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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)

UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

This announcement is made by Elec & Eltek International Company Limited (the “**Company**”) pursuant to the disclosure obligation under 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 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

	Three months ended		
	31 March 2017 (“1QCY17”) US\$’000	31 March 2016 (“1QCY16”) US\$’000	% Change
Revenue	116,211	111,984	3.8%
EBITDA	20,158	13,033	54.7%
EBITDA margin	17.3%	11.6%	
Profit before tax	10,722	3,245	230.4%
Net profit attributable to owners of the Company	8,910	3,004	196.6%
Basic earnings per share	US4.77 cents	US1.61 cents	196.3%
	31 Mar 2017	31 Dec 2016	
Net asset value per share	US\$2.06	US\$2.02	2.0%
Net gearing ratio	9.0%	9.7%	

RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the period ended 31 March 2017 (“**1QCY17**”) together with the comparative figures for the period ended 31 March 2016 (“**1QCY16**”).

Consolidated Statement of Profit or Loss

	<i>Notes</i>	1QCY17 US\$'000 (Unaudited)	1QCY16 US\$'000 (Unaudited)	% Change
Revenue	2	116,211	111,984	3.8%
Cost of sales		<u>(98,130)</u>	<u>(100,442)</u>	-2.3%
Gross profit		18,081	11,542	56.7%
<i>Gross profit margin</i>		<i>15.6%</i>	<i>10.3%</i>	
Other operating income and gains		478	1,154	-58.6%
Distribution and selling costs		(2,640)	(3,490)	-24.4%
Administrative expenses		(4,634)	(4,779)	-3.0%
Other operating expenses and losses		(268)	(703)	-61.9%
Finance costs	3	<u>(295)</u>	<u>(479)</u>	-38.4%
Profit before taxation		10,722	3,245	230.4%
Income tax expense	4	<u>(1,655)</u>	<u>(765)</u>	116.3%
Profit for the period		<u>9,067</u>	<u>2,480</u>	265.6%
Profit attributable to:				
Owners of the Company		8,910	3,004	196.6%
Non-controlling interests		<u>157</u>	<u>(524)</u>	130.0%
		<u>9,067</u>	<u>2,480</u>	265.6%
Earnings per share (US cents)	6			
- Basic		<u>4.77</u>	<u>1.61</u>	196.3%

Notes to Consolidated Statement of Profit or Loss:

	1QCY17 US\$'000 (Unaudited)	1QCY16 US\$'000 (Unaudited)	% Change
Depreciation of property, plant and equipment	9,122	9,299	-1.9%
Amortisation of prepaid land use rights	41	41	n/m
Allowance (reversal of allowance) for doubtful debts	60	(206)	129.1%
Allowance for inventory obsolescence	404	164	146.3%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	1QCY17 US\$'000 (Unaudited)	1QCY16 US\$'000 (Unaudited)	% Change
Profit for the period	<u>9,067</u>	<u>2,480</u>	265.6%
Other comprehensive expenses:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	<u>(236)</u>	<u>(309)</u>	-23.6%
Other comprehensive expenses for the period, net of tax	<u>(236)</u>	<u>(309)</u>	-23.6%
Total comprehensive income for the period	<u><u>8,831</u></u>	<u><u>2,171</u></u>	306.8%
Total comprehensive income attributable to:			
Owners of the Company	8,674	2,695	221.9%
Non-controlling interests	<u>157</u>	<u>(524)</u>	130.0%
	<u><u>8,831</u></u>	<u><u>2,171</u></u>	306.8%

n/m - percentage not meaningful

Statements of Financial Position

	Notes	GROUP		COMPANY	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		14,693	18,651	163	182
Trade receivables	9	134,735	131,523	—	—
Bills receivables	9	2,363	3,341	—	—
Other receivables		13,920	11,879	10	—
Prepaid land use rights		399	399	—	—
Inventories	10	39,335	33,315	—	—
Total current assets		205,445	199,108	173	182
Non-current assets					
Property, plant and equipment	8	253,396	260,415	—	—
Prepaid land use rights		12,572	12,613	—	—
Deposits for acquisition of plant and equipment	8	3,322	1,547	—	—
Investment properties		99,925	99,925	—	—
Subsidiary companies		—	—	468,783	468,783
Deferred tax assets		84	84	—	—
Total non-current assets		369,299	374,584	468,783	468,783
Total assets		574,744	573,692	468,956	468,965
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	12	30,601	49,523	—	—
Trade payables	11	107,298	108,232	—	—
Bills payables	11	2,067	308	—	—
Other payables		26,519	30,257	1,480	3,590
Amounts due to subsidiary companies		—	—	221,728	219,579
Provision for taxation		2,418	1,668	—	—
Total current liabilities		168,903	189,988	223,208	223,169
Non-current liabilities					
Bank loans	12	18,780	5,659	—	—
Deferred tax liabilities		1,557	1,372	—	—
Total non-current liabilities		20,337	7,031	—	—
Capital, reserves and non-controlling interests					
Share capital	13	113,880	113,880	113,880	113,880
Reserves		260,749	252,075	131,868	131,916
Equity attributable to owners of the Company		374,629	365,955	245,748	245,796
Non-controlling interests		10,875	10,718	—	—
Total equity		385,504	376,673	245,748	245,796
Total liabilities and equity		574,744	573,692	468,956	468,965

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Note i)	(Note ii)	(Note iii)	(Note iv)						
THE GROUP										
1QCY17										
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 1QCY17										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	8,910	—	8,910	157	9,067
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(236)	(236)	—	(236)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(236)	(236)	—	(236)
Total	—	—	—	—	—	8,910	(236)	8,674	157	8,831
Balance at 31 March 2017 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>6,252</u>	<u>42,684</u>	<u>166</u>	<u>194,883</u>	<u>14,848</u>	<u>374,629</u>	<u>10,875</u>	<u>385,504</u>
1QCY16										
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 1QCY16										
Total comprehensive income (expenses) for the period										
Profit (loss) for the period	—	—	—	—	—	3,004	—	3,004	(524)	2,480
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(309)	(309)	—	(309)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(309)	(309)	—	(309)
Total	—	—	—	—	—	3,004	(309)	2,695	(524)	2,171
Balance at 31 March 2016 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,805</u>	<u>42,684</u>	<u>166</u>	<u>183,644</u>	<u>15,580</u>	<u>363,675</u>	<u>9,887</u>	<u>373,562</u>

Notes:

- (i) Capital reserve represents amounts transferred from the 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 ("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 in prior years.

	Share capital US\$'000	Capital reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
<u>THE COMPANY</u>				
1QCY17				
Balance at 1 January 2017 (audited)	113,880	1,916	130,000	245,796
Loss for the period, representing total comprehensive expenses for the period	—	—	(48)	(48)
Balance at 31 March 2017 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>129,952</u>	<u>245,748</u>
1QCY16				
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	—	—	(237)	(237)
Balance at 31 March 2016 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>131,602</u>	<u>247,398</u>

Consolidated Statement of Cash Flows

	1QCY17 US\$'000 (Unaudited)	1QCY16 US\$'000 (Unaudited)
Operating activities		
Profit before taxation	10,722	3,245
Adjustments for:		
Allowance (reversal of allowance) for doubtful debts	60	(206)
Finance costs	295	479
Depreciation of property, plant and equipment	9,122	9,299
Amortisation of prepaid land use rights	41	41
(Gain) loss on disposal of property, plant and equipment	(1)	5
Allowance for inventory obsolescence	404	164
Interest income	<u>(22)</u>	<u>(31)</u>
Operating income before movements in working capital	20,621	12,996
Increase in inventories	(6,424)	(4,999)
Increase in trade and other receivables	(4,335)	(3,981)
(Decrease) increase in trade and other payables	<u>(2,913)</u>	<u>16,377</u>
Net cash generated from operations	6,949	20,393
Interest income received	22	31
Interest paid	(305)	(600)
Income taxes paid	<u>(714)</u>	<u>(264)</u>
Net cash from operating activities	<u>5,952</u>	<u>19,560</u>

	1QCY17	1QCY16
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Investing activities		
Proceeds from disposal of property, plant and equipment	4	5
Purchase of property, plant and equipment	(2,070)	(8,911)
Deposits paid for acquisition of property, plant and equipment	<u>(1,775)</u>	<u>(1,780)</u>
Net cash used in investing activities	<u>(3,841)</u>	<u>(10,686)</u>
Financing activities		
Proceeds from bank borrowings	17,031	6,941
Repayment of bank borrowings	<u>(22,832)</u>	<u>(5,754)</u>
Net cash (used in) from financing activities	<u>(5,801)</u>	<u>1,187</u>
Net (decrease) increase in cash and cash equivalents	(3,690)	10,061
Cash and cash equivalents at the beginning of the period	18,651	10,950
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	<u>(268)</u>	<u>(423)</u>
Cash and cash equivalents at the end of the period	<u>14,693</u>	<u>20,588</u>
Cash and cash equivalents consists of:		
Cash and bank balances	<u>14,693</u>	<u>20,588</u>

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 1QCY17 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 2017:

- *FRS 115 Revenue from Contracts with Customers*
- *FRS 109 Financial Instruments*
- *FRS 116 Leases*

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**"); and (ii) property investment. 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 of the Company.

Period ended 31 March 2017

	Fabrication and distribution of PCB US\$'000	Property investment US\$'000	Total US\$'000
Segment revenue			
Revenue from external customers	<u>114,609</u>	<u>1,602</u>	<u>116,211</u>
Segment results			
Corporate and other unallocated expenses	9,631	1,300	<u>10,931</u> <u>(209)</u>
Profit before tax			<u><u>10,722</u></u>

	Fabrication and distribution of PCB US\$'000	Property investment US\$'000	Unallocated US\$'000	Total US\$'000
ASSETS				
Segment assets	459,279	100,772	—	560,051
Unallocated assets	—	—	14,693	<u>14,693</u>
Consolidated total assets				<u><u>574,744</u></u>
LIABILITIES				
Segment liabilities	(186,097)	(1,586)	—	(187,683)
Unallocated liabilities	—	—	(1,557)	<u>(1,557)</u>
Consolidated total liabilities				<u><u>(189,240)</u></u>

Period ended 31 March 2016

	Fabrication and distribution of PCB US\$'000	Property investment US\$'000	Total US\$'000
Segment revenue			
Revenue from external customers	<u>110,538</u>	<u>1,446</u>	<u>111,984</u>
Segment results			
Corporate and other unallocated income	1,940	775	<u>2,715</u>
			<u>530</u>
Profit before tax			<u><u>3,245</u></u>

	Fabrication and distribution of PCB US\$'000	Property investment US\$'000	Unallocated US\$'000	Total US\$'000
ASSETS				
Segment assets	491,331	99,516	—	590,847
Unallocated assets	—	—	20,589	<u>20,589</u>
Consolidated total assets				<u><u>611,436</u></u>
LIABILITIES				
Segment liabilities	(126,007)	(34,107)	—	(160,114)
Unallocated liabilities	—	—	(77,760)	<u>(77,760)</u>
Consolidated total liabilities				<u><u>(237,874)</u></u>

3. Finance costs

	1QCY17	1QCY16
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	305	589
Less: Amounts capitalised	<u>(10)</u>	<u>(110)</u>
	<u>295</u>	<u>479</u>

4. Income tax expense

	1QCY17	1QCY16
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Singapore income tax	—	—
PRC enterprise income tax	1,401	703
Hong Kong income tax	63	—
Other jurisdictions	<u>—</u>	<u>—</u>
	1,464	703
Deferred tax	<u>191</u>	<u>62</u>
	<u>1,655</u>	<u>765</u>

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 1QCY17 or 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:

	<u>Earnings</u>	
	1QCY17	1QCY16
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share	<u>8,910</u>	<u>3,004</u>
	<u>Number of shares</u>	
	1QCY17	1QCY16
	'000	'000
Weighted average number of ordinary shares used to compute basic earnings per share	<u>186,920</u>	<u>186,920</u>
Earnings per share (US cents)		
- basic	<u>4.77</u>	<u>1.61</u>

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

7. Net asset value

	<u>Group</u>		<u>Company</u>	
	31 March	31 December	31 March	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*	<u>2.06</u>	<u>2.02</u>	<u>1.31</u>	<u>1.32</u>

* Based on 186,919,962 issued shares as at 31 March 2017 (31 December 2016: 186,919,962 issued shares net of treasury shares).

8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$3.8 million (1QCY16: approximately US\$11.0 million) on the 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	
	31 March 2017 US\$'000 (Unaudited)	31 December 2016 US\$'000 (Audited)
Trade receivables		
- Third parties	139,523	135,205
- Related companies (note)	3,252	4,298
Less: Allowance for doubtful debts	(8,040)	(7,980)
	134,735	131,523
Bills receivables	2,363	3,341
Total	137,098	134,864

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 invoice date at the end of the reporting period:

	GROUP	
	31 March 2017 US\$'000 (Unaudited)	31 December 2016 US\$'000 (Audited)
Within 90 days	112,378	113,882
91 to 180 days	22,357	17,641
Over 180 days	—	—
	134,735	131,523

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2016: within 180 days)

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

10. Inventories

	GROUP	
	31 March 2017	31 December 2016
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Raw materials	12,153	8,525
Work-in-progress	16,470	11,469
Finished goods	10,712	13,321
	<u>39,335</u>	<u>33,315</u>

11. Trade and bills payables

	GROUP	
	31 March 2017	31 December 2016
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	65,120	68,248
- Related companies (note)	42,178	39,984
	107,298	108,232
Bills payables	2,067	308
Total	<u>109,365</u>	<u>108,540</u>

Note: Related companies 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	
	31 March 2017	31 December 2016
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Within 90 days	75,221	78,415
91 to 180 days	19,507	18,695
Over 180 days	12,570	11,122
	<u>107,298</u>	<u>108,232</u>

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 via the payment mode of issuing irrevocable letters of credit.

12. Bank loans

	GROUP	
	31 March	31 December
	2017	2016
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	<u>49,381</u>	<u>55,182</u>
Comprising amounts falling due:		
- within one year	<u>30,601</u>	49,523
- more than one year	<u>18,780</u>	<u>5,659</u>
	<u>49,381</u>	<u>55,182</u>

The Group's total external borrowings decreased by approximately 10.5% to approximately US\$49.4 million as at 31 March 2017, from 31 December 2016, due to repayment of loans during the quarter.

13. Share capital

As at 31 March 2017, the Company has a total of 186,919,962 (31 December 2016: 186,919,962) issued ordinary shares excluding treasury shares.

14. Share options

There were no share options outstanding as at 31 March 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. Reconciliation between FRS and International Financial Reporting Standards ("IFRS")

For 1QCY17, there were no material differences between the consolidated financial statements of the Group prepared under FRS and IFRS.

BUSINESS REVIEW AND OUTLOOK

The Group is delighted to report its satisfactory results for 1QCY17. Restructuring of the Group began to deliver positive results. In CY16, there was a shortage of upstream materials, such as glass yarn, glass fabric and copper foil, for the production of laminates, which contributed to an undersupply of laminates in the market. Accordingly, the laminates prices were driven up. The Group was successful in capturing this opportunity and was able to lift its laminates production and external sales. In additions, with further adjustment in the Group's PCB product mix and improvement in operating efficiency of Guangzhou and Yangzhou plant, the Group recorded a significant increase of 196.6% in net profit of US\$8.9 million for 1QCY17, as compared to net profit of US\$3.0 million for 1QCY16.

The Group's revenue for 1QCY17 increased by 3.8% from 1QCY16 to approximately US\$116.2 million. Net attributable profit (profit after tax and non-controlling interests) was US\$8.9 million in 1QCY17, as compared with US\$3.0 million in 1QCY16. Earnings before interest, tax, depreciation and amortization for the Group ("EBITDA") increased by approximately 54.7% to US\$20.2 million against the previous year (1QCY16: US\$13.0 million). The Group continued to generate steady operating cash flow. As at 31 March 2017, the Group's net gearing ratio was 9.0%. The Group's financial position remained healthy.

In 1QCY17, communication & networking products (including mobile phones) accounted for about 46.0% (1QCY16: 55.0%) of our sales while automotive PCB sales accounted for around 25.0% of our total PCB sales (1QCY16: 24.0%). Other products (including computer, consumer electronics and industrial) accounted for approximately 29.0% (1QCY16: 21.0%) of our total PCB sales. High Density Interconnect ("HDI") PCB accounted for approximately 27.4% of total PCB sales in 1QCY17 (1QCY16: 30.0%). The Group's gross profit increased by 56.7% to US\$18.1 million in 1QCY17 as compared with that of US\$11.5 million in 1QCY16, and gross margin grew to 15.6% (1QCY16: 10.3%). The increase in gross profit was primarily attributable to the increased external sales of laminates, which has a higher profit margin than other products of the Group, and the lower overheads absorption at the Group's plants.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2017, the Group's net current assets was approximately US\$36.5 million (31 December 2016: approximately US\$9.1 million), making the current ratio 1.22 as compared to 1.05 as at 31 December 2016. The net working capital cycle was 34 days as at 31 March 2017 (31 December 2016: 34 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 29 days (31 December 2016: 25 days).

- Trade receivables, in terms of debtors turnover days, increased to 105 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 31 March 2017 was approximately 9.0% (31 December 2016: 9.7%). The proportion of short-term and long-term bank borrowings stood at 62%: 38% (31 December 2016: 90%:10%). The total equity of the Group, as at 31 March 2017, was approximately US\$385.5 million (31 December 2016: approximately US\$376.7 million). As at 31 March 2017, the Group had cash on hand and undrawn loan facilities of approximately US\$14.7 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.

PROSPECTS

The PCB market is challenging and competition remains fierce in 2017, the Group will continue with operation review, with more focus on efficiency and quality improvement. Our business development team will maintain the Group's well-established business relationships with major customers, and seek for new customers to achieve greater market share.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 1QCY17 have not been audited or reviewed by the Group's auditors.

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>), 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 appreciation to the Board and our global employees for their continued loyalty, diligence and unreserved support for 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 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 persons transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000)	
	1QCY17	1QCY16	1QCY17	1QCY16
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	484	568
	—	—	484	568
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	19,197	14,872
Elec & Eltek Corporate Services Limited	18	19	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	401	361
Hong Kong Fibre Glass Company Limited	—	—	4,330	3,693
Huizhou Chung Shun Chemical Company Limited	—	—	326	207
Jiangmen Glory Faith PCB Company Limited	—	—	—	21
Jiangmen Kingboard High-tech Company Limited	—	—	—	4,350
Kingfai (Lian Zhou) Electronic Materials Company Ltd.	—	—	—	2,687
Techwise Circuits Co., Ltd.	—	—	—	3
New Poly Chemical (Guangzhou) Company Limited	—	—	—	913
	18	19	24,254	27,107
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	1,593	1,363
Elec & Eltek Display Technology Limited	—	—	—	41
Express Electronics (Suzhou) Co., Ltd.	—	—	118	—
Jiangmen Glory Faith PCB Co., Ltd.	—	—	—	32
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	340	1,676
Top Faith PCB Co., Ltd.	—	—	—	1,412
	—	—	2,051	4,524

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 of the Company, do hereby confirm on behalf of the Board that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for 1QCY17 to be false or misleading.

On behalf of the Board

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, 15 May 2017

As at the date of this announcement, the Board 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