**1,401**	5,177	**(4,896)**	4,560
Cash and cash equivalents at the beginning of the period	**20,019**	17,614	**25,985**	18,651
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	**188**	(211)	**485**	(631)
Cash and cash equivalents at the end of the period	**21,608**	22,580	**21,608**	22,580

Cash and cash equivalents consist of:

	30 September 2018	30 September 2017
	US$'000	*US$'000*
Cash and bank balances	21,608	22,580

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 3QCY18 as the most recent audited financial statements as at 31 December 2017.

The Group has adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), in accordance with all Singapore-incorporated companies listed on the Singapore Exchange ("**SGX**") for annual periods beginning on or after 1 January 2018. The Group has assessed the transition provisions and elected not to reset the cumulative translation differences recorded in the foreign translation reserve.

The Group also adopted the following SFRS(l) pronouncements that are effective for annual periods beginning on or after l January 2018:

- *SFRS(I) 9 Financial Instruments*
- *SFRS(I) 15 Revenue from Contracts with Customers*
- *SFRS(I) 1-40 Investment Property*
- *SFRS(I) INT 22 Foreign Currency Transactions and Advance Considerations.*

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 period.

The Group has not early adopted the following new and revised standards or amendments to FRS, which would take effect from financial periods beginning on or after l January 2019:

- *SFRS(I) 16 Leases*
- *SFRS(I) INT 23 Uncertainty over Income Tax Treatments*

The Group is in the process of making an assessment of the impact of these new and revised standards and amendments upon initial application but is not yet in a position to state whether these new and revised standards and amendments would have a significant impact on the results of operations and financial position of the Group.

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**"); (ii) property investments. 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.

Nine months period ended 30 September 2018	Fabrication and distribution of PCB	Property investments	Total
	US$'000	*US$'000*	*US$'000*
Segment revenue			
Revenue from external customers	437,919	6,342	444,261
Segment Results	21,155	5,461	26,616
Corporate and other unallocated expenses			(785)
Profit before tax			25,831

	Fabrication and distribution of PCB	Property investments	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS				
Segment assets	582,260	107,053	—	689,313
Unallocated assets	—	—	21,608	21,608
Consolidated total assets				710,921
LIABILITIES				
Segment liabilities	(298,202)	(1,526)	—	(299,728)
Unallocated liabilities	—	—	(2,834)	(2,834)
Consolidated total liabilities				(302,562)

Nine months period ended 30 September 2017	Fabrication and distribution of PCB	Property investments	Total
	US$'000	*US$'000*	*US$'000*
Segment revenue			
Revenue from external customers	359,030	5,016	364,046
Segment Results	26,252	4,065	30,317
Corporate and other unallocated expenses			(678)
Profit before tax			29,639

	Fabrication and distribution of PCB	Property investments	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS				
Segment assets	491,594	101,310	—	592,904
Unallocated assets	—	—	22,580	22,580
Consolidated total assets				615,484
LIABILITIES				
Segment liabilities	(222,438)	(1,481)	—	(223,919)
Unallocated liabilities	—	—	(1,822)	(1,822)
Consolidated total liabilities				(225,741)

3. **Finance costs**

	YTD 3QCY18 US$'000 (Unaudited)	YTD 3QCY17 US$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	**1,556**	1,043
Less: Amounts capitalised	**(230)**	(127)
	1,326	916

4. **Income tax expense**

	YTD 3QCY18 US$'000 (Unaudited)	YTD 3QCY17 US$'000 (Unaudited)
Current tax		
- Singapore income tax	**—**	1
- PRC enterprise income tax	**2,696**	3,934
- Hong Kong income tax	**355**	94
	3,051	4,029
Deferred tax	**791**	481
	3,842	4,510

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 third quarter ended 30 September 2018 and the same period last year.

6. **Earnings per share**

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

	Earnings		**Earnings**	
			YTD	YTD
	3QCY18	3QCY17	**3QCY18**	3QCY17
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share	**6,530**	8,287	**21,380**	24,812

	Number of shares		**Number of shares**	
			YTD	YTD
	3QCY18	3QCY17	**3QCY18**	3QCY17
	'000	'000	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**186,920**	186,920	**186,920**	186,920
Earnings per share (US cents) - basic and diluted	**3.49**	4.43	**11.44**	13.27

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

7. **Net asset value**

	The Group		**The Company**	
	30 September	31 December	**30 September**	31 December
	2018	2017	**2018**	2017
	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*	**2.18**	2.15	**1.18**	1.27

* Based on 186,919,962 issued shares as at 30 September 2018 (31 December 2017: 186,919,962 issued shares).

8. **Additions to property, plant and equipment**

During the reporting period, the Group spent approximately US$57.5 million (YTD 3QCY17: approximately US$36.1 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 payments 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 purchased.

9. **Trade and bills receivables**

	THE GROUP	
	30 September 2018	31 December 2017
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade receivables		
- Third parties	**181,308**	163,051
- Related companies (note)	**5,138**	5,229
	186,446	168,280
Bills receivables	**973**	3,555
Total	**187,419**	171,835

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:

	THE GROUP	
	30 September 2018	31 December 2017
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**156,375**	133,674
91 to 180 days	**30,071**	34,606
Over 180 days	**—**	—
	186,446	168,280

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

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2017: within 180 days).

10. **Inventories**

	THE GROUP	
	30 September 2018	31 December 2017
	US$'000	US$'000
	(Unaudited)	(Audited)
Raw materials	**13,262**	11,180
Work-in-progress	**17,759**	16,402
Finished goods	**17,397**	16,574
	48,418	44,156

11. **Trade and bills payables**

	THE GROUP	
	30 September 2018	31 December 2017
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	**96,850**	89,129
- Related companies (note)	**44,337**	43,883
	141,187	133,012
Bills payables	**16,657**	17,293
Total	**157,844**	150,305

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

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	THE GROUP	
	30 September 2018	31 December 2017
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**96,055**	92,699
91 to 180 days	**34,064**	28,695
Over 180 days	**11,068**	11,618
	141,187	133,012

Trade payables are non-interest bearing and generally on 15 to 120 days' terms.

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2017: within 180 days). The bills payables were mainly related to the purchase of equipment through issuing irrevocable letters of credit as the payment mode.

12. **Bank loans**

	THE GROUP	
	30 September 2018	31 December 2017
	US$'000	US$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	**109,460**	73,228
Comprising the following amounts due:		
- within one year	**79,460**	47,286
- more than one year	**30,000**	25,942
	109,460	73,228

The Group's total external borrowings increased by approximately 49.5% to approximately US$109.5 million as at 30 September 2018 compared with 31 December 2017.

13. **Share capital**

As at 30 September 2018, the Company had a total of 186,919,962 (31 December 2017: 186,919,962) issued ordinary shares.

14. **Share options**

There were no share options outstanding as at 30 September 2018 and 31 December 2017 respectively. No share options have been granted under the 2018 Elec & Eltek Employees' Share Option Scheme as at the date of this annoucement.

15. **Net current assets and total assets less current liabilities**

As at 30 September 2018, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US$2.6 million (31 December 2017: approximately US$18.0 million).

As at 30 September 2018, the Group's total assets less current liabilities amounted to approximately US$441.2 million (31 December 2017: approximately US$429.3 million).

16. **Reconciliation between SFRS(I) and International Financial Reporting Standards ("IFRS")**

For the nine months ended 30 September 2018, there were no material differences between the consolidated financial statements of the Group prepared under SFRS(I) and IFRS.

BUSINESS REVIEW

The Group announces its results for 3QCY18 and YTD3QCY18 (the "Period"). During the Period, the Group maintained a steady growth in terms of sales orders, the production capacity expanded. The product mix moved further towards a higher layers and higher value added offerings, the average PCB product price therefore increased as compared to the same period in 2017, and the Group recorded a rise in its revenue. The Group's revenue for 3QCY18 increased by 27.3% from 3QCY17 to US$164.1 million (3QCY17: US$128.9 million). However, the increases in average product prices were not able to fully offset cost inflation in particular raw materials and labour cost. As such, while the Group's gross profit increased by 14.8% to US$19.5 million (3QCY17: US$16.9 million), we recorded a slight drop in gross profit margin to 11.9% (3QCY17:13.1%). Net profit attributable to owners of the Company decreased by 21.2% from 3QCY17 to US$6.5 million (3QCY17:US$8.3 million).

In terms of product mix, in 3QCY18, communication & networking products (including mobile phones) accounted for about 48.0% (3QCY17: 51.1%) of the Group's PCB sales, while automotive PCB sales accounted for around 20.4% (3QCY17: 19.3%) of the Group's PCB sales. Other products (including computer & peripherals, consumer electronics and industrial related products) accounted for 31.6% (3QCY17: 29.6%) of the Group's PCB sales. High Density Interconnect ("HDI") PCB accounted for approximately 25.3% (3QCY17: 24.7%) of the Group's total PCB sales in 3QCY18.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2018, the Group's net current assets was approximately US$2.6 million (31 December 2017: approximately US$18.0 million), making the current ratio 1.01 as compared to 1.08 as at 31 December 2017.

The net working capital cycle was 42 days as at 30 September 2018 (31 December 2017: 35 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 29 days (31 December 2017: 28 days).

- Trade receivables, in terms of debtors turnover days, was 109 days (31 December 2017: 109 days).

- Trade payables, in terms of creditors turnover days, decreased to 96 days (31 December 2017: 102 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 30 September 2018 was approximately 21.5% (31 December 2017: approximately 11.8%). The proportion of short-term and long-term bank borrowings stood at 73%: 27% (31 December 2017: 65%: 35%). The total equity of the Group, as at 30 September 2018, was approximately US$408.4 million (31 December 2017: approximately US$401.4 million). As at 30 September 2018, the Group had cash on hand and undrawn loan facilities of approximately US$21.6 million and US$25.6 million respectively.

The Group's transactions and monetary assets are principally denominated in United States dollars, Renminbi and Hong Kong dollars, and the Group is subject to risks associated with fluctuations in exchange rate between Renminbi and other currencies in which the Group conducts its businesses.

HUMAN RESOURCES

As at 30 September 2018, the Group had approximately 8,500 employees (31 December 2017: 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 adopted an employees' share option scheme this year in order to, among other purposes, attract and retain the best available personnel and to align employees' individual interests with the Group's interests.

PROSPECTS

As we approach the last quarter of the year, our sales and marketing team has commenced negotiations with our customers on order allocations for the coming year. The Group is confident that it will be able to obtain more orders from communication & networking and automotive PCB, and capture a higher market share in its target market segments.

The Group continues to focus on quality control and cost control. The Group is currently upgrading its production equipment for further optimize product performance, thereby enhancing the Group's competitiveness and satisfying the Group's customer demand.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 3QCY18 and YTD 3QCY18, prepared in accordance with FRS, have not been audited or reviewed by the Group's auditors.

FORECAST STATEMENT

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

DISCLOSURE ON THE WEBSITE OF THE EXCHANGES

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

APPRECIATION

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

INTERESTED PERSONS TRANSACTIONS

Interested persons transactions carried out 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 persons 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) **YTD 3QCY18**	YTD 3QCY17	Aggregate value of all interested persons transactions conducted under a shareholders' mandate pursuant to Rule 920 (including transactions of less than S$100,000) **YTD 3QCY18**	YTD 3QCY17
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**9,091**	2,192
	—	—	**9,091**	2,192
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**81,607**	71,975
Delta Realty Limited	**62**	40	**—**	—
Elec & Eltek Corporate Services Limited	**—**	31	**—**	—
Heng Yang Kingboard Chemical Co., Ltd.	**—**	—	**1,795**	1,328
Hong Kong Fibre Glass Company Limited	**—**	—	**21,168**	12,895
Huizhou Chung Shun Chemical Co., Ltd.	**—**	—	**1,525**	898
	62	71	**106,095**	87,096
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**3,194**	6,327
Express Electronics Ltd	**—**	—	**1**	304
Techwise (Macao Commercial Offshore) Circuits Limited	**—**	—	**17,023**	11,599
	—	—	**20,218**	18,230

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 of the Company that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the third quarter and nine months ended 30 September 2018 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
依利安達集團有限公司*
Stephanie Cheung Wai Lin
Vice Chairman

Hong Kong, 9 November 2018

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

Executive Directors:-
Stephanie Cheung Wai Lin (Vice Chairman)
Chang Wing Yiu

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

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

** For identification purpose only*