



Financial Statements And Dividend Announcement
For First Quarter Financial Period Ended 31 May 2014

CHEUNG WOH TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

First Quarter Financial Statements And Dividend Announcement

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL YEAR RESULTS**

The Directors of Cheung Woh Technologies Ltd advise the following unaudited results of the Group for the financial period ended 31 May 2014.

1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	Notes	GROUP		Increase/ (decrease) %
		3 months ended		
		31.5.2014	31.5.2013	
		S\$'000	S\$'000	
Turnover		19,112	14,110	35.5
Cost of sales		(16,468)	(12,864)	28.0
Gross profit		2,644	1,246	112.2
Other operating income	a	1,360	816	66.7
Distribution and selling expenses		(654)	(570)	14.7
General and administrative expenses		(1,823)	(2,421)	(24.7)
Finance costs		(30)	(61)	(50.8)
Share of results of associate companies		786	987	(20.4)
Profit/(loss) before taxation	b	2,283	(3)	n.m.
Income tax (expense)/credit		(36)	192	n.m.
Profit for the financial period		2,247	189	n.m.
Other comprehensive income:				
Foreign currency translation (loss)/gain		(857)	2,331	
Total comprehensive income for the financial period		1,390	2,520	
Profit attributable to:				
Equity owners of the Company		2,260	199	
Non-controlling interests		(13)	(10)	
		2,247	189	
Total comprehensive income attributable to:				
Equity owners of the Company		1,412	2,505	
Non-controlling interests		(22)	15	
		1,390	2,520	
Earnings per share (cents)				
Basic and diluted		0.75	0.07	

n.m. - not meaningful

1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

		GROUP	
		3 months ended	
		31.5.2014	31.5.2013
		S\$'000	S\$'000
<u>Notes</u>			
a	The Group's other operating income included the following:		
	Sales of scrap metal	775	610
	Foreign exchange gain	440	-
	Rental income	110	-
	Sundry income	30	174
	Interest income	5	17
	Gain on disposal of property, plant and equipment	-	15
b	The Group's profit/(loss) before taxation is arrived at after charging/(crediting):		
	Amortisation and depreciation	1,835	1,789
	Retrenchment benefits	-	731
	Foreign exchange loss	-	47
	Interest expense on interest-bearing loans and borrowings	30	61
	Write-down of inventories	-	4
	(Write-back of)/allowance for inventories obsolescence	(2)	2
	Allowance for impairment on trade receivables	57	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	GROUP		COMPANY	
	31.5.2014	28.2.2014	31.5.2014	28.2.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	48,764	50,701	1,781	3,286
Investment property	2,771	1,294	2,771	1,294
Intangible assets	78	79	68	69
Investments in subsidiary companies	-	-	46,005	46,005
Investments in associate companies	17,683	16,886	15,662	15,662
Investment in a quoted equity	1	1	-	-
	<u>69,297</u>	<u>68,961</u>	<u>66,287</u>	<u>66,316</u>
Current assets				
Inventories	11,009	12,608	-	441
Trade receivables	15,263	11,144	3	1,831
Amount due from an associate company	2	322	-	320
Other receivables	1,820	1,442	5,942	4,225
Prepayments	1,360	953	106	58
Cash and bank balances	12,005	10,872	2,154	1,974
	<u>41,459</u>	<u>37,341</u>	<u>8,205</u>	<u>8,849</u>
Total assets	<u>110,756</u>	<u>106,302</u>	<u>74,492</u>	<u>75,165</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	5,400	5,075	43	2,105
Other payables	5,910	3,703	720	523
Amount due to an associate company	548	437	-	-
Interest-bearing loans and borrowings	3,295	2,902	1,255	-
Income tax payable	39	20	-	-
	<u>15,192</u>	<u>12,137</u>	<u>2,018</u>	<u>2,628</u>
Net current assets	<u>26,267</u>	<u>25,204</u>	<u>6,187</u>	<u>6,221</u>
Non-current liability				
Deferred tax liabilities	2,761	2,752	-	-
	<u>2,761</u>	<u>2,752</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>17,953</u>	<u>14,889</u>	<u>2,018</u>	<u>2,628</u>
Net assets	<u>92,803</u>	<u>91,413</u>	<u>72,474</u>	<u>72,537</u>
Equity attributable to owners of the Company				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(1,923)	(1,923)	(1,923)	(1,923)
Revenue reserve	49,878	47,618	24,197	24,260
Statutory reserve	859	859	-	-
Foreign currency translation reserve	(7,044)	(6,196)	-	-
	<u>91,970</u>	<u>90,558</u>	<u>72,474</u>	<u>72,537</u>
Non-controlling interests	833	855	-	-
Total equity	<u>92,803</u>	<u>91,413</u>	<u>72,474</u>	<u>72,537</u>
Total equity and liabilities	<u>110,756</u>	<u>106,302</u>	<u>74,492</u>	<u>75,165</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities

A) Amount repayable in one year or less, or on demand

As at 31.05.2014		As at 28.02.2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,295	-	2,902	-

B) Amount repayable after one year

As at 31.05.2014		As at 28.02.2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

C) Details of any collateral

- i) Certain bank borrowings of the Group and the Company are unsecured; and
- ii) The bank borrowings of certain subsidiary companies are secured by a legal mortgage over the subsidiary companies' properties, a fixed charge over certain of its machineries and corporate guarantee from the holding company.

1(c) **A consolidated statement of cash flows, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	GROUP	
	3 months ended	
	31.5.2014 S\$'000	31.5.2013 S\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	2,283	(3)
Adjustments for:		
Amortisation and depreciation	1,835	1,789
Allowance for impairment on trade receivables	57	-
Gain on disposal of property, plant and equipment	-	(15)
Unrealised exchange (gain)/loss	(29)	21
Write-down of inventories	-	4
Interest expense	30	61
(Write-back of)/allowance for inventories obsolescence	(2)	2
Share of results of associate companies	(786)	(987)
Interest income	(5)	(17)
Operating cash flows before changes in working capital	3,383	855
(Increase)/decrease in:		
Inventories	1,602	(375)
Trade receivables	(4,155)	(146)
Amount due from an associate company	320	225
Other receivables and prepayments	(772)	(538)
(Decrease)/increase in:		
Trade payables	347	1,243
Other payables	2,208	692
Amount due to an associate company	110	429
Exchange differences arising from consolidation	(516)	394
Cash flow generated from operations	2,527	2,779
Interest received	5	17
Interest paid	(30)	(61)
Income tax paid	(15)	(9)
Net cash flow generated from operating activities	2,487	2,726

1(c) A consolidated statement of cash flow, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)
GROUP

	3 months ended	
	31.5.2014	31.5.2013
	S\$'000	S\$'000
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,684)	(1,374)
Proceeds from disposal of property, plant and equipment	-	125
Net cash flow used in investing activities	<u>(1,684)</u>	<u>(1,249)</u>
Cash flow from financing activities		
Proceeds from interest-bearing loans and borrowings	1,269	-
Repayment of interest-bearing loans and borrowings	(830)	(2,707)
Increase in cash and cash equivalents subject to restrictions	-	(5)
Shares purchased and held as treasury shares	-	(25)
Net cash flow generated from/(used in) financing activities	<u>439</u>	<u>(2,737)</u>
Net increase/(decrease) in cash and cash equivalents	1,242	(1,260)
Cash and cash equivalents at beginning of financial period	10,720	16,213
Effect of exchange rate changes on cash and cash equivalents	(110)	203
Cash and cash equivalents at end of financial period	<u>11,852</u>	<u>15,156</u>

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	GROUP	
	31.5.2014	31.5.2013
	S\$'000	S\$'000
Cash and bank balances	11,852	6,956
Fixed deposits	153	8,355
	<u>12,005</u>	<u>15,311</u>
Less:		
Cash and cash equivalents subject to restriction *	(153)	(155)
Cash and cash equivalents at end of financial period	<u>11,852</u>	<u>15,156</u>

* This relates to fixed deposits pledged for banker's facilities granted to a subsidiary company.

1(d)(i)A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Attributable to equity owners of the Company

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000	Total other reserves S\$'000	Total equity attributable to equity owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
GROUP									
Balance as at 28.02.2014	50,200	(1,923)	47,618	859	(6,196)	(5,337)	90,558	855	91,413
Total comprehensive income for the financial period	-	-	2,260	-	(848)	(848)	1,412	(22)	1,390
Balance as at 31.05.2014	50,200	(1,923)	49,878	859	(7,044)	(6,185)	91,970	833	92,803
Balance as at 28.02.2013	50,200	(1,896)	46,720	707	(7,484)	(6,777)	88,247	69	88,316
Total comprehensive income for the financial period	-	-	199	-	2,306	2,306	2,505	15	2,520
Purchase of treasury shares	-	(25)	-	-	-	-	(25)	-	(25)
Balance as at 31.05.2013	50,200	(1,921)	46,919	707	(5,178)	(4,471)	90,727	84	90,811

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Total equity S\$'000
COMPANY				
Balance as at 28.02.2014	50,200	(1,923)	24,260	72,537
Total comprehensive income for the financial period	-	-	(63)	(63)
Balance as at 31.05.2014	50,200	(1,923)	24,197	72,474
Balance as at 28.02.2013	50,200	(1,896)	18,097	66,401
Total comprehensive income for the financial period	-	(25)	(1,181)	(1,206)
Balance as at 31.05.2013	50,200	(1,921)	16,916	65,195

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Share Capital

	Group and Company	
	No. of shares (('000)	(S\$'000)
Ordinary shares-Issued and fully paid		
Balance as at 1 March 2014 and 31 May 2014	313,085	50,200

There was no change in the Company's share capital from 28 February 2014 to 31 May 2014.

As at 31 May 2014, the Company held 10,873,000 of its issued shares as Treasury Shares (31 May 2013: 10,858,000).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (31 May 2013: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.05.2014	28.02.2014
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	(10,873)	(10,873)
Issued shares excluding treasury shares	<u>302,212</u>	<u>302,212</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures in this announcement have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of the matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 28 February 2014 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 March 2014.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of the new FRS had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP	
	31.5.2014	31.5.2013
Profit attributable to shareholders (\$'000)	2,260	199
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	302,212	302,344
Earnings per share (cents) - basic and diluted	0.75	0.07

The weighted average number of shares was computed after adjusting for the effect of treasury shares held by the Company.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the:
(a) current period reported on; and
(b) immediately preceding financial year

	GROUP		COMPANY	
	31.5.2014	28.2.2014	31.5.2014	28.2.2014
Net asset value per ordinary share based on share capital at the end of the period (cents)	30.43	29.97	23.98	24.00

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.2.2014: 302,212,000) ordinary shares (excluding treasury shares).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Consolidated statement of comprehensive income

The Group has reported a turnover of \$19.1 million for the first quarter ended 31 May 2014 (1QFY15), an increase of 35.5% as compared to \$14.1 million in the corresponding financial period in FY2014 (1QFY14). Sales in HDD components segment increased by 58.4% as compared to 1QFY14. The increase was mainly due to the higher demand from customers. Sales in Precision Metal Stamping components segment on the other hand decreased by 18.3%. The decrease was mainly due to decrease in sales of toolings in 1QFY15 as compared to 1QFY14; and the depreciation in Ringgit Malaysia against Singapore Dollar as majority of sales in Precision Metal Stamping components segment are denominated in Ringgit Malaysia.

The Group's cost of sales (COS) increased by 28.0% (approximately \$3.6 million) as compared to 1QFY14. The increase in COS was lower than the increase in turnover mainly due to the lower overhead costs in 1QFY15. As a result, the Group achieved a higher gross profit margin from 8.8% in 1QFY14 to 13.8% in 1QFY15.

Other operating income increased by 66.7% (approximately \$0.5 million) as compared to 1QFY14 mainly due to increases in sales of scrap metal, foreign exchange gain and rental income recorded in 1QFY15.

Consolidated statement of comprehensive income (cont'd)

Distribution and selling expenses increased by 14.7% (approximately \$84,000) as compared to 1QFY14 mainly due to an increase in sales activities during 1QFY15. General and administrative expenses decreased by 24.7% (approximately \$0.6 million) as compared to 1QFY14 mainly due to retrenchment benefits recorded in 1QFY14.

Finance cost decreased by 50.8% (approximately \$31,000) in 1QFY15 mainly attributable to lower interest-bearing loans and borrowing balances as compared to 1QFY14.

Share of results of associate companies represents the Group's interest in the profit after taxation of the associate companies. The share of results of associate companies decreased by 20.4% (approximately \$0.2 million) mainly due to lower profits generated by Jiangsu Tysan Precision Engineering (Suzhou) Co., Ltd group of companies.

Statement of financial position

The Group's non-current assets increased slightly by 0.5% (approximately \$0.3 million) as compared to previous financial year ended 28 February 2014 (FY14) mainly contributed by increase in investments in associate companies as a result of share of profit after tax derived from associate companies during Q1FY15. During 1QFY15, the Company reclassified certain portion of the leasehold land and property from Property, plant and equipment to Investment property after the Company sublet part of the leasehold building.

The Group's current assets increased by 11.0% (approximately \$4.1 million) mainly due to increases in trade receivables and cash and bank balances. Trade receivables increased by 37.0% (approximately \$4.1 million) mainly due to higher sales generated in Q1FY15. The increases were partially offset by decreases in inventories and amount due from an associate company. Inventories decreased by 12.7% (approximately \$1.6 million) mainly attributable to higher sales generated towards the end of 1QFY15. The Company's inventories and trade receivables decreased substantially mainly due to the Company had completed its relocation of manufacturing activities to Malaysia in November 2013. Other receivables of the Company increased by 40.6% (approximately \$1.7 million) mainly due to increase in inter-companies receivables.

The Group's current liabilities increased by 25.2% (approximately \$3.1 million) as compared to FY14 mainly contributed by increase in other payables. Other payables increased by 59.6% (approximately \$2.2 million) mainly attributable to higher tooling deposits received from customers and accrued personnel expenses. The Company's trade payables decreased by 98.0% (approximately \$2.1 million) mainly due to decrease in purchases by the Company as a result of cessation of manufacturing activities in Singapore. During 1QFY15, the Company has obtained a short-term loan of \$1.3 million to finance working capital of subsidiary companies.

Consolidated statement of cash flow

During 1QFY15, the Group has net cash flows generated from operations of \$2.5 million as compared to \$2.7 million in 1QFY14. The net cash flows generated was mainly contributed by decrease in inventory and increase in other payables. This was partially offset by increases in trade and other receivables and prepayments.

In investing activities, the Group used \$1.7 million during 1QFY15 as compared to \$1.2 million used in 1QFY14. The net cash used was mainly for purchases of property, plant and equipment.

During 1QFY15, the Group generated \$0.4 million in financing activities as compared to \$2.7 million used in 1QFY14. The net cash generated was mainly contributed by proceeds from interest-bearing loans and borrowings. This was partially offset by repayment of interest-bearing loans and borrowings made during 1QFY15.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no variance from the previous financial results announcement for full financial year ended 28 February 2014.

10 A commentary at the date of the announcement of the significant trends or competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Both the HDD components and Precision Metal Stamping components segments are expected to do well.

Barring any unforeseen circumstances, the Board of Directors expects the Group's performance to improve in the financial year ending 28 February 2015.

11 Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the current financial period.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, statement to that effect.

The Group does not have a general mandate from its shareholders for interested person transactions.

Confirmation by the Board

On behalf of the Board of Directors, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of Cheung Woh Technologies Ltd for the first quarter ended 31 May 2014 set out above to be false or misleading in any material respects.

For and On behalf of the Board of Directors

Law Kung Ying
Director

Law Yu Chui
Director

11 July 2014