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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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

This announcement is made by Elec & Eltek International Company Limited (the "**Company**") pursuant to Rule 13.49(6) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**") (the "**Listing Rules**"). 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 nor 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 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 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.

FINANCIAL HIGHLIGHTS

	Six months ended		
	30 June 2016 ("1HCY16")	30 June 2015 ("1HCY15")	% Change
	US$'000	US$'000 (Restated)	
Revenue#	**238,953**	223,657	6.8%
EBITDA	**25,663**	11,589	121.4%
EBITDA margin	**10.7%**	5.2%	5.5%
Underlying profit (loss) before tax*	**11,666**	(4,197)	378.0%
Net profit (loss) attributable to owners of the Company			
- Underlying net profit (loss)*	**9,496**	(6,296)	250.8%
- Reported profit (loss)	**4,496**	(10,457)	143.0%
Basic earnings (loss) per share			
- Underlying net profit (loss)*	**US5.08 cents**	(US3.37 cents)	250.7%
- Reported profit (loss)	**US2.41 cents**	(US5.59 cents)	143.1%
Interim dividend per share	**NIL**	NIL	—
Dividend payout ratio	**N/A**	N/A	—
	30 June 2016	31 December 2015	
Net asset value per share	**US$1.97**	US$1.99	-1.0%
Net gearing ratio	**17.0%**	17.3%	-0.3%

* Excluding the additional provision for property, plant and equipment of approximately US$5.0 million made in the quarter ended 30 June 2016 and potential claims of approximately US$4.2 million made in the period ended 30 June 2015.

\# The amount is restated for reclassification of rental income for approximately US$2.2 million from other income to turnover because property investments become a standalone reportable segment to the chief operating decision makers of the Group in the current period.

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 second quarter ("**2QCY16**") and six months ended 30 June 2016 ("**1HCY16**") together with the comparative figures for the second quarter ("**2QCY15**") and six months ended 30 June 2015 ("**1HCY15**").

Consolidated Statement of Profit or Loss

	Notes	**2QCY16 US$'000 (Unaudited)**	2QCY15 US$'000 (Unaudited) (Restated)	% Change	**1HCY16 US$'000 (Unaudited)**	1HCY15 US$'000 (Unaudited) (Restated)	% Change
Revenue	2	**126,969**	117,079	8.4%	**238,953**	223,657	6.8%
Cost of sales		**(112,283)**	(108,497)	3.5%	**(212,725)**	(208,250)	2.1%
Gross profit		**14,686**	8,582	71.1%	**26,228**	15,407	70.2%
Gross profit margin		**11.6%**	7.3%	4.3%	**11.0%**	6.9%	4.1%
Other operating income and gains		**712**	(78)	1,012.8%	**1,866**	30	6,120%
Distribution and selling costs		**(2,425)**	(3,708)	-34.6%	**(5,915)**	(7,045)	-16.0%
Administrative expenses		**(8,860)**	(5,064)	75.0%	**(13,639)**	(13,928)	-2.1%
Other operating expenses and losses		**(356)**	(1,705)	-79.1%	**(1,059)**	(1,934)	-45.2%
Finance costs	3	**(336)**	(459)	-26.8%	**(815)**	(888)	-8.2%
Profit (loss) before taxation		**3,421**	(2,432)	240.7%	**6,666**	(8,358)	179.8%
Income tax expense	4	**(975)**	(817)	19.3%	**(1,740)**	(1,965)	-11.5%
Profit (loss) for the period		**2,446**	(3,249)	175.3%	**4,926**	(10,323)	147.7%
Profit (loss) attributable to:							
Owners of the Company		**1,492**	(3,325)	144.9%	**4,496**	(10,457)	143.0%
Non-controlling interests		**954**	76	1,155.3%	**430**	134	220.9%
		2,446	(3,249)	175.3%	**4,926**	(10,323)	147.7%
Earnings (loss) per share (US cents)	6						
- Basic		**0.80**	(1.77)	145.2%	**2.41**	(5.59)	143.1%

Notes to Consolidated Statement of Profit or Loss:

	2QCY16	2QCY15		**1HCY16**	1HCY15	
	US$'000	US$'000	% Change	**US$'000**	US$'000	% Change
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Depreciation	**9,032**	9,504	-5.0%	**18,331**	19,007	-3.6%
Amortisation of prepaid land use rights	**41**	41	0%	**82**	82	0%
Allowance for doubtful debts	**901**	56	1,508.9%	**695**	4,217	-83.5%
Allowance for inventory obsolescence	**1,009**	10	9,990.0%	**1,173**	531	120.9%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2QCY16	2QCY15		**1HCY16**	1HCY15	
	US$'000	US$'000	% Change	**US$'000**	US$'000	% Change
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Profit (loss) for the period	**2,446**	(3,249)	175.3%	**4,926**	(10,323)	147.7%
Other comprehensive (expenses) income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	**(2,723)**	(1,129)	141.2%	**(3,032)**	(1,555)	95.0%
Other comprehensive (expenses) income for the period, net of tax	**(2,723)**	(1,129)	141.2%	**(3,032)**	(1,555)	95.0%
Total comprehensive (expenses) income for the period	**(277)**	(4,378)	93.7%	**1,894**	(11,878)	115.9%
Total comprehensive (expenses) income attributable to:						
Owners of the Company	**(1,231)**	(4,454)	72.4%	**1,464**	(12,012)	112.2%
Non-controlling interests	**954**	76	1,155.3%	**430**	134	220.9%
	(277)	(4,378)	93.7%	**1,894**	(11,878)	115.9%

Statement of Financial Position

	Notes	GROUP		COMPANY	
		30 June 2016	31 December 2015	**30 June 2016**	31 December 2015
		US$'000 (Unaudited)	US$'000 (Audited)	**US$'000 (Unaudited)**	US$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		**11,532**	10,950	**190**	117
Trade receivables	9	**148,690**	132,724	**—**	—
Bills receivables	9	**1,135**	268	**—**	—
Other receivables		**16,675**	14,263	**—**	1
Prepaid land use rights		**399**	211	**—**	—
Inventories	10	**36,338**	32,880	**—**	—
Total current assets		**214,769**	191,296	**190**	118
Non-current assets					
Property, plant and equipment	8	**269,760**	286,245	**—**	—
Prepaid land use rights		**12,695**	12,965	**—**	—
Deposits for acquisition of plant and equipment	8	**1,923**	1,833	**—**	—
Investment properties		**98,834**	98,834	**—**	—
Subsidiary companies		**—**	—	**455,963**	464,916
Deferred tax assets		**84**	83	**—**	—
Total non-current assets		**383,296**	399,960	**455,963**	464,916
Total assets		**598,065**	591,256	**456,153**	465,034
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdraft and loans	12	**55,487**	41,022	**—**	—
Trade payables	11	**113,784**	105,262	**—**	—
Bills payables	11	**7,757**	7,069	**—**	—
Other payables		**32,951**	30,065	**1,073**	3,852
Amounts due to subsidiary companies		**—**	—	**213,547**	213,547
Provision for taxation		**562**	709	**—**	—
Total current liabilities		**210,541**	184,127	**214,620**	217,399
Non-current liabilities					
Bank loans	12	**18,489**	34,310	**—**	—
Deferred tax liabilities		**1,682**	1,428	**—**	—
Total non-current liabilities		**20,171**	35,738	**—**	—
Capital, reserves and non-controlling interests					
Share capital	13	**113,880**	113,880	**113,880**	113,880
Reserves		**242,957**	247,100	**127,653**	133,755
Equity attributable to owners of the Company		**356,837**	360,980	**241,533**	247,635
Non-controlling interests		**10,516**	10,411	**—**	—
Total equity		**367,353**	371,391	**241,533**	247,635
Total liabilities and equity		**598,065**	591,256	**456,153**	465,034

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										
2QCY16										
Balance at 1 April 2016 (unaudited)	113,880	1,916	5,805	42,684	166	183,644	15,580	363,675	9,887	373,562
Change in equity for 2QCY16										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	1,492	—	1,492	954	2,446
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(2,723)	(2,723)	—	(2,723)
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	(2,723)	(2,723)	—	(2,723)
Total	—	—	—	—	—	1,492	(2,723)	(1,231)	954	(277)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Total	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Balance at 30 June 2016 (unaudited)	113,880	1,916	5,805	42,684	166	179,529	12,857	356,837	10,516	367,353
2QCY15										
Balance at 1 April 2015 (unaudited)	113,880	1,916	5,353	2,940	166	184,404	16,350	325,009	9,844	334,853
Change in equity for 2QCY15										
Total comprehensive (expenses) income for the period										
(Loss) profit for the period	—	—	—	—	—	(3,325)	—	(3,325)	76	(3,249)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(1,129)	(1,129)	—	(1,129)
Other comprehensive (expenses) income for the period, net of tax	—	—	—	—	—	—	(1,129)	(1,129)	—	(1,129)
Total	—	—	—	—	—	(3,325)	(1,129)	(4,454)	76	(4,378)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	—	(5,607)
Total	—	—	—	—	—	(5,607)	—	(5,607)	—	(5,607)
Balance at 30 June 2015 (unaudited)	113,880	1,916	5,353	2,940	166	175,472	15,221	314,948	9,920	324,868

	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										
1HCY16										
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 1HCY16										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	4,496	—	4,496	430	4,926
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(3,032)	(3,032)	—	(3,032)
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	(3,032)	(3,032)	—	(3,032)
Total	—	—	—	—	—	4,496	(3,032)	1,464	430	1,894
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Total	—	—	—	—	—	(5,607)	—	(5,607)	(325)	(5,932)
Balance at 30 June 2016 (unaudited)	113,880	1,916	5,805	42,684	166	179,529	12,857	356,837	10,516	367,353
1HCY15										
Balance at 1 January 2015 (audited)	113,880	1,916	5,353	2,940	166	191,536	16,776	332,567	10,107	342,674
Change in equity for 1HCY15										
Total comprehensive (expenses) income for the period										
(Loss) profit for the period	—	—	—	—	—	(10,457)	—	(10,457)	134	(10,323)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(1,555)	(1,555)	—	(1,555)
Other comprehensive (expenses) income for the period, net of tax	—	—	—	—	—	—	(1,555)	(1,555)	—	(1,555)
Total	—	—	—	—	—	(10,457)	(1,555)	(12,012)	134	(11,878)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(5,607)	—	(5,607)	(321)	(5,928)
Total	—	—	—	—	—	(5,607)	—	(5,607)	(321)	(5,928)
Balance at 30 June 2015 (unaudited)	113,880	1,916	5,353	2,940	166	175,472	15,221	314,948	9,920	324,868

Notes:

(i) Capital reserve represents amounts transferred from share option reserve of the Company 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	Retained earnings US$'000	Total equity US$'000
THE COMPANY				
2QCY16				
Balance at 1 April 2016 (unaudited)	113,880	1,916	131,602	247,398
Loss for the period, representing total comprehensive expenses for the period	—	—	(258)	(258)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 June 2016 (unaudited)	113,880	1,916	125,737	241,533
2QCY15				
Balance at 1 April 2015 (unaudited)	113,880	1,916	135,011	250,807
Loss for the period, representing total comprehensive expenses for the period	—	—	(239)	(239)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 June 2015 (unaudited)	113,880	1,916	129,165	244,961
1HCY16				
Balance at 1 January 2016 (audited)	113,880	1,916	131,839	247,635
Loss for the period, representing total comprehensive expenses for the period	—	—	(495)	(495)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 June 2016 (unaudited)	113,880	1,916	125,737	241,533
1HCY15				
Balance at 1 January 2015 (audited)	113,880	1,916	135,284	251,080
Loss for the period, representing total comprehensive expenses for the period	—	—	(512)	(512)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(5,607)	(5,607)
Balance at 30 June 2015 (unaudited)	113,880	1,916	129,165	244,961

Consolidated Statement of Cash Flows

	2QCY16	2QCY15	**1HCY16**	1HCY15
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Operating activities				
Profit (loss) before taxation	**3,421**	(2,432)	**6,666**	(8,358)
Adjustments for:				
Allowance for doubtful debts	**901**	56	**695**	4,217
Finance costs	**336**	459	**815**	888
Depreciation of property, plant and equipment	**9,032**	9,504	**18,331**	19,007
Amortisation of prepaid land use rights	**41**	41	**82**	82
(Gain) loss on disposal of property, plant and equipment	**(11)**	651	**(6)**	561
Allowance for inventory obsolescence	**1,009**	10	**1,173**	531
Impairment loss on property, plant and equipment	**5,000**	—	**5,000**	—
Interest income	**(200)**	(11)	**(231)**	(30)
Operating income before movements in working capital	**19,529**	8,278	**32,525**	16,898
Decrease (increase) in inventories	**359**	824	**(4,640)**	2,183
(Increase) decrease in trade and other receivables	**(15,169)**	(9,783)	**(19,150)**	517
(Decrease) increase in trade and other payables	**(4,038)**	(1,961)	**12,339**	(11,642)
Net cash (used in) generated from operations	**681**	(2,642)	**21,074**	7,956
Interest income received	**200**	11	**231**	30
Interest paid	**(425)**	(472)	**(1,025)**	(967)
Income taxes paid	**(1,387)**	(664)	**(1,651)**	(2,153)
Net cash (used in) generated from operating activities	**(931)**	(3,767)	**18,629**	4,866

	2QCY16	2QCY15	**1HCY16**	1HCY15
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Investing activities				
Proceeds from disposal of property, plant and equipment	**3,945**	—	**3,950**	321
Purchase of property, plant and equipment	**(3,049)**	(2,800)	**(11,960)**	(6,973)
Deposits paid for acquisition of property, plant and equipment	**(611)**	(785)	**(2,391)**	(1,437)
Net cash generated from (used in) investing activities	**285**	(3,585)	**(10,401)**	(8,089)
Financing activities				
Proceeds from bank borrowings	**11,121**	15,165	**18,062**	18,961
Repayment of bank borrowings	**(13,641)**	(10,697)	**(19,395)**	(17,337)
Dividends paid by the Company	**(5,607)**	(5,607)	**(5,607)**	(5,607)
Dividends paid by subsidiary companies to non-controlling shareholders	**(325)**	—	**(325)**	(321)
Net cash used in financing activities	**(8,452)**	(1,139)	**(7,265)**	(4,304)
Net increase (decrease) in cash and cash equivalents	**(9,098)**	(8,491)	**963**	(7,527)
Cash and cash equivalents at the beginning of the period	**20,588**	23,278	**10,950**	22,302
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	**42**	(530)	**(381)**	(518)
Cash and cash equivalents at the end of the period	**11,532**	14,257	**11,532**	14,257

Cash and cash equivalents consists of:

	30 June 2016	30 June 2015
Cash and bank balances	**11,532**	14,270
Bank overdraft-unsecured	**—**	(13)
	11,532	14,257

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 2QCY16 as the most recent audited financial statements as at 31 December 2015.

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 2016:

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 2017:

- *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 the results of operations and financial position of the Group.

2. Revenue and segment information

The Group's operating activities are attributable to two single reporting and operating segments on (i) fabrication and distribution of printed circuit boards ("**PCB**"); (ii) investment properties. 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.

Six months period ended 30 June 2016	Fabrication and distribution of PCB	Investment properties	Elimination	Total
	US$'000	US$'000	US$'000	US$'000
Segment revenue				
Revenue from external customers	236,043	2,910	—	238,953
Inter-segment revenue	189,387	—	(189,387)	—
Reportable segment revenue	425,430	2,910	(189,387)	238,953
Segment Results	3,960	2,864	—	6,824
Corporate and other unallocated expenses				(158)
Profit before tax				6,666

	Fabrication and distribution of PCB	Investment properties	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Segment assets	485,166	101,367	—	586,533
Unallocated assets	—	—	11,532	11,532
Consolidated total assets				598,065
LIABILITIES				
Segment liabilities	(224,501)	(996)	—	(225,497)
Unallocated liabilities	—	—	(5,215)	(5,215)
Consolidated total liabilities				(230,712)

Six months period ended 30 June 2015	Fabrication and distribution of PCB	Investment properties	Elimination	Total
	US$'000	US$'000	US$'000	US$'000
Segment revenue				
Revenue from external customers	221,501	2,156	—	223,657
Inter-segment revenue	186,546	—	(186,546)	—
Reportable segment revenue	408,047	2,156	(186,546)	223,657
Segment Results	(10,170)	2,083	—	(8,087)
Corporate and other unallocated expenses				(271)
Profit before tax				(8,358)

	Fabrication and distribution of PCB	Investment properties	Unallocated	Total
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Segment assets	498,763	49,422	—	548,185
Unallocated assets	—	—	14,270	14,270
Consolidated total assets				562,455
LIABILITIES				
Segment liabilities	(217,509)	(774)	—	(218,283)
Unallocated liabilities	—	—	(1,582)	(1,582)
Consolidated total liabilities				(219,865)

3. Finance costs

	1HCY16	1HCY15
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**1,025**	967
Less: Amounts capitalised	**(210)**	(79)
	815	888

4. Income tax expense

	1HCY16	1HCY15
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax:		
Singapore income tax	**1**	1
PRC enterprise income tax	**1,503**	1,796
Hong Kong income tax	**—**	10
Other jurisdictions	**—**	17
	1,504	1,824
Deferred tax	**236**	141
	1,740	1,965

The Group 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.

5. Dividend

No dividend has been declared or recommended for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

6. 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:

	Earnings (loss)		Earnings (loss)	
	2QCY16	2QCY15	**1HCY16**	1HCY15
	US$'000	US$'000	**US$'000**	US$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings (loss) for the purpose of basic earnings (loss) per share	**1,492**	(3,325)	**4,496**	(10,457)

	Number of shares		Number of shares	
	2QCY16	2QCY15	**1HCY16**	1HCY15
	'000	'000	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**186,920**	186,920	**186,920**	186,920
Earnings (loss) per share (US cents) - basic	**0.80**	(1.77)	**2.41**	(5.59)

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

7. Net asset value

	Group		Company	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015
	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*	**1.97**	1.99	**1.29**	1.32

* Based on 186,919,962 issued shares as at 30 June 2016 (31 December 2015: 186,919,962 issued shares).

8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US$22.4 million (1HCY15: approximately US$8.4 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.

9. Trade and bills receivables

	GROUP	
	30 June 2016	31 December 2015
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade receivables		
- Third parties	**145,703**	129,512
- Related parties (note)	**2,987**	3,212
	148,690	132,724
Bills receivables	**1,135**	268
Total	**149,825**	132,992

Note: Related parties 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 invoice date at the end of the reporting period:

	GROUP	
	30 June 2016	31 December 2015
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**133,963**	112,331
91 to 180 days	**10,099**	16,320
Over 180 days	**4,628**	4,073
	148,690	132,724

At the end of the reporting period, the bills receivables are 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.

10. Inventories

	GROUP	
	30 June 2016	31 December 2015
	US$'000	US$'000
	(Unaudited)	(Audited)
Raw materials	**6,615**	6,165
Work-in-progress	**17,587**	15,430
Finished goods	**12,136**	11,285
	36,338	32,880

11. Trade and bills payables

	GROUP	
	30 June 2016	31 December 2015
	US$'000	US$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	**66,329**	56,621
- Related parties (note)	**47,455**	48,641
	113,784	105,262
Bills payables	**7,757**	7,069
Total	**121,541**	112,331

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

Trade 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 invoice date at the end of the reporting period:

	GROUP	
	30 June 2016	31 December 2015
	US$'000	US$'000
	(Unaudited)	(Audited)
Within 90 days	**78,830**	77,207
91 to 180 days	**25,190**	19,528
Over 180 days	**9,764**	8,527
	113,784	105,262

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

12. Bank overdraft and loans

	GROUP	
	30 June 2016 US$'000 (Unaudited)	31 December 2015 US$'000 (Audited)
Unsecured:		
Bank loans	**73,976**	75,332
Bank overdraft	**—**	—
Bank loans - unsecured	**73,976**	75,332
Comprising the following amounts due:		
- within one year	**55,487**	41,022
- more than one year	**18,489**	34,310
	73,976	75,332

The Group's total external borrowings decreased by approximately 1.8% to approximately US$74.0 million as at 30 June 2016 compared with 31 December 2015.

13. Share capital

As at 30 June 2016, the Company has a total of 186,919,962 (31 December 2015: 186,919,962) issued ordinary shares.

14. Share options

There were no share options of the Company outstanding as at 30 June 2016 and 31 December 2015 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 June 2016, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US$4.2 million (31 December 2015: approximately US$7.2 million).

As at 30 June 2016, the Group's total assets less current liabilities amounted to approximately US$387.5 million (31 December 2015: approximately US$407.1 million).

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

For 1HCY16, there were no material differences between the consolidated financial statements of the Group prepared under FRS and IFRS.

BUSINESS REVIEW

The Group's revenue for 2QCY16 increased by 8.4% from 2QCY15 to approximately US$127.0 million. This increase was mainly due to increased sales proportion of higher price products arising from an adjustment in product mix allocation. Since the operations of the Group's plant in Yangzhou have not improved, the Group has, as a matter of prudence, made provision for impairment of plant and equipment in Yangzhou of approximately US$5.0 million for the period. Notwithstanding the above provision, the Group still recorded net attributable profit (profit after tax and non-controlling interests) of US$1.5 million in 2QCY16, as compared with a loss of US$3.3 million in 2QCY15. Earnings before interest, tax, depreciation and amortization for 2QCY16 ("**EBITDA**") was approximately US$12.6 million (2QCY15: US$7.6 million) — increased by 65.8% against the same period of the previous year. The Group continued to generate steady operating cash flow. As at 30 June 2016, the Group's net gearing ratio was 17.0%. The Group's financial position remained healthy.

In the second quarter of 2016, communication & networking products accounted for about 48.3% (2QCY15: 24.7%) of our sales while automotive PCB sales accounted for around 21.0% of our total PCB sales (2QCY15: 24.7%). High Density Interconnect ("**HDI**") PCB accounted for approximately 31.5% of total PCB sales in 2QCY16 (2QCY15: 26.6%).

The Group's gross profit increased by 71.1% to US$14.7 million in 2QCY16 as compared with that of US$8.6 million in 2QCY15, and gross margin grew to 11.6% (2QCY15: 7.3%). The increase in gross profit was primarily attributable to an improvement in product mix causing an increase in sales of products with higher gross profit, in addition to the lower overhead absorption and a decrease in prices of raw materials.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2016, the Group's net current assets was approximately US$4.2 million (31 December 2015: approximately US$7.2 million), making the current ratio 1.02 as compared to 1.04 as at 31 December 2015.

The net working capital cycle was 42 days as at 30 June 2016 (31 December 2015: 45 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, decreased to 30 days (31 December 2015: 31 days).

- Trade receivables, in terms of debtors turnover days, increased to 107 days (31 December 2015: 106 days).

- Trade payables, in terms of creditors turnover days, increased to 95 days (31 December 2015: 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 June 2016 was approximately 17.0% (31 December 2015: 17.3%). The proportion of short-term and long-term bank borrowings stood at 75%: 25% (31 December 2015: 54%: 46%). The total equity of the Group, as at 30 June 2016, was approximately US$367.4 million (31 December 2015: approximately US$371.4 million). As at 30 June 2016, the Group had cash on hand and undrawn loan facilities of approximately US$11.5 million and US$44.1 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 half year under review.

HUMAN RESOURCES

As at 30 June 2016, the Group had approximately 9,100 employees (31 December 2015: 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 wage guideline as prescribed by the 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, as and when appropriate.

PROSPECTS

The Group will continue with its comprehensive review of its operation cycle for the second half year, with more focus on efficiency and quality improvement. Production capabilities will be further upgraded to serve customers in telecommunication and automotive segments. Since orders for communication equipment circuit boards have been slowing down and the average selling prices remain under pressure due to intense competition in the market, the Group's management predicts that the general operating environment for the Group will be challenging for the second half year of 2016.

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

During 1HCY16, neither the Company nor any of the subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Board ("**Audit Committee**") has reviewed, with the Group's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited interim financial statements of the Group for 1HCY16. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 2QCY16 and 1HCY16 have not been audited or reviewed by the Group's auditors.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has adopted the code provisions ("**Code Provisions**") as stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") as the code of the Company.

Currently, the Board comprises five board committees, namely the Audit Committee, the nomination committee ("**Nomination Committee**"), the remuneration committee ("**Remuneration Committee**"), the employees' share option scheme committee ("**Employees' Share Option Scheme Committee**") and the executive committee ("**Executive Committee**") of the Board (collectively, "**Board Committees**"). The respective terms of reference of the Board Committees, except for 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 for the Employees' Share Option Scheme Committee, are also posted on the Company's website.

During the first half of the year under review, the Company fully complied with the Code Provisions in the CG Code, save for the followings:

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 and be subject to re-election.

All the existing non-executive directors of the Company (except Mr. Ong Shen Chieh ("**Mr. Ong**") for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) 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 (prioritized 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 directors (except Mr. Ong for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) will remain in office for more than 3 years without being re-elected by the Company's shareholders at the general meeting of the Company. 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, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. 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, who was appointed as our independent non-executive Director on the same day as the resignation of Mr. Lai Chong Tuck as our independent non-executive Director on 30 June 2016, is due to retire at the first general meeting of the Company after his appointment. As advised by the Company's Singapore legal adviser, Mr. Ong cannot be subject to retirement and re-election at the first general meeting of the Company after his appointment, or to retirement by rotation and re-election at the annual general meetings of the Company, because the Company would risk

violating the Companies Act of Singapore as there would be no Singapore resident director existing in the Company immediately following Mr. Ong's retirement, even if he were to be re-elected afterwards by Company's shareholders at the Company's general meeting.

In order to comply with this Code Provision without violating the Companies Act of Singapore, the Company will consider the possibility of appointing one additional Singapore resident Director to the Board to allow such two Singapore resident Directors to retire by rotation, if necessary, interchangeably 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 ("**Chairman**") should attend the annual general meeting of the Company.

The Chairman, 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 shareholders at the 2016 AGM to the vice chairman ("**Vice Chairman**") and executive Director of the Company, 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 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 of the Company's directors 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 the 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 had complied with the required standard set out in the Model Code and the Company's code of conduct throughout 1HCY16.

SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

The Group does not have any material subsequent event after 1HCY16.

FORECAST STATEMENT

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

DISCLOSURE ON THE WEBSITE OF THE RELEVANT SECURITIES EXCHANGES

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

APPRECIATION

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

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the financial period ended 30 June 2016 of the company and of the Group to be false or misleading, in any material aspect.

INTERESTED PERSONS TRANSACTIONS

The interested persons transactions carried out within the Group 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 person 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) **1HCY16**	1HCY15	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (including transactions of less than S$100,000) **1HCY16**	1HCY15
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**3,500**	2,295
	—	—	**3,500**	2,295
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**29,450**	46,061
Elec & Eltek Corporate Services Limited	**39**	19	**—**	—
Heng Yang Kingboard Chemical Co., Ltd.	**—**	—	**742**	815
Hong Kong Fibre Glass Company Limited	**—**	—	**7,065**	6,425
Huizhou Chung Shun Chemical Co., Ltd.	**—**	—	**475**	343
Jiangmen Glory Faith PCB Company Limited	**—**	—	**164**	—
Jiangmen Kingboard High-tech Company Limited	**—**	—	**8,817**	—
Kingfai (Lian Zhou) Electronic Materials Company Limited	**—**	—	**5,371**	—
Techwise Circuits Co., Ltd.	**—**	—	**3**	—
New Poly Chemical (Guangzhou) Company Limited	**—**	—	**1,991**	—
Joyful Source Group Limited	**—**	13	**—**	—
	39	32	**54,078**	53,644
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	**—**	—	**3,685**	2,766
Elec & Eltek Display Technology Limited	**—**	18	**—**	—
Express Electronics Ltd	**—**	—	**80**	1,277
Jiangmen Glory Faith PCB Co., Ltd.	**—**	—	**66**	—
Techwise (Macao Commercial Offshore) Circuits Limited	**—**	—	**3,364**	2,385
Top Faith PCB Co., Ltd.	**—**	—	**1,940**	—
	—	18	**9,135**	6,428

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 that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and six months ended 30 June 2016 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
Stephanie Cheung Wai Lin
Vice Chairman

Hong Kong, 12 August 2016

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 Directors:-
Cheung Kwok Wing (Chairman)

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

** For identification purpose only*