Elec & Eltek 依利安達

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)

AUDITED FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2016

This announcement is made by Elec & Eltek International Company Limited (the "**Company**") pursuant to the disclosure obligation under Rules 13.09 and 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**") (the "**Listing Rule**"). 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, except for the consolidated results of the Group (as defined below) for the fourth quarter, set out in this announcement has been prepared in accordance with the Singapore Financial Reporting Standards ("**FRS**") and has been audited 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 its 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 economic 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

	Twelve months ended 31 December		
	2016	2015	% Change
	US$'000	US$'000	
Revenue#	**478,137**	456,730	4.7%
EBITDA*	**60,868**	45,105	35.0%
EBITDA margin*	**12.7%**	9.9%	
Underlying profit before tax*	**21,567**	3,405	533.4%
Net profit (loss) attributable to owners of the Company			
- Underlying net profit (loss)*	**16,387**	(676)	2,524.1%
- Reported net profit (loss)	**11,387**	(4,837)	335.4%
Basic earnings (loss) per share			
- Underlying net profit (loss)*	**US8.77 cents**	(US0.36 cents)	2,536.1%
- Reported net profit (loss)	**US6.09 cents**	(US2.59 cents)	335.1%
Full-year dividend per share			
- Interim dividend per share	**—**	—	—
- Proposed final dividend per share	**US6.00 cents**	US3.00 cents	100%
Dividend payout ratio	**98.5%**	-115.9%	
Net asset value per share	**US$2.02**	US$1.99	1.5%
Net gearing ratio	**9.7%**	17.3%	

* Excluding the addition provision for property, plant and equipment of approximately US$5.0 million made in the quarter ended 30 June 2016 (31 December 2015: Nil) and potential claims of approximately US$4.2 million made in the quarter ended 31 March 2015 (31 December 2016: Nil).

\# The amount is restated for reclassification of rental income for approximately US$3.7 million in 2015 from other operating income and gains to revenue because property investment become a stand-alone reportable segment to the chief operating decision makers of the Group in the current year.

RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2016 ("**CY2016**") together with the comparative figures for the year ended 31 December 2015 ("**CY2015**").

Consolidated Statement of Profit or Loss

	Notes	**CY2016 US$'000**	CY2015 US$'000	% Change
Revenue	2	**478,137**	456,730	4.7%
Cost of sales		**(425,722)**	(416,608)	2.2%
Gross profit		**52,415**	40,122	30.6%
Gross profit margin		**11.0%**	***8.8%***	
Other operating income and gains	3	**2,607**	930	180.3%
Distribution and selling costs		**(10,902)**	(13,908)	-21.6%
Administrative expenses		**(19,372)**	(24,058)	-19.5%
Other operating expenses and losses		**(6,597)**	(1,886)	249.8%
Finance costs	4	**(1,584)**	(1,956)	-19.0%
Profit (loss) before taxation		**16,567**	(756)	2,291.4%
Income tax expense	5	**(4,348)**	(3,252)	33.7%
Profit (loss) for the year		**12,219**	(4,008)	404.9%
Profit (loss) attributable to:				
Owners of the Company		**11,387**	(4,837)	335.4%
Non-controlling interests		**832**	829	0.4%
		12,219	(4,008)	404.9%
Earnings (loss) per share (US cents)				
- Basic	7	**6.09**	(2.59)	335.1%

Notes to Consolidated Statement of Profit or Loss:

	CY2016 **US$'000**	CY2015 US$'000	% Change
Depreciation of property, plant and equipment	**37,573**	39,620	-5.2%
Amortisation of prepaid land use rights	**164**	164	0%
Allowance for doubtful debts	**3,943**	3,888	1.4%
Allowance (reversal of allowance) for inventory obsolescence	**2,211**	(257)	960.3%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	CY2016 **US$'000**	CY2015 US$'000	% Change
Profit (loss) for the year	**12,219**	(4,008)	404.9%
Other comprehensive (expense) income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus of properties transferred to investment properties	**—**	39,744	n/m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(805)**	(887)	-9.2%
Other comprehensive (expense) income for the year, net of tax	**(805)**	38,857	-102.1%
Total comprehensive income for the year	**11,414**	34,849	-67.3%
Total comprehensive income attributable to:			
Owners of the Company	**10,582**	34,020	-68.9%
Non-controlling interests	**832**	829	0.4%
	11,414	34,849	-67.3%

n/m - percentage not meaningful

Statements of Financial Position

	Notes	GROUP 2016 US$'000	GROUP 2015 US$'000	COMPANY 2016 US$'000	COMPANY 2015 US$'000
ASSETS					
Current assets					
Cash and bank balances		**18,651**	10,950	**182**	117
Trade receivables	10	**131,523**	132,724	**—**	—
Bills receivables	10	**3,341**	268	**—**	—
Other receivables		**11,879**	14,263	**—**	1
Prepaid land use rights		**399**	211	**—**	—
Inventories	11	**33,315**	32,880	**—**	—
Total current assets		**199,108**	191,296	**182**	118
Non-current assets					
Property, plant and equipment	9	**260,415**	286,245	**—**	—
Prepaid land use rights		**12,613**	12,965	**—**	—
Deposits for acquisition of plant and equipment	9	**1,547**	1,833	**—**	—
Investment properties		**99,925**	98,834	**—**	—
Subsidiary companies		**—**	—	**468,783**	464,916
Deferred tax assets		**84**	83	**—**	—
Total non-current assets		**374,584**	399,960	**468,783**	464,916
Total assets		**573,692**	591,256	**468,965**	465,034
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	13	**49,523**	41,022	**—**	—
Trade payables	12	**108,232**	105,262	**—**	—
Bills payables	12	**308**	7,069	**—**	—
Other payables		**30,257**	30,065	**3,590**	3,852
Amounts due to subsidiary companies		**—**	—	**219,579**	213,547
Provision for taxation		**1,668**	709	**—**	—
Total current liabilities		**189,988**	184,127	**223,169**	217,399
Non-current liabilities					
Bank loans	13	**5,659**	34,310	**—**	—
Deferred tax liabilities		**1,372**	1,428	**—**	—
Total non-current liabilities		**7,031**	35,738	**—**	—
Capital, reserves and non-controlling interests					
Share capital	14	**113,880**	113,880	**113,880**	113,880
Reserves		**252,075**	247,100	**131,916**	133,755
Equity attributable to owners of the Company		**365,955**	360,980	**245,796**	247,635
Non-controlling interests		**10,718**	10,411	**—**	—
Total equity		**376,673**	371,391	**245,796**	247,635
Total liabilities and equity		**573,692**	591,256	**468,965**	465,034

Statements 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										
Balance at 1 January 2016	113,880	1,916	5,805	42,684	166	180,640	15,889	360,980	10,411	371,391
Total comprehensive income for the year										
Profit for the year	—	—	—	—	—	11,387	—	11,387	832	12,219
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(805)	(805)	—	(805)
Other comprehensive income for the year, net of tax	—	—	—	—	—	—	(805)	(805)	—	(805)
Total	—	—	—	—	—	11,387	(805)	10,582	832	11,414
Transfer from retained earnings to statutory reserve	—	—	447	—	—	(447)	—	—	—	—
Transactions with owners, recognised directly in equity										
Dividend paid in respect of										
- previous financial year	—	—	—	—	—	(5,607)	—	(5,607)	(525)	(6,132)
Total	—	—	447	—	—	(6,054)	—	(5,607)	(525)	(6,132)
Balance at 31 December 2016	113,880	1,916	6,252	42,684	166	185,973	15,084	365,955	10,718	376,673
Balance at 1 January 2015	113,880	1,916	5,353	2,940	166	191,536	16,776	332,567	10,107	342,674
Total comprehensive income for the year										
(Loss) profit for the year	—	—	—	—	—	(4,837)	—	(4,837)	829	(4,008)
Revaluation of properties transferred to investment properties	—	—	—	39,744	—	—	—	39,744	—	39,744
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(887)	(887)	—	(887)
Other comprehensive income for the year, net of tax	—	—	—	39,744	—	—	(887)	38,857	—	38,857
Total	—	—	—	39,744	—	(4,837)	(887)	34,020	829	34,849
Transfer from retained earnings to statutory reserve	—	—	452	—	—	(452)	—	—	—	—
Transactions with owners, recognised directly in equity										
Dividend paid in respect of										
- previous financial year	—	—	—	—	—	(5,607)	—	(5,607)	(525)	(6,132)
Total	—	—	452	—	—	(6,059)	—	(5,607)	(525)	(6,132)
Balance at 31 December 2015	113,880	1,916	5,805	42,684	166	180,640	15,889	360,980	10,411	371,391

Notes:

i. Capital reserve represents amounts transferred from the share option reserve upon the exercise of share options in prior years.

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 by the subsidiaries in prior years.

Statements of Changes in Equity (continued)

	Share capital US$'000	Capital reserve US$'000	Retained earnings US$'000	Total equity US$'000
THE COMPANY				
Balance at 1 January 2016	113,880	1,916	131,839	247,635
Profit for the year, representing total comprehensive income for the year	—	—	3,768	3,768
Transactions with owners, recognised directly in equity				
Dividend paid in respect of				
- previous financial year	—	—	(5,607)	(5,607)
Balance at 31 December 2016	113,880	1,916	130,000	245,796
Balance at 1 January 2015	113,880	1,916	135,284	251,080
Profit for the year, representing total comprehensive income for the year	—	—	2,162	2,162
Transactions with owners, recognised directly in equity				
Dividend paid in respect of				
- previous financial year	—	—	(5,607)	(5,607)
Balance at 31 December 2015	113,880	1,916	131,839	247,635

Consolidated Statement of Cash Flows

	CY2016 US$'000	CY2015 US$'000
Operating activities		
Profit (loss) before taxation	**16,567**	(756)
Adjustments for:		
Allowance for doubtful debts	**3,943**	3,888
Finance costs	**1,584**	1,956
Depreciation of property, plant and equipment	**37,573**	39,620
Amortisation of prepaid land use rights	**164**	164
(Gain) loss on disposal of property, plant and equipment	**(39)**	104
Impairment loss recognised in respect of property, plant and equipment	**5,000**	—
Gain on fair value change of investment properties	**(1,091)**	(43)
Allowance (reversal of allowance) for inventory obsolescence	**2,211**	(257)
Interest income	**(20)**	(40)
Operating income before movements in working capital	**65,892**	44,636
(Increase) decrease in inventories	**(2,901)**	10,106
Increase in trade, bills and other receivables	**(3,682)**	(3,584)
Decrease in trade, bills and other payables	**(3,555)**	(11,314)
Net cash generated from operations	**55,754**	39,844
Interest income received	**20**	40
Interest paid	**(1,781)**	(2,073)
Income taxes paid	**(3,427)**	(4,066)
Net cash from operating activities	**50,566**	33,745
Investing activities		
Proceeds from disposal of property, plant and equipment	**5,938**	976
Purchase of property, plant and equipment	**(17,724)**	(22,439)
Deposits paid for acquisition of property, plant and equipment	**(4,396)**	(3,825)
Net cash used in investing activities	**(16,182)**	(25,288)

	CY2016 US$'000	CY2015 US$'000
Financing activities		
Proceeds from bank borrowings	**37,900**	58,397
Repayment of bank borrowings	**(58,045)**	(71,691)
Dividends paid by the Company	**(5,607)**	(5,607)
Dividends paid by subsidiary companies to non-controlling shareholders	**(525)**	(525)
Net cash used in financing activities	**(26,277)**	(19,426)
Net increase (decrease) in cash and cash equivalents	**8,107**	(10,969)
Cash and cash equivalents at the beginning of the year	**10,950**	22,302
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	**(406)**	(383)
Cash and cash equivalents at the end of the year	**18,651**	10,950
Cash and cash equivalents consist of:		
Cash and bank balances	**18,651**	10,950

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 consolidated financial statements for the twelve months ended 31 December 2016 as the most recent audited financial statements as at 31 December 2015.

For the current financial period, the Group has applied the all new and revised FRS, as well as the amendments to and interpretation of FRS ("**INT FRS**") that are relevant to its operations and effective for financial periods beginning on or after 1 January 2016.

The adoption of the above 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, for the current financial period, adopted the following new and revised standards or amendments to FRS, which would take effect for financial periods beginning on or after 1 January 2017:

- *FRS 109 Financial Instruments*
- *FRS 115 Revenue from Contracts with Customers (with clarifications issued)*

- *FRS 116 Leases*
- *Amendments to FRS 7 Statement of cash flows: Disclosure initiative*
- *Amendments to FRS 12 Income taxes: Recognition of deferred tax assets for unrealised losses*

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets. Additional disclosures will also be made.

Management does not anticipate that the initial application of the new FRS 115 will result in significant changes to the accounting policies relating to revenue recognition.

Management is currently still assessing the possible impact of implementing FRS 116.

Management is currently still assessing the possible impact of implementing FRS 7.

Management is currently still assessing the possible impact of implementing FRS 12.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the above new FRSs.

IFRS convergence in 2018

Singapore-incorporated companies listed on the SGX will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018.

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect significant changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as set out in the preceding paragraphs on the equivalent FRSs.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

2. Revenue and segment information

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

In prior years, there was only one reportable and operating segment, namely fabrication and distribution of PCB.

During the current year, the leasing of property of Group has become more significant and relevant information are specifically reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

Therefore, property investment segment becomes the reportable segment in current year. There are two (2015: one) reportable and operating segments in current year as follows:

(a) fabrication and distribution of PCB, which engages in the fabrication and distribution of PCB; and

(b) property investment segment, which engages in properties rental.

Consequently, the comparative segment information for the year ended 31 December 2015 have been re-presented in order to conform with the presentation adopted in current year.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2016	**Fabrication and distribution of PCB**	**Property investment**	**Consolidated**
	US$'000	US$'000	US$'000
Segment revenue			
Revenue from external customers	472,226	5,911	478,137
Segment Results	11,710	5,884	17,594
Corporate and other unallocated expenses			(1,027)
Profit before taxation			16,567

For the year ended 31 December 2015	Fabrication and distribution of PCB	Property investment	Consolidated
	US$'000	US$'000	US$'000
Segment revenue			
Revenue from external customers	452,983	3,747	456,730
Segment Results	(3,028)	3,260	232
Corporate and other unallocated expenses			(988)
Loss before taxation			(756)

Note: The directors of the Company are not aware of any transactions between the operating segments during the year.

Breakdown of sales

		CY2016 US$'000 (Unaudited)	CY2015 US$'000 (Unaudited)	% change
(a)	Sales reported for first half year	**238,953**	223,657	6.8%
(b)	Operating profit (loss) after tax before deducting non-controlling interests reported for first half year	**4,926**	(10,323)	147.7%
(c)	Sales reported for second half year	**239,184**	233,073	2.6%
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	**7,293**	6,315	15.5%

3. Other operating income and gains

	CY2016 US$'000	CY2015 US$'000
Interest income	**20**	40
Gain on disposal on property, plant and equipment	**39**	—
Gain on fair value changes of investment properties	**1,091**	43
Gain on foreign exchange	**781**	—
Handling fees income	**—**	436
Others	**676**	411
	2,607	930

4. Finance costs

	CY2016 US$'000	CY2015 US$'000
Interest on bank loans	**1,781**	2,073
Less: Amounts capitalised	**(197)**	(117)
	1,584	1,956

5. Income tax expense

	CY2016 US$'000	CY2015 US$'000
Current tax:		
Singapore income tax	**1**	2
PRC enterprise income tax	**3,680**	3,699
Hong Kong income tax	**(12)**	3
Other jurisdictions	**—**	21
	3,669	3,725
Under(over)provision of current tax:		
PRC enterprise income tax	**111**	(1,002)
Hong Kong income tax	**16**	—
	127	(1,002)
Deferred tax for the year	**552**	529
	4,348	3,252

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

6. Dividend

	CY2016	CY2015
	US$'000	US$'000
In respect of previous financial year		
Dividend paid:		
Final one-tier tax exempt dividend for 2015 of US3.0 cents (2014: US3.0 cents) per ordinary share	**5,607**	5,607

No dividend in respect of current financial year was paid or declared during both years.

The Directors have recommended a one-tier tax exempt final dividend of United States 6.0 cents (2015: United States 3.0 cents) per share amounting to US$11,215,000 (2015: US$5,607,000) to be payable in respect of the current financial year. This dividend will be recorded as a liability on the statement of financial position of the Company and of the Group upon approval by the shareholders of the Company at the forthcoming Annual General Meeting of the Company.

7. Earnings (loss) per share

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

	CY2016	CY2015
	US$'000	US$'000
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	**11,387**	(4,837)

	Number of shares	
	CY2016	CY2015
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**186,920**	186,920
Earnings (loss) per share (US cents)		
- Basic	**6.09**	(2.59)

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

8. Net asset value

	Group		Company	
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
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*	**2.02**	1.99	**1.32**	1.32

* Based on 186,919,962 issued shares as at 31 December 2016 (31 December 2015: 186,919,962 issued shares net of treasury shares).

9. Additions to property, plant and equipment

During the current reporting period, the Group spent approximately US$22.6 million (CY2015: approximately US$30.4 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.

10. Trade and bills receivables

	GROUP	
	2016	2015
	US$'000	US$'000
Trade receivables		
- Third parties	**135,205**	135,024
- Related companies (note)	**4,298**	3,212
Less: Allowance for doubtful debts	**(7,980)**	(5,512)
	131,523	132,724
Bills receivables	**3,341**	268
Total	**134,864**	132,992

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

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

	GROUP	
	2016	2015
	US$'000	US$'000
Within 90 days	**113,882**	112,331
91 to 180 days	**17,641**	16,320
Over 180 days	**—**	4,073
	131,523	132,724

At the end of the reporting period, the bills receivables were aged within 180 days (31 December 2015: within 180 days).

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

11. Inventories

	GROUP	
	2016	2015
	US$'000	US$'000
Raw materials	**8,525**	6,165
Work-in-progress	**11,469**	15,430
Finished goods	**13,321**	11,285
	33,315	32,880

12. Trade and bills payables

	GROUP	
	2016	2015
	US$'000	US$'000
Trade payables		
- Third parties	**68,248**	56,621
- Related companies (note)	**39,984**	48,641
	108,232	105,262
Bills payables	**308**	7,069
Total	**108,540**	112,331

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

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

	GROUP	
	2016	2015
	US$'000	US$'000
Within 90 days	**78,415**	77,207
91 to 180 days	**18,695**	19,528
Over 180 days	**11,122**	8,527
	108,232	105,262

At the end of the reporting period, the bills payables were aged within 180 days (31 December 2015: within 180 days). The bills payables mainly related to the purchase of equipment via the payment mode of issuing irrevocable letters of credits.

13. Bank loans

	GROUP	
	2016	2015
	US$'000	US$'000
Unsecured:		
Bank loans	**55,182**	75,332
Comprising amounts repayable:		
- Within one year	**49,523**	41,022
- More than one year	**5,659**	34,310
	55,182	75,332

The Group's total external borrowings decreased by approximately 26.7% to approximately US$55.2 million as at 31 December 2016 from 31 December 2015 due to repayment of loans in 2016.

14. Share capital

As at 31 December 2016, the Company had a total of 186,919,962 (31 December 2015: 186,919,962) issued ordinary shares excluding treasury shares.

15. Share options

There were no share options outstanding as at 31 December 2016 and 31 December 2015, respectively. No share option has 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.

16. Capital commitments

	GROUP	
	CY2016	CY2015
	US$'000	US$'000
Capital expenditure not provided for in the financial statements:		
Commitments in respect of contracts placed for plant expansion	**5,335**	7,270

17. Net current assets and total assets less current liabilities

As at 31 December 2016, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US$9.1 million (31 December 2015: approximately US$7.2 million).

As at 31 December 2016, the Group's total assets less current liabilities amounted to approximately US$383.7 million (31 December 2015: approximately US$407.1 million).

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

For the year ended 31 December 2016, there were no material differences between the consolidated financial statements of the Group prepared under FRS and IFRS.

BUSINESS REVIEW

The Company is delighted to report its results for the financial year ended 31 December 2016 ("**CY2016**"). Along the process of the Group's restructuring, growth momentum remains stable. With the markets general development in high speed communication networks, coupled with innovation in smart applications, market for high-end electronic and communication products has improved. With the closure of the Group's Hong Kong plant in 2015, most of the units were rented out which has brought rental income to the Group. Yangzhou Plant's operation improved performance in December 2016. As such, the Company recorded a turnaround of a net profit of US$11.4 million for the CY2016, from a loss attributable to owners of the Company of US$4.8 million for the year ended 31 December 2015 ("**CY2015**").

The Group's revenue increased by 4.7% to US$478.1 million (CY 2015: US$456.7 million), due to the increased shipment volume as compared with CY2015. With increased sales proportion of higher profit margin products arising from an adjustment in product mix allocation, improved plant capacity utilisation and tighter control of operating costs, the Company recorded a net profit of US$11.4 million for CY2016, from a net loss of US$4.8 million for CY2015. The gross profit improved to 11.0% as compared with 8.8% in CY2015. Earnings before interest, tax, depreciation and amortisation for CY2016 ("**EBITDA**") stood at US$60.9 million (CY2015: US$45.1 million).

The Group's financial position remained healthy and continued to generate steady operating cashflow. The Board has recommended a final one-tier tax exempt dividend of US6.0 cents per share to shareholders of the Company, which will be subject to the shareholders' approval at the forthcoming annual general meeting.

To achieve a long-term growth potential, the Group continued to maintain a balanced portfolio of products. During the year under review, sales of PCB for communication and networking industry (including mobile phones) accounted for about 51% of total PCB sales (CY2015: about 49%) while automotive accounted for about 23 % of total PCB sales (CY2015: about 23%). Sales of High Density Interconnect ("**HDI**") accounted for about 30% of total PCB sales (CY2015: about 31%).

Income tax expense increased by 33.7% from US$3.3 million in CY2015 to US$4.3 million in CY2016 as a result of increase in the Group's taxable PRC profit.

To the best of the Board's knowledge, nothing has come to the attention of the Board which may render the audited financial results for the year ended 31 December 2016 to be false or misleading in any material respect.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2016, the Group's net current assets was US$9.1 million (31 December 2015: US$7.2 million), making the current ratio 1.05 as compared to 1.04 as at 31 December 2015.

The net working capital cycle was 34 days as at 31 December 2016 (31 December 2015: 36 days) on the following key metrics:

- Inventories, in terms of stock turnover days, decreased to 25 days (31 December 2015: 30 days).
- Trade receivables, in terms of debtors turnover days, decreased to 101 days (31 December 2015: 105 days).
- Trade payables, in terms of creditors turnover days, decreased to 92 days (31 December 2015: 99 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 31 December 2016 was about 9.7% (31 December 2015: about 17.3%). The proportion of short-term and long-term bank borrowings stood at 90%: 10% (31 December 2015: 54%: 46%). The total equity of the Group as at 31 December 2016 was US$376.7 million (31 December 2015: US$371.4 million). As at 31 December 2016, the Group had cash on hand and undrawn loan facilities of approximately US$18.7 million and US$32.1 million respectively.

The Group's transactions and monetary assets are principally denominated in United States dollars, Renminbi and Hong Kong dollars. There was no material foreign exchange exposure to the Group during the year under review.

HUMAN RESOURCES

As at 31 December 2016, the Group had a workforce of approximately 8,700 (31 December 2015: approximately 8,900). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market as well as the minimum wages guideline as prescribed by the local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profit 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 the interests of the employees with the Group's interests.

PROSPECTS

As the Company progress into the new financial year, the operating environment for the PCB industry remains challenging. To maintain a balanced product portfolio for the Group, it is currently expected that the Group will further its focus in the automotive PCB sector. The Group aims to continue to enhance the operating efficiency of the Group as a whole, and keep on upgrading the production capacity of Yangzhou Plant.

To overcome the increased production and material costs, the Group will continue the process of upgrading its production facilities for operating efficiency enhancement. The Company will keep on putting more emphasis on product quality control and efficiency to meet the customer's needs.

FINAL DIVIDEND

The proposed final dividend of US6 cents per share, the payment of which is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company, is to be payable on Friday, 26 May 2017.

CLOSURE OF REGISTER OF MEMBERS IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO ATTEND THE ANNUAL GENERAL MEETING AND TO FINAL DIVIDEND

The Company will make appropriate announcements at a subsequent date and time to be confirmed.

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

During the year, there was no purchase, sale and/or redemption by the Company or any of its subsidiaries of the Company's listed securities on the SEHK.

AUDIT COMMITTEE

The Audit Committee has reviewed, with the management and auditors, the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including, the review of the audited financial statements of the Group for the year ended 31 December 2016.

COMPLIANCE WITH THE HONG KONG CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions ("**Code Provisions**") in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), as the code of the Company.

Currently, there are five Board Committees, namely, the Nomination Committee, the Remuneration Committee, the Employees' Share Option Scheme Committee, the Audit Committee and the Executive Committee. The respective terms of reference of the Board Committees, except 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 the Employees' Share Option Scheme Committee, are also posted on the Company's website.

During the year under review, the Company fully complied with 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, subject to re-election.

All the existing non-executive directors (except Mr. Ong Shen Chieh ("**Mr. Ong**") for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) 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 that one-third of its directors (prioritised 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 director (except Mr. Ong for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) will remain in office for more than three years without being re-elected by the Company's shareholders at a general meeting of the Company or otherwise. 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.

2. Deviation from Code Provision A.4.2

Under Code Provision A.4.2 of the CG Code 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 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, is due to retire at the forthcoming annual general meeting of the Company in accordance with Article 96 of the Company's Articles of Association, and shall be eligible for election. As advised by the Company's Singapore legal adviser, Mr. Ong cannot be subject to Code Provision A.4.2 of the CG code to retire by rotation and re-election at the annual general meeting of the company. The Company would run the risk of violating the Companies Act of Singapore as if Mr. Ong were to be subject to the requirement to retire at the annual general meeting of the company, there will be no Singapore resident director existing in the Company immediately following Mr. Ong's retirement.

In order to comply with this Code Provision without violating the Companies Act of Singapore, the Company will consider as and when appropriate to add one more Singapore resident director to the Board so that two Singapore resident directors can choose to retire alternatively 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 should attend the annual general meeting of the Company.

The Chairman of the Board, Mr. Cheung Kwok Wing, was unable to attend the annual general meeting of the Company held on 29 April 2016 ("**2016 AGM**") due to business reasons. He delegated the duty of answering and addressing questions raised by the shareholders of the Company at the 2016 AGM to the Vice Chairman and Executive Director, Ms. Stephanie Cheung Wai Lin, who 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 that 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 director 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 such 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 have complied with the required standard set out in the Model Code and the Company's code of conduct throughout the year ended 31 December 2016.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for CY2016, prepared in accordance with FRS, have been audited by the Group's auditors.

SCOPE OF WORK OF MESSRS. DELOITTE & TOUCHE LLP

The figures in respect of the Group's statements of financial position, consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte & Touche LLP, to the amounts set out in the Group's audited consolidated financial statements for the year prepared for the purpose of statutory reporting in Singapore. The work performed by Messrs. Deloitte & Touche LLP in this respect did not constitute an assurance agreement in accordance with Singapore Standards on Auditing, Singapore Standards on Review Engagements or Singapore Standards on Assurance Engagements and consequently no assurance has been expressed by Messrs. Deloitte & Touche LLP on the preliminary announcement.

The auditors' report on the consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company as of and for the year ended 31 December 2016, prepared for the purpose of statutory reporting in Singapore, is attached as Appendix 1.

FORECAST STATEMENT

No forecast statement has been previously disclosed to shareholders.

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).

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	Aggregate value of all interested person transactions during the period under review (including transactions less than S$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S$100,000)	
US$'000	**CY2016**	CY2015	**CY2016**	CY2015
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**5,526**	7,355
永天機械設備製造(深圳)有限公司	**—**	—	**—**	528
	—	—	**5,526**	7,883
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**109,672**	63,542
Elec & Eltek Corporate Services Limited	**78**	75	**—**	—
Heng Yang Kingboard Chemical Co., Ltd.	**—**	—	**1,549**	1,745
Hong Kong Fibre Glass Company Limited	**—**	—	**16,206**	12,299
Huizhou Chung Shun Chemical Company Limited	**—**	—	**1,121**	996
Jiangmen Glory Faith PCB Company Limited	**—**	—	**—**	15
Jiangmen Kingboard High-tech Company Limited	**—**	—	**—**	16,091
Joyful Source Group Limited	**—**	24	**—**	—
Kingfai (Lian Zhou) Electronic Materials Company Limited	**—**	—	**—**	11,994
Techwise (Macao Commercial Offshore) Circuits Limited	**—**	—	**14**	2
Top Faith PCB Co., Ltd.	**—**	—	**—**	3,325
	78	99	**128,562**	110,009

Name of Interested Person	Aggregate value of all interested person transactions during the period under review (including transactions less than S$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S$100,000)	
US$'000	**CY2016**	CY2015	**CY2016**	CY2015
Provision of goods and services				
Chung Shun Laminates (Macau Commercial Offshore) Limited	**—**	—	**5,036**	5,794
Elec & Eltek Display Technology Limited	**—**	18	**—**	—
Express Electronics Limited	**—**	—	**—**	21
Express Electronics (Suzhou) Co., Ltd.	**—**	—	**3,014**	150
Jiangmen Glory Faith PCB Co., Ltd.	**—**	—	**—**	285
Techwise (Macao Commercial Offshore) Circuits Limited	**—**	—	**7,832**	5,467
Top Faith PCB Co., Ltd.	**—**	—	**—**	3,828
	—	18	**15,882**	15,545

DISCLOSURE PURSUANT TO RULE 704(13) SGX LISTING MANUAL

Please refer to the Company's other announcement made on 24 February 2017.

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

Hong Kong, 24 February 2017

As of 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
Ng Hon Chung

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

Independent Non-executive Directors:-
Raymond Leung Hai Ming
Stanley Chung Wai Cheong
Ong Shen Chieh

Appendix 1

The auditors' report on the full financial statements of Elec & Eltek International Company Limited for the financial year ended 31 December 2016 is as follows:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
ELEC & ELTEK INTERNATIONAL COMPANY LIMITED
For the financial year ended 31 December 2016

Opinion

We have audited the accompanying financial statements of Elec & Eltek International Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages ● to ●.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority's ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment	
The carrying amount of the Group's property, plant and equipment at 31 December 2016 is US$260,415,000. One of the subsidiaries which has property, plant and equipment with total carrying amount of US$74,319,000 at 31 December 2016 has been making losses. Management is required to carry out an impairment assessment of property, plant and equipment on an annual basis. The impairment assessment requires evaluating whether any indicators of impairment existed in the property, plant and equipment by reference to the profitability of the relevant Cash Generating Units ("CGUs"). Where there are indicators, significant judgement and estimation is required in determining the recoverable amount of these property, plant and equipment using the value-in-use calculation determined by discounting the future cash flows from the continuing use of these property, plant and equipment to be generated from the relevant CGUs.	Our audit procedures focused on the following: • Tested the relevant key controls over the assessment of impairment of property, plant and equipment; • Assessed and evaluated management's assessment for indicators of impairment of property, plant and equipment based on the financial information of the relevant CGUs; • Assessed and evaluated the estimation of future profit/cash flows of the relevant CGUs, and challenged management's underlying assumptions, such as growth rates, gross profit margin and discount rates used in estimating and discounting the future profit/cash flows projections of the relevant CGUs by benchmarking against historical data/trend, market trend and comparable data of companies within the same industry, publicly available independent data and our knowledge of the business operations of the relevant CGUs; and • Performed a comparison of the estimation of future profit/cash flows projections in the previous years to the actual profit/cash flows achieved by the relevant CGUs to support the reliability and reasonableness of management's assumptions and estimates used in the future profit/cash flows projections in the prior years. The disclosure of the above significant estimates is provided in Note 3(i) to the financial statements, and further information related to the property, plant and equipment is provided in Note 17 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Investment properties	
The carrying amount of Group's investment properties as at 31 December 2016 is US$99,925,000. The investment properties are stated at fair value, determined based on valuation performed by independent professional external valuers using the direct comparison method. The valuation of investment properties requires the application of significant judgement and estimation in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The valuation is sensitive to underlying assumptions applied by the valuers such as market comparable used and the capitalisation rate can have a significant impact to the valuation.	We assessed competency, capability and objectivity of the independent professional external valuer and read the terms of engagements of the valuer to determine whether there were any matters which might affect objectivity of the value or impede their scope of work. We assessed the valuation methodology (direct comparison method), assumptions and estimates used against general market practice for similar property type. We held discussions with the valuer both with and without presence of the management to discuss and challenge the valuation process, the valuation methodology, performance of the properties and the significant judgement and assumptions applied, including future lease income and yields. We benchmarked them against market comparable, historical data and available industry data for comparable markets and properties. We also assessed and validated the integrity of the valuation calculations and valuation inputs. We have also considered the adequacy and appropriateness of the disclosures made in the financial statements, including description of the inherent degree of subjectivity relating to significant unobservable inputs. The key judgement and estimation on investment properties are disclosed in Note 3(ii) to the financial statements, and further information related to investment properties, including the valuation techniques, the key inputs and the inter-relationships between the inputs and valuation is provided in Note 19 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for doubtful debts	
As at 31 December 2016, the Group has trade receivables amounting to US$131,523,000, net of allowance amounting to US$7,980,000. Management judgement is required in assessing and determining the recoverability of trade receivables and adequacy of allowance made. These judgement include estimating and evaluating expected future receipts from customers based on past payment trend, age of the debtors, knowledge of the customers' businesses and financial condition.	We tested the design and implementation of the relevant key controls over the assessment and monitoring of credit risks. We assessed, validated, discussed with management and evaluated their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on trade receivables ageing analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired. The key assumptions and estimation on allowance for doubtful debts and the Group's credit risk management are disclosed in Notes 3(iii) and 4 to the financial statements, and further information related to trade and bills receivables is provided in Note 14 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for inventory obsolescence	
As at 31 December 2016, the carrying amount of the Group's inventories amounting to US$33,315,000, net of allowance amounting to US$4,434,000. The Group has made allowance for slow moving and obsolete inventories during the year amounting to US$2,211,000. The value of the inventory and the usage are affected by market demand and storage condition of the inventory. Management is required to assess the need for allowance for obsolete and/or slow-moving inventories which involves exercise of certain amount of judgement and estimate to determine whether: (a) Inventories are stated at the lower of cost or net realisable value; and (b) Allowance for obsolete and / or slow-moving inventories is adequate. These judgement include estimating future selling prices of finished products and future usability of raw materials and saleability of finished goods, taking into consideration changes in technology and customers' preference.	We tested the design and implementation of the relevant key controls over the valuation of inventories. We tested inventories to assess if they are stated at the lower of cost or net realisable value by comparing the actual sales value to the book value for a selected samples of finished goods and raw material. We looked out for slow moving and obsolete inventory during our attendance /observation of physical inventory count at year end. We assessed and evaluated the inventory ageing analysis of the Group at year end, and subsequent usage and sales of inventory after year end, taking into consideration the impact of changes in technology and customers' preference and our knowledge of the Group's business operations and the industry in which the Group operates. We assessed, evaluated, discussed with management and challenged the assumptions used by management in arriving at the allowance for obsolete and/or slow-moving inventories and assessed the reasonableness and accuracy of the provisioning methodology. The key judgement and estimation on the allowance for obsolete and/ or slow-moving inventories are disclosed in Note 3(iv) to the financial statements, and further information related to inventories and work-in-progress are provided in Note 16 to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Financial Highlights and Summary, Chairman's Statement, Report on Corporate Governance and Statistic of Shareholdings, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement on this other information, we are required to report that fact. We have received the Directors' Statement and performed our work and have nothing to report in this regard.

When we read the other information which are expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs. We have not performed our work at the date of this auditor's report.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair view financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Toh Yew Kuan, Jeremy.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

24 February 2017