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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 2017

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 ("**FRS**") 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 2017 ("YTD 3QCY17") US$'000	30 September 2016 ("YTD 3QCY16") US$'000	% Change
Revenue	**364,046**	360,861	0.9%
EBITDA*	**57,927**	43,879	32.0%
EBITDA margin*	**15.9%**	12.2%	3.7%
Underlying profit before tax*	**29,639**	15,197	95.0%
Net profit attributable to owners of the Company			
- Underlying net profit*	**24,812**	11,807	110.0%
- Reported net profit	**24,812**	6,807	264.5%
Basic earnings per share			
- Underlying net profit*	**US13.27 cents**	US6.32 cents	110.0%
- Reported net profit	**US13.27 cents**	US3.64 cents	264.6%
	30 September 2017	31 December 2016	
Net asset value per share	**US$2.09**	US$2.02	3.5%
Net gearing ratio	**9.2%**	9.7%	-0.5%

* Excluding the provision for impairment of property, plant and equipment of approximately US$nil made in the quarter ended 30 September 2017 (YTD 3QCY16: US$5.0 million).

RESULTS

The board of directors ("**Directors**" and each a "**Director**") of the Company (the "**Board**") is pleased to announce the unaudited consolidated results of the Group for the third quarter ("**3QCY17**") and nine months ended 30 September 2017 ("**YTD 3QCY17**") together with the comparative figures for the third quarter ("**3QCY16**") and nine months ended 30 September 2016 ("**YTD 3QCY16**").

Consolidated Statement of Profit or Loss

	Notes	**3QCY17** **US$'000** **(Unaudited)**	3QCY16 US$'000 (Unaudited)	% Change	**YTD 3QCY17** **US$'000** **(Unaudited)**	YTD 3QCY16 US$'000 (Unaudited)	% Change
Revenue	2	**128,944**	121,908	5.8%	**364,046**	360,861	0.9%
Cost of sales		**(111,998)**	(109,992)	1.8%	**(311,624)**	(322,717)	-3.4%
Gross profit		**16,946**	11,916	42.2%	**52,422**	38,144	37.4%
Gross profit margin		***13.1%***	*9.8%*	*3.3%*	***14.4%***	*10.6%*	*3.8%*
Other operating income and gains		**961**	249	285.9%	**1,956**	2,115	-7.5%
Distribution and selling costs		**(2,384)**	(2,955)	-19.3%	**(7,551)**	(8,870)	-14.9%
Administrative expenses		**(4,951)**	(5,077)	-2.5%	**(14,689)**	(18,716)	-21.5%
Other operating expenses and losses		**(430)**	(177)	142.9%	**(1,583)**	(1,236)	28.1%
Finance costs	3	**(323)**	(425)	-24.0%	**(916)**	(1,240)	-26.1%
Profit before taxation		**9,819**	3,531	178.1%	**29,639**	10,197	190.7%
Income tax expense	4	**(1,504)**	(1,116)	34.8%	**(4,510)**	(2,856)	57.9%
Profit for the period		**8,315**	2,415	244.3%	**25,129**	7,341	242.3%
Profit attributable to:							
Owners of the Company		**8,287**	2,311	258.6%	**24,812**	6,807	264.5%
Non-controlling interests		**28**	104	-73.1%	**317**	534	-40.6%
		8,315	2,415	244.3%	**25,129**	7,341	242.3%
Earnings per share (US cents)	6						
- Basic		**4.43**	1.24	257.3%	**13.27**	3.64	264.6%

Notes to Consolidated Statement of Profit or Loss:

	3QCY17 US$'000 (Unaudited)	3QCY16 US$'000 (Unaudited)	% Change	**YTD 3QCY17 US$'000 (Unaudited)**	YTD 3QCY16 US$'000 (Unaudited)	% Change
Depreciation	**9,267**	9,338	-0.8%	**27,320**	27,669	-1.3%
Amortisation of prepaid land use rights	**41**	41	n/m	**123**	123	n/m
Allowance for doubtful debts	**700**	34	1,958.8%	**1,357**	729	86.1%
Allowance for inventory obsolescence	**295**	483	-38.9%	**417**	1,656	-74.8%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	3QCY17 US$'000 (Unaudited)	3QCY16 US$'000 (Unaudited)	% Change	**YTD 3QCY17 US$'000 (Unaudited)**	YTD 3QCY16 US$'000 (Unaudited)	% Change
Profit for the period	**8,315**	2,415	244.3%	**25,129**	7,341	242.3%
Other comprehensive expenses:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations	**(270)**	(299)	-9.7%	**(844)**	(3,331)	-74.7%
Other comprehensive expenses for the period, net of tax	**(270)**	(299)	-9.7%	**(844)**	(3,331)	-74.7%
Total comprehensive income for the period	**8,045**	2,116	280.2%	**24,285**	4,010	505.6%
Total comprehensive income attributable to:						
Owners of the Company	**8,017**	2,012	298.5%	**23,968**	3,476	589.5%
Non-controlling interests	**28**	104	-73.1%	**317**	534	-40.6%
	8,045	2,116	280.2%	**24,285**	4,010	505.6%

Statements of Financial Position

	Notes	THE GROUP		THE COMPANY	
		30 September 2017 US$'000 (Unaudited)	31 December 2016 US$'000 (Audited)	**30 September 2017 US$'000 (Unaudited)**	31 December 2016 US$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		**22,580**	18,651	**149**	182
Trade receivables	9	**150,324**	131,523	**—**	—
Bills receivables	9	**2,165**	3,341	**—**	—
Other receivables		**14,326**	11,879	**—**	—
Prepaid land use rights		**399**	399	**—**	—
Inventories	10	**42,421**	33,315	**—**	—
Total current assets		**232,215**	199,108	**149**	182
Non-current assets					
Property, plant and equipment	8	**260,847**	260,415	**—**	—
Prepaid land use rights		**12,490**	12,613	**—**	—
Deposits for acquisition of plant and equipment	8	**9,923**	1,547	**—**	—
Investment properties		**99,925**	99,925	**—**	—
Subsidiary companies		**—**	—	**468,783**	468,783
Deferred tax assets		**84**	84	**—**	—
Total non-current assets		**383,269**	374,584	**468,783**	468,783
Total assets		**615,484**	573,692	**468,932**	468,965
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	12	**33,402**	49,523	**—**	—
Trade payables	11	**120,600**	108,232	**—**	—
Bills payables	11	**15,461**	308	**—**	—
Other payables		**26,269**	30,257	**1,108**	3,590
Amounts due to subsidiary companies		**—**	—	**233,921**	219,579
Provision for taxation		**3,187**	1,668	**—**	—
Total current liabilities		**198,919**	189,988	**235,029**	223,169
Non-current liabilities					
Bank loans	12	**25,000**	5,659	**—**	—
Deferred tax liabilities		**1,822**	1,372	**—**	—
Total non-current liabilities		**26,822**	7,031	**—**	—
Capital, reserves and non-controlling interests					
Share capital	13	**113,880**	113,880	**113,880**	113,880
Reserves		**264,828**	252,075	**120,023**	131,916
Equity attributable to owners of the Company		**378,708**	365,955	**233,903**	245,796
Non-controlling interests		**11,035**	10,718	**—**	—
Total equity		**389,743**	376,673	**233,903**	245,796
Total liabilities and equity		**615,484**	573,692	**468,932**	468,965

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital US$'000	Capital reserve US$'000 (Note i)	Statutory reserve US$'000 (Note ii)	Revaluation reserve US$'000 (Note iii)	Other reserve US$'000 (Note iv)	Retained earnings US$'000	Foreign currency translation reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
THE GROUP										
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
3QCY16										
Balance at 1 July 2016 (unaudited)	113,880	1,916	5,805	42,684	166	179,529	12,857	356,837	10,516	367,353
Change in equity for 3QCY16										
Profit for the period	—	—	—	—	—	2,311	—	2,311	104	2,415
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(299)	(299)	—	(299)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(299)	(299)	—	(299)
Total comprehensive income (expenses) for the period	—	—	—	—	—	2,311	(299)	2,012	104	2,116
Balance at 30 September 2016 (unaudited)	113,880	1,916	5,805	42,684	166	181,840	12,558	358,849	10,620	369,469

	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 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
YTD 3QCY16										
Balance at 1 January 2016 (audited)	113,880	1,916	5,805	42,684	166	180,640	15,889	360,980	10,411	371,391
Change in equity for YTD 3QCY16										
Profit for the period	—	—	—	—	—	6,807	—	6,807	534	7,341
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(3,331)	(3,331)	—	(3,331)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(3,331)	(3,331)	—	(3,331)
Total comprehensive income (expenses) for the period	—	—	—	—	—	6,807	(3,331)	3,476	534	4,010
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Total comprehensive expenses for the period	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Balance at 30 September 2016 (unaudited)	113,880	1,916	5,805	42,684	166	181,840	12,558	358,849	10,620	369,469

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				
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
3QCY16				
Balance at 1 July 2016 (unaudited)	113,880	1,916	125,737	241,533
Loss for the period, representing total comprehensive income for the period	—	—	(275)	(275)
Balance at 30 September 2016 (unaudited)	113,880	1,916	125,462	241,258
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
YTD 3QCY16				
Balance at 1 January 2016 (audited)	113,880	1,916	131,839	247,635
Loss for the period, representing total comprehensive income for the period	—	—	(770)	(770)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 September 2016 (unaudited)	113,880	1,916	125,462	241,258

Note:

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

Consolidated Statement of Cash Flows

	3QCY17 US$'000 (Unaudited)	3QCY16 US$'000 (Unaudited)	**YTD 3QCY17 US$'000 (Unaudited)**	YTD 3QCY16 US$'000 (Unaudited)
Operating activities				
Profit before taxation	**9,819**	3,531	**29,639**	10,197
Adjustments for:				
Allowance for doubtful debts	**700**	34	**1,357**	729
Finance costs	**323**	425	**916**	1,240
Depreciation of property, plant and equipment	**9,267**	9,338	**27,320**	27,669
Amortisation of prepaid land use rights	**41**	41	**123**	123
Gain on disposal of property, plant and equipment	**(119)**	(7)	**(176)**	(13)
Impairment loss recognised in respect of property, plant and equipment	**—**	—	**—**	5,000
Allowance for inventory obsolescence	**295**	483	**417**	1,656
Interest income	**(28)**	(119)	**(71)**	(350)
Operating income before movements in working capital	**20,298**	13,726	**59,525**	46,251
Increase in inventories	**(4,777)**	(1,112)	**(9,523)**	(5,752)
(Increase) decrease in trade and other receivables and bills receivables	**(8,608)**	7,841	**(21,429)**	(11,309)
Increase in trade and other payables and bills payables	**24,522**	144	**23,332**	12,483
Net cash generated from operations	**31,435**	20,599	**51,905**	41,673
Interest income received	**28**	119	**71**	350
Interest paid	**(406)**	(453)	**(1,043)**	(1,478)
Income taxes paid	**(1,121)**	(1,005)	**(2,510)**	(2,656)
Net cash generated from operating activities	**29,936**	19,260	**48,423**	37,889
Investing activities				
Proceeds from disposal of property, plant and equipment	**120**	144	**218**	4,094
Purchase of property, plant and equipment	**(19,594)**	(5,054)	**(27,710)**	(17,014)
Deposits paid for acquisition of property, plant and equipment	**(2,528)**	(1,005)	**(8,376)**	(3,396)
Net cash used in investing activities	**(22,002)**	(5,915)	**(35,868)**	(16,316)

	3QCY17	3QCY16	**YTD 3QCY17**	YTD 3QCY16
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Financing activities				
Proceeds from bank borrowings	**—**	5,181	**30,791**	23,243
Repayment of bank borrowings	**(2,757)**	(2,085)	**(27,571)**	(21,480)
Dividends paid by the Company	**—**	—	**(11,215)**	(5,607)
Dividends paid by subsidiary companies to non-controlling shareholders	**—**	—	**—**	(325)
Net cash (used in) generated from financing activities	**(2,757)**	3,096	**(7,995)**	(4,169)
Net increase in cash and cash equivalents	**5,177**	16,441	**4,560**	17,404
Cash and cash equivalents at the beginning of the period	**17,614**	11,532	**18,651**	10,950
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	**(211)**	904	**(631)**	523
Cash and cash equivalents at the end of the period	**22,580**	28,877	**22,580**	28,877

Cash and cash equivalents consist of:

	30 September 2017	30 September 2016
	US$'000	US$'000
Cash and bank balances	**22,580**	28,877

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 the third quarter ended 30 September 2017 as the most recent audited financial statements as at 31 December 2016.

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

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

The Group has not early adopted the following new and revised standards or amendments to FRS, which would take effect from financial periods beginning on or after 1 January 2018:

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

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 its 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 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)

Nine months period ended 30 September 2016	Fabrication and distribution of PCB	Property investments	Total
	US$'000	*US$'000*	*US$'000*
Segment revenue			
Revenue from external customers	356,496	4,365	360,861
Segment Results	6,951	3,534	10,485
Corporate and other unallocated expenses			(288)
Profit before tax			10,197

	Fabrication and distribution of PCB	Property investments	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
ASSETS				
Segment assets	473,930	100,970	—	574,900
Unallocated assets	—	—	28,877	28,877
Consolidated total assets				603,777
LIABILITIES				
Segment liabilities	(230,298)	(1,632)	—	(231,930)
Unallocated liabilities	—	—	(2,378)	(2,378)
Consolidated total liabilities				(234,308)

3. **Finance costs**

	YTD 3QCY17 US$'000 (Unaudited)	YTD 3QCY16 US$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	**1,043**	1,478
Less: Amounts capitalised	**(127)**	(238)
	916	1,240

4. **Income tax expense**

	YTD 3QCY17 US$'000 (Unaudited)	YTD 3QCY16 US$'000 (Unaudited)
Current tax		
- Singapore income tax	**1**	1
- PRC enterprise income tax	**3,934**	2,497
- Hong Kong income tax	**94**	—
	4,029	2,498
Deferred tax	**481**	358
	4,510	2,856

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 2017 and the same period last year.

6. **Earnings per share**

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

	Earnings		**Earnings**	
			YTD	YTD
	3QCY17	3QCY16	**3QCY17**	3QCY16
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings for the purpose of calculating basic earnings per share	**8,287**	2,311	**24,812**	6,807

	Number of shares		**Number of shares**	
			YTD	YTD
	3QCY17	3QCY16	**3QCY17**	3QCY16
	'000	'000	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**186,920**	186,920	**186,920**	186,920
Earnings per share (US cents) - basic	**4.43**	1.24	**13.27**	3.64

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
	2017	2016	**2017**	2016
	US$	US$	**US$**	US$
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Net asset value (including non-controlling interests) per ordinary share based on total number of issued shares excluding treasury shares at the end of the period*	**2.09**	2.02	**1.25**	1.32

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

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

During the reporting period, the Group spent approximately US$36.1 million (YTD 3QCY16: approximately US$20.4 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 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 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade receivables		
- Third parties	**144,632**	127,225
- Related companies (note)	**5,692**	4,298
	150,324	131,523
Bills receivables	**2,165**	3,341
Total	**152,489**	134,864

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

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

	THE GROUP	
	30 September 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**121,926**	113,882
91 to 180 days	**28,398**	17,641
Over 180 days	**—**	—
	150,324	131,523

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 2016: within 180 days).

10. **Inventories**

	THE GROUP	
	30 September 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Raw materials	**11,505**	8,525
Work-in-progress	**16,389**	11,469
Finished goods	**14,527**	13,321
	42,421	33,315

11. **Trade and bills payables**

	THE GROUP	
	30 September 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	**74,770**	68,248
- Related companies (note)	**45,830**	39,984
	120,600	108,232
Bills payables	**15,461**	308
Total	**136,061**	108,540

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 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**87,965**	78,415
91 to 180 days	**20,354**	18,695
Over 180 days	**12,281**	11,122
	120,600	108,232

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 2016: 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 2017	31 December 2016
	US$'000	US$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	**58,402**	55,182
Comprising the following amounts due:		
- within one year	**33,402**	49,523
- more than one year	**25,000**	5,659
	58,402	55,182

The Group's total external borrowings increased by approximately 5.8% to approximately US$58.4 million as at 30 September 2017 compared with 31 December 2016.

13. **Share capital**

As at 30 September 2017, the Company had a total of 186,919,962 (31 December 2016: 186,919,962) issued ordinary shares.

14. **Share options**

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

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

As at 30 September 2017, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US$33.3 million (31 December 2016: approximately US$9.1 million).

As at 30 September 2017, the Group's total assets less current liabilities amounted to approximately US$416.6 million (31 December 2016: approximately US$383.7 million).

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

For the nine months ended 30 September 2017, there were no material differences between the unaudited financial results of the Group prepared under FRS and IFRS.

BUSINESS REVIEW

The Group is delighted to announce its results for 3QCY17 and YTD3QCY17 (the "**Period**"). Global markets for communication & networking and consumer electronics exhibited ideal performance during the Period. Against this positive backdrop, market demand for printed circuit board ("**PCB**") and laminates increased, and hence our Group's orders showed steady growth. The Group benefitted from market demand growth and shortage of laminates upstream materials, which led to significant price increases in laminates, resulting in an expanding profit margin for this business.

The Group's revenue for 3QCY17 increased by 5.8% from 3QCY16 to US$128.9 million (3QCY16: US$121.9 million). The Group's gross profit increased by 42.2% to US$16.9 million in 3QCY17 as compared with that of US$11.9 million in 3QCY16, and gross margin grew to 13.1% (3QCY16: 9.8%). The increase in gross profit was primarily attributable to the increased sales and profit margin of laminates. Net attributable profit (profit after tax and non-controlling interests) increased by 258.6% to US$8.3 million in 3QCY17, as compared with US$2.3 million in 3QCY16.

In 3QCY17, communication & networking products (including mobile phones) accounted for about 51.1% (3QCY16: 47.2%) of the Group's PCB sales, while automotive PCB sales accounted for around 19.3% (3QCY16: 23.6%) of the Group's PCB sales. Other products (including computer & peripherals, consumer electronics and industrial related products) accounted for 29.6% (3QCY16: 29.2%) of the Group's PCB sales. High Density Interconnect ("**HDI**") PCB accounted for approximately 28.2% (3QCY16: 31.2%) of the Group's total PCB sales in 3QCY17.

The Group continues to generate steady operating cash flow. As at 30 September 2017, the Group's net gearing ratio was 9.2% (31 December 2016: 9.7%). The Group's financial position remains healthy.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2017, the Group's net current assets was approximately US$33.3 million (31 December 2016: approximately US$9.1 million), making the current ratio 1.17 as compared to 1.05 as at 31 December 2016.

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

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

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

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

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 30 September 2017 was approximately 9.2% (31 December 2016: 9.7%). The proportion of short-term and long-term bank borrowings stood at 57%: 43% (31 December 2016: 90%: 10%). The total equity of the Group, as at 30 September 2017, was approximately US$389.7 million (31 December 2016: approximately US$376.7 million). As at 30 September 2017, the Group had cash on hand and undrawn loan facilities of approximately US$22.6 million and US$31.1 million respectively.

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

HUMAN RESOURCES

As at 30 September 2017, the Group had approximately 8,500 employees (31 December 2016: 8,700). Salaries of employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market as well as the minimum wage guideline, as prescribed by the relevant local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profit target achievements of the Company and individual performance. The Company has in place a share option scheme in order to attract and retain the best available personnel and to align individual interests with the Group's interests.

PROSPECTS

The Group is in the process of upgrading its production facilities in order to optimize product performance, so as to enhance the Group's competitiveness in the market for communication & networking and automotives. The Group will strengthen automatic production scale in the long term so as to tighten control over the operation costs.

The Group's order intake is ideal as of the end of October 2017. 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, and our engineering team endeavoured to strive for new customers and new projects qualification. The Group is confident that it will be able to achieve more orders from communication & networking and automotive PCB, and capture a higher market share in its target market segments.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 3QCY17 and YTD 3QCY17, 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 3QCY17**	YTD 3QCY16	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 3QCY17**	YTD 3QCY16
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**2,192**	5,474
	—	—	**2,192**	5,474
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**71,975**	75,053
Delta Realty Limited	**40**	—	**—**	—
Elec & Eltek Corporate Services Limited	**31**	39	**—**	—
Heng Yang Kingboard Chemical Co., Ltd.	**—**	—	**1,328**	1,155
Hong Kong Fibre Glass Company Limited	**—**	—	**12,895**	11,639
Huizhou Chung Shun Chemical Co., Ltd.	**—**	—	**898**	771
	71	39	**87,096**	88,618
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**6,327**	4,158
Express Electronics Ltd	**—**	—	**304**	1,877
Techwise (Macao Commercial Offshore) Circuits Limited	**—**	—	**11,599**	5,337
	—	—	**18,230**	11,372

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 2017 to be false or misleading.

On behalf of the Board of Directors

Stephanie Cheung Wai Lin
Executive Director

Chang Wing Yiu
Executive Director

By order of the Board
Elec & Eltek International Company Limited
依利安達集團有限公司*
Stephanie Cheung Wai Lin
Vice Chairman

Hong Kong, 10 November 2017

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
Ng Hon Chung

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*