



Financial Statements And Dividend Announcement
For First Quarter Financial Period Ended 31 May 2015

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 2015.

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		
		31.5.2015	31.5.2014	
		S\$'000	S\$'000	
Turnover		21,227	19,112	11.1
Cost of sales		(16,606)	(16,468)	0.8
Gross profit		4,621	2,644	74.8
Other operating income	a	1,600	1,360	17.6
Distribution and selling expenses		(832)	(654)	27.2
General and administrative expenses		(2,095)	(1,823)	14.9
Finance costs		(62)	(30)	106.7
Share of results of associate companies		365	786	(53.6)
Profit before taxation	b	3,597	2,283	57.6
Income tax expense		(441)	(36)	n.m.
Profit for the financial period		3,156	2,247	40.5
Other comprehensive income:				
Foreign currency translation loss		(1,112)	(857)	
Total comprehensive income for the financial period		2,044	1,390	
Profit attributable to:				
Equity owners of the Company		3,159	2,260	
Non-controlling interests		(3)	(13)	
		3,156	2,247	
Total comprehensive income attributable to:				
Equity owners of the Company		2,047	1,412	
Non-controlling interests		(3)	(22)	
		2,044	1,390	
Earnings per share (cents)				
Basic and diluted		1.05	0.75	

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	
		31.5.2015	31.5.2014
<u>Notes</u>		S\$'000	S\$'000
a	The Group's other operating income included the following:		
	Sales of scrap metal	1,174	775
	Foreign exchange gain	169	440
	Rental income	150	110
	Sundry income	78	30
	Interest income	15	5
	Income from insurance claim	14	-
b	The Group's profit before taxation is arrived at after charging/(crediting):		
	Amortisation and depreciation	2,054	1,835
	Loss on disposal of property, plant and equipment	205	-
	Interest expense on interest-bearing loans and borrowings	62	30
	Allowance for/(Write-back of) inventories obsolescence	20	(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	
	31.5.2015	28.2.2015	31.5.2015	28.2.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	60,402	55,131	1,755	1,741
Investment properties	2,705	2,722	2,705	2,722
Intangible assets	73	74	63	64
Investments in subsidiary companies	-	-	42,920	42,924
Investments in associate companies	16,857	16,491	15,662	15,662
Investment in a quoted equity	1	1	-	-
Deferred tax assets	258	266	-	-
	<u>80,296</u>	<u>74,685</u>	<u>63,105</u>	<u>63,113</u>
Current assets				
Inventories	15,272	13,357	-	-
Trade receivables	17,456	20,412	21	-
Amount due from an associate company	-	2	-	-
Other receivables	2,776	2,401	6,787	2,520
Other current assets	6,903	5,287	83	62
Cash and bank balances	14,438	16,545	6,150	7,623
	<u>56,845</u>	<u>58,004</u>	<u>13,041</u>	<u>10,205</u>
Total assets	<u>137,141</u>	<u>132,689</u>	<u>76,146</u>	<u>73,318</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	8,506	8,236	207	-
Other payables	8,379	7,915	666	820
Amount due to an associate company	245	283	-	-
Interest-bearing loans and borrowings	6,775	4,632	5,364	2,727
Income tax payable	280	334	-	-
	<u>24,185</u>	<u>21,400</u>	<u>6,237</u>	<u>3,547</u>
Net current assets	<u>32,660</u>	<u>36,604</u>	<u>6,804</u>	<u>6,658</u>
Non-current liability				
Interest-bearing loans and borrowings	1,478	1,834	-	-
Deferred tax liabilities	2,640	2,661	-	-
	<u>4,118</u>	<u>4,495</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>28,303</u>	<u>25,895</u>	<u>6,237</u>	<u>3,547</u>
Net assets	<u>108,838</u>	<u>106,794</u>	<u>69,909</u>	<u>69,771</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	61,037	57,878	21,632	21,494
Statutory reserve	1,123	1,123	-	-
Foreign currency translation reserve	(1,600)	(488)	-	-
	<u>108,837</u>	<u>106,790</u>	<u>69,909</u>	<u>69,771</u>
Non-controlling interests	<u>1</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total equity	<u>108,838</u>	<u>106,794</u>	<u>69,909</u>	<u>69,771</u>
Total equity and liabilities	<u>137,141</u>	<u>132,689</u>	<u>76,146</u>	<u>73,318</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 31.05.2015		As at 28.02.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,775	-	4,632	-

B) Amount repayable after one year

As at 31.05.2015		As at 28.02.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,478	-	1,834	-

C) Details of any collateral

- i) Certain bank borrowings of the Group and the Company are secured; 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	
	31.5.2015	31.5.2014
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	3,597	2,283
Adjustments for:		
Amortisation and depreciation	2,054	1,835
Allowance for impairment on trade receivables	-	57
Loss on disposal of property, plant and equipment	205	-
Unrealised exchange gain	(402)	(29)
Interest expense	62	30
Allowance for/(write-back of) inventories obsolescence	20	(2)
Share of results of associate companies	(365)	(786)
Interest income	(15)	(5)
Operating cash flows before changes in working capital	5,156	3,383
(Increase)/decrease in:		
Inventories	(1,936)	1,602
Trade receivables	3,339	(4,155)
Amount due from an associate company	2	320
Other receivables and prepayments	(797)	(772)
(Decrease)/increase in:		
Trade payables	251	347
Other payables	464	2,208
Amount due to an associate company	(38)	110
Exchange differences arising from consolidation	(518)	(516)
Cash flow generated from operations	5,923	2,527
Interest received	15	5
Interest paid	(62)	(30)
Income tax paid	(438)	(15)
Net cash flow generated from operating activities	5,438	2,487

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	
	31.5.2015	31.5.2014
	S\$'000	S\$'000
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,890)	(1,684)
Proceeds from disposal of property, plant and equipment	34	-
Increase in advance payment to suppliers of property, plant and equipment	(4,469)	-
Net cash flow used in investing activities	<u>(9,325)</u>	<u>(1,684)</u>
Cash flow from financing activities		
Proceeds from interest-bearing loans and borrowings	2,750	1,269
Repayment of interest-bearing loans and borrowings	(790)	(830)
Increase in cash and cash equivalents subject to restrictions	(5)	-
Net cash flow generated from financing activities	<u>1,955</u>	<u>439</u>
Net (decrease)/increase in cash and cash equivalents	(1,932)	1,242
Cash and cash equivalents at beginning of financial period	16,400	10,720
Effect of exchange rate changes on cash and cash equivalents	(176)	(110)
Cash and cash equivalents at end of financial period	<u><u>14,292</u></u>	<u><u>11,852</u></u>

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

	GROUP	
	31.5.2015	31.5.2014
	S\$'000	S\$'000
Cash and bank balances	14,292	11,852
Fixed deposits	146	153
	<u>14,438</u>	<u>12,005</u>
Less:		
Cash and cash equivalents subject to restriction *	(146)	(153)
Cash and cash equivalents at end of financial period	<u><u>14,292</u></u>	<u><u>11,852</u></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 28.02.2015	50,200	(1,923)	57,878	1,123	(488)	635	106,790	4	106,794
Total comprehensive income for the financial period	-	-	3,159	-	(1,112)	(1,112)	2,047	(3)	2,044
Balance as at 31.05.2015	50,200	(1,923)	61,037	1,123	(1,600)	(477)	108,837	1	108,838
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

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 28.02.2015	50,200	(1,923)	21,494	69,771
Total comprehensive income for the financial period	-	-	138	138
Balance as at 31.05.2015	50,200	(1,923)	21,632	69,909
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

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 2015 and 31 May 2015	313,085	50,200

There was no change in the Company's share capital from 28 February 2015 to 31 May 2015.

As at 31 May 2015, the Company held 10,873,000 of its issued shares as Treasury Shares (31 May 2014: 10,873,000).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (31 May 2014: 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.

	31.05.2015	28.02.2015
	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 2015 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 March 2015.

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 standards and interpretations highlighted in paragraph 4 above did not have any effect on the financial performance or position of the Group presented in this announcement.

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

	31.5.2015	31.5.2014
Profit attributable to shareholders (\$'000)	3,159	2,260
Weighted average number of shares used to compute basic and diluted earnings per share ('000)	302,212	302,212
Earnings per share (cents) - basic and diluted	1.05	0.75

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	
	31.5.2015	28.2.2015	31.5.2015	28.2.2015
Net asset value per ordinary share based on share capital at the end of the period (cents)	36.01	35.34	23.13	23.09

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.2.2015: 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 \$21.2 million for the first quarter ended 31 May 2015 (1QFY16), an increase of 11.1% as compared to \$19.1 million in the corresponding financial period in FY2015 (1QFY15). Revenue in HDD components and Precision Metal Stamping components segments increased by 12.4% and 9.5% respectively as compared to 1QFY15. The increase was mainly attributable to higher demand from customers.

The Group's cost of sales (COS) increased slightly as compared to 1QFY15. The gross profit margin improved quarter-to-quarter as a result of lower fixed cost per unit due to higher volume of production in HDD components segment.

Other operating income increased by 17.6% (approximately \$ 0.2 million) as compared to 1QFY15 mainly due to increases in sales of scrap metal and rental income recorded in 1QFY15. The increase was partially offset by lower foreign exchange gain recorded in 1QFY15.

Consolidated statement of comprehensive income (cont'd)

Distribution and selling expenses increased by 27.2% (approximately \$0.2 million) as compared to 1QFY15 mainly due to an increase in sales activities during 1QFY16. General and administrative expenses increased by 14.9% (approximately \$0.3 million) as compared to 1QFY15 mainly due to loss on disposal of old machineries of \$0.2 million incurred in 1QFY16.

Finance cost increased by approximately \$32,000 in 1QFY16 mainly due to higher interest-bearing loans and borrowing balances as compared to 1QFY15.

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 53.6% (approximately \$0.4 million) mainly due to lower profits generated by Jiangsu Tysan Precision Engineering (Suzhou) Co., Ltd group of companies (TP Group). The decrease in profits generated by TP Group was mainly due to higher social security contribution incurred in 1QFY16 as compared to 1QFY15.

Statement of financial position

The Group's non-current assets increased by 7.5% (approximately \$5.6 million) as compared to previous financial year ended 28 February 2015 (FY15) mainly contributed by increase in property, plant and equipment and investments in associate companies. Property, plant and equipment increased by 9.6% (approximately \$5.3 million) mainly due to reclassification of advance payment to suppliers of property, plant and equipment from other current assets to property, plant and equipment upon completion of transfer of land title to a subsidiary of the Company. The increase in investments in associate companies was due to share of profit after tax derived from associate companies during 1QFY16.

The Group's current assets decreased by 2.0% (approximately \$1.2 million) mainly due to decreases in trade receivables and cash and bank balances. Trade receivables decreased by 14.5% (approximately \$3.0 million) mainly due to lower sales generated in 1QFY16 as compared to fourth quarter in FY15. The decreases were partially offset by increases in inventories and other current assets. Inventories increased by 14.3% (approximately \$1.9 million) as compared to FY15 mainly due to lower sales generated in 1QFY16. Other current assets increased by 30.6% (approximately \$1.6 million) mainly due to additional advanced payment made for purchase of factory by subsidiary in Malaysia and machineries by subsidiaries in China. Other receivables of the Company increased substantially (approximately \$4.3 million) mainly due to increase in inter-companies receivables.

The Group's current liabilities increased by 13.0% (approximately \$2.8 million) as compared to FY15 mainly contributed by increases in trade payables, other payables and interest-bearing loans and borrowings. Trade payables increased by 3.3% (approximately \$0.3 million) mainly due to higher purchases incurred in 1QFY16. Other payables increased by 5.9% (approximately \$0.5 million) mainly attributable to higher accrued personnel expenses. During 1QFY16, the Company has obtained a short-term loan of approximately \$2.7 million to finance purchase of plant and machineries and factory in subsidiary companies while waiting for the completion of legal documents of a term loan.

Consolidated statement of cash flow

During 1QFY16, the Group has net cash flows generated from operations of \$5.4 million as compared to \$2.5 million in 1QFY15. The net cash flows generated was mainly contributed by decrease in trade receivables and increase in other payables. This was partially offset by increases in inventories and other receivables and prepayments.

Consolidated statement of cash flow (cont'd)

In investing activities, the Group used \$9.3 million during 1QFY16 as compared to \$1.7 million used in 1QFY15. The net cash used was mainly for purchases of property, plant and equipment and increase in advanced payment to suppliers of property, plant and equipment.

During 1QFY16, the Group generated \$2.0 million in financing activities as compared to \$0.4 million generated in 1QFY15. 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 1QFY16.

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 2015.

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. However, the Group views that the unclear global financial conditions and volatility in foreign exchange may pose some uncertainties and challenges to our business.

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 2015 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

10 July 2015