

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, or opinions expressed in this announcement.



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 2018

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 2018 ("1QCY18") US\$'000	31 March 2017 ("1QCY17") US\$'000	% Change
Revenue	131,851	116,211	13.5%
EBITDA	18,425	20,158	-8.6%
EBITDA margin	14.0%	17.3%	
Profit before tax	8,887	10,722	-17.1%
Net profit attributable to owners of the Company	7,225	8,910	-18.9%
Basic and diluted earnings per share	US3.87 cents	US4.77 cents	-18.9%
	31 March 2018	31 December 2017	
Net asset value per share	US\$2.19	US\$2.15	1.9%
Net gearing ratio	12.4%	11.8%	

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 2018 ("**1QCY18**") together with the comparative figures for the period ended 31 March 2017 ("**1QCY17**").

Consolidated Statement of Profit or Loss

	<i>Notes</i>	1QCY18 US\$'000 (Unaudited)	1QCY17 US\$'000 (Unaudited)	% Change
Revenue	2	131,851	116,211	13.5%
Cost of sales		<u>(115,555)</u>	<u>(98,130)</u>	17.8%
Gross profit		16,296	18,081	-9.9%
<i>Gross profit margin</i>		<i>12.4%</i>	<i>15.6%</i>	
Other operating income and gains		421	478	-11.9%
Distribution and selling costs		(2,439)	(2,640)	-7.6%
Administrative expenses		(4,990)	(4,634)	7.7%
Other operating expenses and losses		(105)	(268)	-60.8%
Finance costs	3	<u>(296)</u>	<u>(295)</u>	0.3%
Profit before taxation		8,887	10,722	-17.1%
Income tax expense	4	<u>(1,574)</u>	<u>(1,655)</u>	-4.9%
Profit for the period		<u>7,313</u>	<u>9,067</u>	-19.3%
Profit attributable to:				
Owners of the Company		7,225	8,910	-18.9%
Non-controlling interests		<u>88</u>	<u>157</u>	-44.0%
		<u>7,313</u>	<u>9,067</u>	-19.3%
Earnings per share (US cents)				
- Basic and diluted	6	<u>3.87</u>	<u>4.77</u>	-18.9%

Notes to Consolidated Statement of Profit or Loss:

	1QCY18 US\$'000 (Unaudited)	1QCY17 US\$'000 (Unaudited)	% Change
Depreciation of property, plant and equipment	9,230	9,122	1.2%
Amortisation of prepaid land use rights	41	41	n/m
Allowance for doubtful debts	50	60	-16.7%
Allowance for inventory obsolescence	136	404	-66.3%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	1QCY18 US\$'000 (Unaudited)	1QCY17 US\$'000 (Unaudited)	% Change
Profit for the period	<u>7,313</u>	<u>9,067</u>	-19.3%
Other comprehensive income (expenses):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	<u>289</u>	<u>(236)</u>	222.5%
Other comprehensive income (expenses) for the period, net of tax	<u>289</u>	<u>(236)</u>	222.5%
Total comprehensive income for the period	<u><u>7,602</u></u>	<u><u>8,831</u></u>	-13.9%
Total comprehensive income attributable to:			
Owners of the Company	7,514	8,674	-13.4%
Non-controlling interests	<u>88</u>	<u>157</u>	-44.0%
	<u><u>7,602</u></u>	<u><u>8,831</u></u>	-13.9%

n/m - percentage not meaningful

Statements of Financial Position

	Notes	GROUP		COMPANY	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		27,197	25,985	62	179
Trade receivables	9	165,093	168,280	—	—
Bills receivables	9	2,585	3,555	—	—
Other receivables		12,351	13,216	7	1
Prepaid land use rights		399	399	—	—
Inventories	10	46,362	44,156	—	—
Total current assets		253,987	255,591	69	180
Non-current assets					
Property, plant and equipment	8	297,439	286,660	—	—
Prepaid land use rights		12,408	12,449	—	—
Deposits for acquisition of plant and equipment	8	14,561	10,401	—	—
Investment properties		101,692	101,692	—	—
Subsidiary companies		—	—	485,016	470,324
Deferred tax assets		84	84	—	—
Total non-current assets		426,184	411,286	485,016	470,324
Total assets		680,171	666,877	485,085	470,504
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	12	51,943	47,286	—	—
Trade payables	11	136,357	133,012	—	—
Bills payables	11	14,517	17,293	—	—
Other payables		37,152	36,739	1,083	2,258
Amounts due to subsidiary companies		—	—	247,474	231,454
Provision for taxation		3,073	3,234	—	—
Total current liabilities		243,042	237,564	248,557	233,712
Non-current liabilities					
Bank loans	12	25,942	25,942	—	—
Deferred tax liabilities		2,217	2,003	—	—
Total non-current liabilities		28,159	27,945	—	—
Capital, reserves and non-controlling interests					
Share capital	13	113,880	113,880	113,880	113,880
Reserves		283,660	276,146	122,648	122,912
Equity attributable to owners of the Company		397,540	390,026	236,528	236,792
Non-controlling interests		11,430	11,342	—	—
Total equity		408,970	401,368	236,528	236,792
Total liabilities and equity		680,171	666,877	485,085	470,504

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										
1QCY18										
Balance at 1 January 2018 (audited)	113,880	1,916	6,826	42,684	166	210,345	14,209	390,026	11,342	401,368
Change in equity for 1QCY18										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	7,225	—	7,225	88	7,313
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	289	289	—	289
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	289	289	—	289
Total	—	—	—	—	—	7,225	289	7,514	88	7,602
Balance at 31 March 2018 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>6,826</u>	<u>42,684</u>	<u>166</u>	<u>217,570</u>	<u>14,498</u>	<u>397,540</u>	<u>11,430</u>	<u>408,970</u>
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>

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>				
1QCY18				
Balance at 1 January 2018 (audited)	113,880	1,916	120,996	236,792
Loss for the period, representing total comprehensive expenses for the period	—	—	(264)	(264)
Balance at 31 March 2018 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>120,732</u>	<u>236,528</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>

Consolidated Statement of Cash Flows

	1QCY18	1QCY17
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before taxation	8,887	10,722
Adjustments for:		
Allowance for doubtful debts	50	60
Finance costs	296	295
Depreciation of property, plant and equipment	9,230	9,122
Amortisation of prepaid land use rights	41	41
Gain on disposal of property, plant and equipment	(8)	(1)
Allowance for inventory obsolescence	136	404
Interest income	<u>(29)</u>	<u>(22)</u>
Operating income before movements in working capital	18,603	20,621
Increase in inventories	(1,521)	(6,424)
Decrease (increase) in trade, bills and other receivables	6,396	(4,335)
Increase (decrease) in trade, bills and other payables	<u>982</u>	<u>(2,913)</u>
Net cash generated from operations	24,460	6,949
Interest income received	29	22
Interest paid	(362)	(305)
Income taxes paid	<u>(1,490)</u>	<u>(714)</u>
Net cash from operating activities	<u>22,637</u>	<u>5,952</u>

	1QCY18	1QCY17
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Investing activities		
Proceeds from disposal of property, plant and equipment	84	4
Purchase of property, plant and equipment	(22,143)	(2,070)
Deposits paid for acquisition of property, plant and equipment	<u>(4,160)</u>	<u>(1,775)</u>
Net cash used in investing activities	<u>(26,219)</u>	<u>(3,841)</u>
Financing activities		
Proceeds from bank borrowings	13,389	17,031
Repayment of bank borrowings	<u>(8,732)</u>	<u>(22,832)</u>
Net cash from (used in) financing activities	<u>4,657</u>	<u>(5,801)</u>
Net increase (decrease) in cash and cash equivalents	1,075	(3,690)
Cash and cash equivalents at the beginning of the period	25,985	18,651
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	<u>137</u>	<u>(268)</u>
Cash and cash equivalents at the end of the period	<u><u>27,197</u></u>	<u><u>14,693</u></u>
Cash and cash equivalents consists of:		
Cash and bank balances	<u><u>27,197</u></u>	<u><u>14,693</u></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 1QCY18 as the most recent audited financial statements as at 31 December 2017.

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

The Group also adopted the following SFRS(I) pronouncements that are effective for annual periods beginning on or after 1 January 2018:

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

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

The Group has not early adopted the following new and revised standards or amendments to FRS, which would take effect from financial periods beginning on or after 1 January 2019:

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

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

2. Revenue and segment information

The Group’s operating activities are attributable to two single reporting and operating segments on (i) fabrication and distribution of printed circuit boards (“**PCB**”); 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 2018

	Fabrication and distribution of PCB US\$'000	Property investment US\$'000	Total US\$'000
Segment revenue			
Revenue from external customers	<u>129,752</u>	<u>2,099</u>	<u>131,851</u>
Segment results			
Corporate and other unallocated income	7,322	1,829	<u>9,151</u> <u>(264)</u>
Profit before tax			<u><u>8,887</u></u>

	Fabrication and distribution of PCB US\$'000	Property investment US\$'000	Unallocated US\$'000	Total US\$'000
ASSETS				
Segment assets	548,226	104,748	—	652,974
Unallocated assets	—	—	27,197	<u>27,197</u>
Consolidated total assets				<u><u>680,171</u></u>
LIABILITIES				
Segment liabilities	(267,562)	(1,422)	—	(268,984)
Unallocated liabilities	—	—	(2,217)	<u>(2,217)</u>
Consolidated total liabilities				<u><u>(271,201)</u></u>

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>

3. Finance costs

	1QCY18 US\$'000 (Unaudited)	1QCY17 US\$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	362	305
Less: Amounts capitalised	<u>(66)</u>	<u>(10)</u>
	<u>296</u>	<u>295</u>

4. Income tax expense

	1QCY18 US\$'000 (Unaudited)	1QCY17 US\$'000 (Unaudited)
Current tax:		
Singapore income tax	—	—
PRC enterprise income tax	1,287	1,401
Hong Kong income tax	42	63
Other jurisdictions	<u>—</u>	<u>—</u>
	1,329	1,464
Deferred tax	<u>245</u>	<u>191</u>
	<u>1,574</u>	<u>1,655</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 1QCY18 or the same period last year.

6. Earnings per share

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

	<u>Earnings</u>	
	1QCY18	1QCY17
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share	<u>7,225</u>	<u>8,910</u>
	<u>Number of shares</u>	
	1QCY18	1QCY17
	'000	'000
Weighted average number of ordinary shares used to compute basic and diluted earnings per share	<u>186,920</u>	<u>186,920</u>
Earnings per share (US cents)		
- basic and diluted	<u>3.87</u>	<u>4.77</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
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value (including non-controlling interests) per ordinary share based on total number of issued shares excluding treasury shares at the end of the period*	<u>2.19</u>	<u>2.15</u>	<u>1.27</u>	<u>1.27</u>

* Based on 186,919,962 issued shares as at 31 March 2018 (31 December 2017: 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\$26.3 million (1QCY17: approximately US\$3.8 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 2018	31 December 2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade receivables		
- Third parties	169,885	172,109
- Related companies (note)	3,464	5,229
Less: Allowance for doubtful debts	(8,256)	(9,058)
	165,093	168,280
Bills receivables	2,585	3,555
Total	167,678	171,835

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 2018	31 December 2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Within 90 days	128,191	133,674
91 to 180 days	36,902	34,606
Over 180 days	—	—
	165,093	168,280

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

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

10. Inventories

	GROUP	
	31 March 2018	31 December 2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Raw materials	13,535	11,180
Work-in-progress	13,259	16,402
Finished goods	19,568	16,574
	<u>46,362</u>	<u>44,156</u>

11. Trade and bills payables

	GROUP	
	31 March 2018	31 December 2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	101,657	89,129
- Related companies (note)	34,700	43,883
	136,357	133,012
Bills payables	14,517	17,293
Total	<u>150,874</u>	<u>150,305</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 2018	31 December 2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Within 90 days	97,305	92,699
91 to 180 days	29,565	28,695
Over 180 days	9,487	11,618
	<u>136,357</u>	<u>133,012</u>

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

12. Bank loans

	GROUP	
	31 March 2018	31 December 2017
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	<u>77,885</u>	<u>73,228</u>
Comprising amounts falling due:		
- within one year	<u>51,943</u>	47,286
- more than one year	<u>25,942</u>	<u>25,942</u>
	<u>77,885</u>	<u>73,228</u>

The Group's total external borrowings increased by approximately 6.4% to approximately US\$77.9 million as at 31 March 2018, from 31 December 2017, due to draw down of loans during the quarter.

13. Share capital

As at 31 March 2018, the Company has a total of 186,919,962 (31 December 2017: 186,919,962) issued ordinary shares excluding treasury shares.

14. Share options

The Company had no share options outstanding as at 31 March 2018 and 31 December 2017, respectively. No share options have been granted under the 2018 Elec & Eltek Employees' Share Option Scheme since adoption of the scheme by the Company on 27 April 2018, and as at the date of this announcement.

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

For 1QCY18, there were no material differences between the consolidated financial statements of the Group prepared under SFRS(I) and IFRS.

BUSINESS REVIEW AND OUTLOOK

The Group is delighted to report its results for 1QCY18. The Group's revenue for 1QCY18 increased by 13.5% from 1QCY17 to approximately US\$131.9 million. The Group's orders maintained steady growth while intensive industry competition exerted pressure on the price of the product of the Company, which coupled with the impact of Renminbi appreciation has further increased production costs. Net attributable profit (profit after tax and non-controlling interests) was US\$7.2 million in 1QCY18, as compared with US\$8.9 million in 1QCY17.

The Group's gross profit for 1QCY18 decreased by 9.9% from 1QCY17 US\$18.1 million to US\$16.3 million, and gross profit margin was 12.4% (1QCY17: 15.6%). Earnings before interest, tax, depreciation and amortization for the Group ("EBITDA") decreased by approximately 8.6% to US\$18.4 million (1QCY17: US\$20.2 million). The Group continued to generate steady operating cash flow. As at 31 March 2018, the Group's net gearing ratio was 12.4%. The Group's financial position remained healthy.

In 1QCY18, communication & networking products (including mobile phones) accounted for about 45.6% (1QCY17: 46.0%) of our total PCB sales while automotive PCB sales accounted for around 23.6% of our total PCB sales (1QCY17: 25.0%). Other products (including computer, consumer electronics and industrial) accounted for approximately 30.8% (1QCY17: 29.0%) of our total PCB sales. High Density Interconnect ("HDI") PCB accounted for approximately 25.7% of total PCB sales in 1QCY18 (1QCY17: 27.4%)

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2018, the Group's net current assets was approximately US\$10.9 million (31 December 2017: approximately US\$18.0 million), making the current ratio 1.05 as compared to 1.08 as at 31 December 2017. The net working capital cycle was 40 days as at 31 March 2018 (31 December 2017: 35 days) based on the following key metrics:

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

- Trade receivables, in terms of debtors turnover days, increased to 115 days (31 December 2017: 109 days).
- Trade payables, in terms of creditors turnover days, increased to 106 days (31 December 2017: 102 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 31 March 2018 was approximately 12.4% (31 December 2017: 11.8%). The proportion of short-term and long-term bank borrowings as at 31 March 2018 stood at 67%: 33% (31 December 2017: 65%: 35%). The total equity of the Group, as at 31 March 2018, was approximately US\$409.0 million (31 December 2017: approximately US\$401.4 million). As at 31 March 2018, the Group had cash on hand and undrawn loan facilities of approximately US\$27.2 million and US\$34.7 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 remains challenging and competitive in 2018, and the Group is well prepared for the challenging and competitive environment. The Group is currently upgrading its production equipment for PCB, aiming to further optimize product performance to continue to enhance the Group's competitiveness, and remains, as always, focused on quality control and cost control of production. The Group is also expanding its capacity in its laminate business so as to capture the business opportunities in the laminate market. In addition, the Group's project in its industrial building in Guangzhou is currently in progress, and is expected to provide the Group with stable rental income in 2019 upon completion of construction at the end of 2018.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 1QCY18 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)	
	1QCY18	1QCY17	1QCY18	1QCY17
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	2,779	484
	—	—	2,779	484
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	23,141	19,197
Delta Realty Limited	19	—	—	—
Elec & Eltek Corporate Services Limited	—	18	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	559	401
Hong Kong Fibre Glass Company Limited	—	—	5,996	4,330
Huizhou Chung Shun Chemical Company Limited	—	—	394	326
	19	18	30,090	24,254
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	852	1,593
Express Electronics (Suzhou) Co., Ltd.	—	—	—	118
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	4,416	340
	—	—	5,268	2,051

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 1QCY18 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, 11 May 2018

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

Kong Tze Wing