

Financial Statement Announcement for the First Quarter ended 31 March 2018

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

- 1(a) (i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated income statement for first quarter ended 31 March 2018. These figures have not been audited or reviewed.

(In Singapore dollars)	Jan - Mar 2018 \$'000	Jan - Mar 2017 \$'000	+ / (-) %
Revenue	168,974	171,781	(1.6)
Cost of sales	(147,565)	(145,930)	1.1
Gross profit	21,409	25,851	(17.2)
Other items of income			
Interest income	114	114	-
Other income	1,512	1,584	(4.5)
Other items of expense			
Marketing and distribution	(3,339)	(3,932)	(15.1)
Administrative expenses	(10,218)	(9,976)	2.4
Other expenses	(5,905)	(3,232)	82.7
Finance costs	(970)	(759)	27.8
Share of results of joint venture	354	178	98.9
Profit before tax	2,957	9,828	(69.9)
Income tax expense	(1,017)	(2,130)	(52.3)
Profit for the period	1,940	7,698	(74.8)
Profit attributable to:			
Owners of the Company	1,940	7,698	(74.8)

Consolidated statement of comprehensive income for first quarter ended 31 March 2018. These figures have not been audited or reviewed.

Profit net of tax	1,940	7,698	(74.8)
Other comprehensive income			
Foreign currency translation	6,302	(9,475)	n.m.
Share of foreign currency translation of joint venture	55	(230)	n.m.
Other comprehensive income for the period, net of tax	6,357	(9,705)	n.m.
Total comprehensive income for the period	8,297	(2,007)	n.m.
Attributable to:			
Owners of the Company	8,297	(2,007)	n.m.

- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the statement of income for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

Profit before tax is stated after (charging) / crediting:-

	Jan - Mar 2018 \$'000	Jan - Mar 2017 \$'000	+ / (-) %
Depreciation of property, plant and equipment	(7,472)	(7,106)	5.2
Property, plant and equipment written off	(9)	(140)	(93.6)
Gain on disposal of property, plant and equipment	36	387	(90.7)
Write back for inventories obsolescence/foreseeable losses	43	59	(27.1)
Write back for doubtful debts	5	12	(58.3)
Amortisation of intangible assets	(379)	(389)	(2.6)
Reversal of provision for onerous contract	81	83	(2.4)
Foreign exchange loss	(5,205)	(2,123)	n.m.

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

(In Singapore dollars)

	Group			Company		
As at	31.03.2018 \$'000	31.12.2017 \$'000	+ / (-) %	31.03.2018 \$'000	31.12.2017 \$'000	+ / (-) %
<u>Non-current assets</u>						
Property, plant and equipment	201,374	193,865	3.9	10,022	10,038	(0.2)
Intangible assets	15,150	15,583	(2.8)	-	-	n.m.
Other investments	1,428	1,428	-	-	-	n.m.
Investment in subsidiaries	-	-	n.m.	341,048	338,254	0.8
Investment in joint venture	6,084	6,077	0.1	-	-	n.m.
Prepayments	260	260	-	260	260	-
Other receivables	-	-	n.m.	27,225	30,661	(11.2)
Deferred tax assets	2,564	2,471	3.8	-	-	n.m.
	226,860	219,684	3.3	378,555	379,213	(0.2)
<u>Current assets</u>						
Inventories	142,821	141,009	1.3	5,489	4,483	22.4
Prepayments	5,461	5,476	(0.3)	666	664	0.3
Trade and other receivables	196,515	212,381	(7.5)	44,620	46,899	(4.9)
Cash and short term deposits	105,448	105,281	0.2	4,090	7,654	(46.6)
	450,245	464,147	(3.0)	54,865	59,700	(8.1)
<u>Less: Current liabilities</u>						
Trade and other payables	183,417	201,225	(8.8)	61,299	62,091	(1.3)
Loans and borrowings	61,830	60,819	1.7	28,059	30,197	(7.1)
Tax payable	2,883	3,064	(5.9)	-	-	n.m.
	248,130	265,108	(6.4)	89,358	92,288	(3.2)
Net current assets / (liabilities)	202,115	199,039	1.5	(34,493)	(32,588)	5.8
<u>Less: Non-current liabilities</u>						
Other liabilities	2,080	2,164	(3.9)	-	-	n.m.
Loans and borrowings	44,726	42,861	4.4	23,527	26,787	(12.2)
Deferred tax liabilities	7,449	7,574	(1.7)	-	-	n.m.
	54,255	52,599	3.1	23,527	26,787	(12.2)
Net assets	374,720	366,124	2.3	320,535	319,838	0.2
<u>Equity attributable to owners of the Company</u>						
Share capital	301,015	301,015	-	301,015	301,015	-
Reserves	73,705	65,109	13.2	19,520	18,823	3.7
Total equity	374,720	366,124	2.3	320,535	319,838	0.2

1(b)(ii)

Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31.03.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,669	60,161	1,641	59,178

Amount repayable after one year

As at 31.03.2018		As at 31.12.2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	44,726	-	42,861

Details of any collateral

Collateral for secured borrowings is as follows:

- (a) Sunningdale Innovative Technology (Tianjin) Co Ltd's loan of \$1.7 million (31.12.2017: \$1.6 million) is secured by cash and bank balances of the same amount of other subsidiary companies.
- (b) The finance lease of \$0.003 million (31.12.2017: \$0.004 million) recorded by SIA Skan Tooling is secured by certain fixed assets of the said subsidiary.

1(c)

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

Consolidated statement of cash flows for first quarter ended 31 March 2018

(In Singapore dollars)

	Jan - Mar 2018 \$'000	Jan - Mar 2017 \$'000
Cash flows from operating activities:		
Profit before tax	2,957	9,828
Adjustments for:		
Depreciation of property, plant and equipment	7,472	7,106
Property, plant and equipment written off	9	140
Gain on disposal of property, plant and equipment	(36)	(387)
Write back for inventories obsolescence/foreseeable losses	(43)	(59)
Write back for doubtful debts	(5)	(12)
Amortisation of intangible assets	379	389
Reversal of provision for onerous contract	(81)	(83)
Share of results of joint venture	(354)	(178)
Provision for retrenchment costs	-	113
Grant of equity-settled share awards to employees	299	269
Interest expense	970	759
Interest income	(114)	(114)
Currency realignment	3,931	(2,556)
Operating cashflows before changes in working capital	15,384	15,215
Increase in inventories	(1,769)	(6,397)
Decrease in prepayments	15	630
Decrease in trade and other receivables	15,872	11,644
Decrease in trade and other payables	(20,236)	(9,839)
Retrenchment costs	(150)	(577)
Cash flows from operations	9,116	10,676
Interest paid	(970)	(759)
Interest received	114	114
Income tax paid	(1,360)	(2,957)
Net cash flows from operating activities	6,900	7,074
Cash flows from investing activities:		
Purchase of property, plant and equipment	(10,653)	(9,904)
Net proceeds from disposal of property, plant and equipment	99	2,702
Net proceeds from disposal of other investment	-	1
Purchase of other investments	-	(280)
Net cash flows used in investing activities	(10,554)	(7,481)
Cash flows from financing activities:		
Proceeds from loans and borrowings	9,114	5,436
Repayment of loans and borrowings	(6,102)	(5,077)
Net cash flows from financing activities	3,012	359
Net decrease in cash and cash equivalents	(642)	(48)
Cash and cash equivalents at beginning of period	102,951	113,024
Effects of exchange rate changes on cash and cash equivalent	986	(3,029)
Cash and cash equivalents at end of period	103,295	109,947

Note:

	31.03.2018	31.12.2017	31.03.2017	31.12.2016
Cash and cash at bank	105,448	105,281	112,632	115,255
Less: Bank overdraft	(487)	(693)	(1,063)	(562)
Less: Bank balances pledged	(1,666)	(1,637)	(1,622)	(1,669)
Cash and cash equivalents	103,295	102,951	109,947	113,024

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

Statement of Changes in Equity for first quarter ended 31 March 2018

(In Singapore dollars)

Group

	Attributable to owners of the Company				Total \$'000
	Share Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Other Reserve \$'000	
Balance at 01.01.2017 - As previously reported	300,146	61,927	(23,488)	12,732	351,317
Adjustment from adoption of SFRS(I)	-	(23,488)	23,488	-	-
Balance at 01.01.2017 - As restated	300,146	38,439	-	12,732	351,317
Profit for the period	-	7,698	-	-	7,698
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(9,431)	(274)	(9,705)
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	269	269
Transfer to statutory reserve	-	(138)	-	138	-
Balance at 31.03.2017 - As restated	300,146	45,999	(9,431)	12,865	349,579
Balance at 01.01.2018 - As restated	301,015	52,661	(1,632)	14,080	366,124
Profit for the period	-	1,940	-	-	1,940
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	6,034	323	6,357
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	299	299
Balance at 31.03.2018	301,015	54,601	4,402	14,702	374,720

(In Singapore dollars)

Company

	Attributable to owners of the Company			Total \$'000
	Share Capital \$'000	Retained Earnings \$'000	Other Reserve \$'000	
Balance at 01.01.2017	300,146	(4,651)	1,062	296,557
Profit for the period	-	4,354	-	4,354
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	269	269
Balance at 31.03.2017	300,146	(297)	1,331	301,180
Balance at 01.01.2018	301,015	17,522	1,301	319,838
Profit for the period	-	398	-	398
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	299	299
Balance at 31.03.2018	301,015	17,920	1,600	320,535

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 or 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 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

Issued and fully paid	Ordinary Share
Balance as at 31.12.2017	189,205,336
Balance as at 31.03.2018	189,205,336

As at 31.03.2018, the share capital of the Company comprised 189,205,336 ordinary shares.

The number of shares that may be issued on conversion of share awards as at 31.03.2018 was 3,501,500 (31.12.2017: 3,501,500) shares.

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.

The Company does not have treasury shares as at 31.03.2018 (31.12.2017 : nil)

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 was no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31.03.2018

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures are not audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31.12.2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which are effective for annual financial periods beginning on or after 01.01.2018.

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

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 01.01.2017, and accordingly, has reclassified an amount of \$23,488,000 of foreign currency translation reserve to the opening retained earnings as at 01.01.2017.

Other than the effect of the matter as described above, the adoption of the new and revised standards did not have any material effect on the financial performance or position of the Group.

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

	Group	
	1st Qtr 2018	1st Qtr 2017
Earnings per ordinary share (EPS) for the period based on net profit attributable to		
(a) on weighted average number of ordinary shares (cents)	1.03	4.09
(b) on a fully diluted basis (cents)	1.01	4.01

Earnings per ordinary share is calculated on the Group profit for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary share of 189,205,336 (1Q2017: 188,055,336) for first quarter ended 31.03.2018.

Earnings per ordinary share (diluted basis) is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the period under review and adjusted to include all potential dilutive ordinary shares up to 31.03.2018. The adjusted weighted average number of ordinary shares is 192,706,836 (1Q2017: 192,012,836) for first quarter ended 31.03.2018.

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

	Group		Company	
	At 31.03.2018	At 31.03.2017	At 31.03.2018	At 31.03.2017
Net asset value per ordinary share				
Net asset value per ordinary share based on existing issued share capital as at the end of period (\$)	1.98	1.86	1.69	1.60

	Group		Company	
	At 31.03.2018	At 31.03.2017	At 31.03.2018	At 31.03.2017
Net tangible asset value per ordinary share				
Net tangible asset value per ordinary share based on existing issued share capital as at the end of period (\$)	1.90	1.77	1.69	1.60

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

CONSOLIDATED INCOME STATEMENT

January – March 2018 (“1Q18”)

The Group's revenue decreased 1.6% year-on-year (“yoy”) from \$171.8 million for 1Q17 to \$169.0 million for 1Q18. Overall revenue was impacted by the weakening of the US Dollar against the Chinese Renminbi, Malaysian Ringgit and Singapore Dollar, partially offset by the strengthening of the Euro against these currencies.

The Group reported an increase in revenue from all business segments except for the Consumer/IT segment. The decrease in revenue from the Consumer/IT segment was due to a decline in demand from end customers for certain projects, project end-of-life and new projects which have yet to commence the ramp up phase. The decline in the Consumer/IT segment was also due to the advancing of orders in this segment during FY17 which resulted in higher than expected revenue for 1Q17.

	Jan - Mar 2018 \$'000	Jan - Mar 2017 \$'000	Inc/(Dec) %
Automotive	69,303	67,336	2.9
Consumer/IT	57,843	65,894	(12.2)
Healthcare	14,116	13,693	3.1
Mould Fabrication	27,712	24,858	11.5
	<u>168,974</u>	<u>171,781</u>	<u>(1.6)</u>

Gross profit decreased 17.2% yoy from \$25.9 million for 1Q17 to \$21.4 million for 1Q18. Correspondingly, the Group's gross profit margin declined from 15.0% for 1Q17 to 12.7% for 1Q18. This was mainly due to the low utilisation levels as a result of lower orders for the Consumer/IT segment.

If the exchange rate of the US Dollar and the Euro remained at the 1Q17 rates, another \$4.5 million would have been added to the Group's revenue for 1Q18. Conversely, direct material costs would have been \$1.7 million higher. The net impact to gross profit was \$2.8 million for 1Q18 while gross profit margin would have declined marginally to 14.0% for 1Q18.

The decrease in marketing and distribution expenses from \$3.9 million for 1Q17 to \$3.3 million for 1Q18 was due to lower staff costs and related professional fees.

The increase in other expenses was due to the increase in foreign exchange loss from \$2.1 million for 1Q17 to \$5.2 million for 1Q18. This was the result of the depreciation of the US Dollar against the Chinese Renminbi, Malaysian Ringgit and Singapore Dollar ranging between seven to ten percent over the period.

The increase in finance costs was due to the loan for the Group's Chuzhou factory which was drawn down in June 2017.

The Group achieved a net profit of \$1.9 million for 1Q18 compared to \$7.7 million for 1Q17. Excluding foreign exchange loss, retrenchment costs and gains from the disposal of plant, property and equipment (“PPE”), net profit would have been \$7.1 million for 1Q18 and \$9.5 million for 1Q17, representing a 25.5% yoy decline.

	Jan - Mar 2018 \$'000	Jan - Mar 2017 \$'000	Inc/(Dec) %
Profit for the period reported	1,940	7,698	(74.8)
Adjustments:			
Foreign exchange loss	5,205	2,123	n.m.
Retrenchment costs	-	113	n.m.
Gain on disposal of PPE	(36)	(387)	n.m.
	<u>7,109</u>	<u>9,547</u>	<u>(25.5)</u>

CONSOLIDATED BALANCE SHEET

The Group's PPE amounted to \$201.4 million as at 31 March 2018, compared to \$193.9 million as at 31 December 2017. PPE was stated net of depreciation charges of \$7.5 million (1Q17: \$7.1 million), partially offset by currency re-alignment and the addition of \$13.2 million (1Q17: \$9.2 million) in PPE.

The decrease in trade and other receivables was in line with the decrease in revenue. The decrease in trade and other payables was in line with the decrease in revenue and the payments for capital expenditure.

The Group maintained a cash balance of \$105.4 million as at 31 March 2018 (31 December 2017: \$105.3 million). This resulted in a net debt position of \$1.1 million (31 December 2017: net cash \$1.6 million) after accounting for loans and borrowings amounting to \$106.5 million (31 December 2017: \$103.7 million).

CONSOLIDATED CASHFLOW STATEMENT

January – March 2018 (“1Q18”)

Net cash from operating activities amounted to \$6.9 million for 1Q18, compared to \$7.1 million for 1Q17. Net cash used in investing activities amounted to \$10.6 million for 1Q18 compared to \$7.5 million for 1Q17 due to payments for PPE and higher net proceeds for the disposal of property, plant and equipment in 1Q17.

Net cash generated from financing activities was \$3.0 million for 1Q18, compared to \$0.4 million, mainly due to additional loans obtained to finance the construction of the Group's new factory in Penang.

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

Not Applicable.

10 A commentary at the date of the announcement of the significant trends and 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

The Group continues to face business headwinds in the form of volatile foreign exchange markets and rising labour costs across our operations which span across 20 manufacturing sites in nine different countries.

Despite the challenges, the Group's efforts are focused on boosting productivity and enhancing operational efficiency in order to improve profit margins. Furthermore, the Group continues to sharpen its competitive edge by reinvesting into technology and new machinery to stay ahead of the curve in an ever changing business environment.

Business development initiatives continue to gain traction as the Group has received business queries from both new and existing customers who are confident in the Group's ability to handle challenging projects on a global scale. As such, the Group's order backlog across the Automotive, Healthcare, Consumer/IT and Mould Fabrication segments remains stable. The Group will continue its strategy to further diversify its customer base and product mix in order to ensure the long-term sustainability of its operations.

Construction of the Group's latest manufacturing site in Penang, Malaysia has been completed and is in the midst of doing pilot runs for mass production in the Consumer/IT segment that is scheduled for ramp up in the second half of 2018. This new 15,000 square meter facility is strategically located in close proximity to key customers. The Group will progressively add capacity to this facility with new contract wins from both new and existing customers.

Heading into the remainder of the year, the Group is vigilant of the continued headwinds such as foreign exchange volatility and an increasingly competitive business landscape. However, the Group remains confident in its resilient business model as the long-term sustainability and profitability of operations remain on track.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?	No
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(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?	No
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(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

Not Applicable

- 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, a statement to that effect.

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	1Q2018 \$'000	1Q2018 \$'000
AIA Singapore Pte Ltd		
Insurance Premium	195	-
Agilent Technologies Singapore (International) Pte Ltd		
Sales of parts	3	-
Innovalues Precision Sdn Bhd		
Sales of parts	2	-
Total	<u>200</u>	<u>-</u>

BY ORDER OF THE BOARD

KHOO BOO HOR

Executive Director &
Chief Executive Officer

23 April 2018

14 CONFIRMATION BY THE BOARD

We, KOH BOON HWEE and KHOO BOO HOR, being two directors of Sunningdale Tech Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the first quarter 2018 to be false or misleading.

On behalf of the board of directors

KOH BOON HWEE
Non-Executive Chairman

KHOO BOO HOR
Executive Director &
Chief Executive Officer

15 Issuer to confirm that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1)

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1).