



Financial Statements And Related Announcement
For Second Quarter Financial Period Ended 31 August 2016

CHEUNG WOH TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

Second Quarter Financial Statements And Related 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 period ended 31 August 2016.

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

		GROUP		Increase/ (decrease)	GROUP		Increase/ (decrease)
	Notes	2QFY17 S\$'000	2QFY16 S\$'000	%	1HFY17 S\$'000	1HFY16 S\$'000	%
Turnover		21,666	21,745	(0.4)	42,671	42,972	(0.7)
Cost of sales		(17,731)	(16,708)	6.1	(34,958)	(33,314)	4.9
Gross profit		<u>3,935</u>	<u>5,037</u>	(21.9)	<u>7,713</u>	<u>9,658</u>	(20.1)
Other operating income	a	1,191	901	32.2	2,710	2,332	16.2
Distribution and selling expenses		(756)	(706)	7.1	(1,513)	(1,538)	(1.6)
General and administrative expenses		(2,458)	(2,527)	(2.7)	(4,412)	(4,453)	(0.9)
Finance costs		(119)	(54)	120.4	(206)	(116)	77.6
Share of results of associate companies		296	17	n.m.	1,152	382	201.6
Profit before taxation	b	<u>2,089</u>	<u>2,668</u>	(21.7)	<u>5,444</u>	<u>6,265</u>	(13.1)
Income tax (expense)/credit		(179)	215	n.m.	(349)	(226)	54.4
Profit for the financial period		<u>1,910</u>	<u>2,883</u>	(33.7)	<u>5,095</u>	<u>6,039</u>	(15.6)
Other comprehensive income:							
Foreign currency translation (loss)/gain		<u>(1,878)</u>	<u>1,213</u>		<u>(3,802)</u>	<u>101</u>	
Total comprehensive income for the financial period		<u>32</u>	<u>4,096</u>		<u>1,293</u>	<u>6,140</u>	
Profit attributable to:							
Equity owners of the Company		1,910	2,883		5,095	6,042	
Non-controlling interests		-	-		-	(3)	
		<u>1,910</u>	<u>2,883</u>		<u>5,095</u>	<u>6,039</u>	
Total comprehensive income attributable to:							
Equity owners of the Company		32	4,096		1,293	6,143	
Non-controlling interests		-	-		-	(3)	
		<u>32</u>	<u>4,096</u>		<u>1,293</u>	<u>6,140</u>	
Earnings per share (cents)							
Basic and diluted		0.63	0.95		1.69	2.00	

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)

<u>Notes</u>	GROUP		GROUP		
	2QFY17 S\$'000	2QFY16 S\$'000	1HFY17 S\$'000	1HFY16 S\$'000	
a	The Group's other operating income included the following:				
	Sales of scrap metal	766	694	1,576	1,868
	Rental income	152	150	304	300
	Write-back of doubtful debts	92	-	92	-
	Foreign exchange gain	76	-	515	-
	Sundry income	69	48	182	126
	Gain on disposal of property, plant and equipment	28	-	28	-
	Interest income	8	9	13	24
	Income from insurance claim	-	-	-	14
b	The Group's profit before taxation is arrived at after charging/(crediting):				
	Amortisation and depreciation	2,146	2,119	4,200	4,173
	Interest expense on interest-bearing loans and borrowings	119	54	206	116
	Allowance for inventories obsolescence	20	4	9	24
	Loss on disposal of property, plant and equipment	-	35	-	240
	Foreign exchange loss	-	319	-	150

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	
	31.8.2016	28.2.2016	31.8.2016	28.2.2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	71,936	62,609	1,671	1,703
Investment properties	2,624	2,657	2,624	2,657
Intangible assets	66	68	57	59
Investments in subsidiary companies	-	-	44,397	44,397
Investments in associate companies	17,840	16,687	15,662	15,662
Investment in a quoted equity	-	1	-	-
Deferred tax assets	421	419	162	162
	<u>92,887</u>	<u>82,441</u>	<u>64,573</u>	<u>64,640</u>
Current assets				
Inventories	12,448	12,002	-	-
Trade receivables	17,257	21,131	-	-
Amount due from an associate company	82	5	-	-
Other receivables	3,456	2,505	3,972	7,597
Other current assets	3,845	5,357	200	166
Cash and bank balances	12,367	14,631	609	4,815
	<u>49,455</u>	<u>55,631</u>	<u>4,781</u>	<u>12,578</u>
Total assets	<u>142,342</u>	<u>138,072</u>	<u>69,354</u>	<u>77,218</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,008	6,683	277	69
Other payables	6,800	6,668	592	2,728
Amount due to an associate company	464	414	-	-
Interest-bearing loans and borrowings	12,342	10,531	3,187	6,999
Income tax payable	230	8	-	-
	<u>26,844</u>	<u>24,304</u>	<u>4,056</u>	<u>9,796</u>
Net current assets	<u>22,611</u>	<u>31,327</u>	<u>725</u>	<u>2,782</u>
Non-current liability				
Interest-bearing loans and borrowings	3,336	632	-	-
Deferred tax liabilities	1,880	1,880	-	-
	<u>5,216</u>	<u>2,512</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,060</u>	<u>26,816</u>	<u>4,056</u>	<u>9,796</u>
Net assets	<u>110,282</u>	<u>111,256</u>	<u>65,298</u>	<u>67,422</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	66,339	63,511	17,021	19,145
Statutory reserve	1,161	1,170	-	-
Foreign currency translation reserve	(5,495)	(1,702)	-	-
Total equity	<u>110,282</u>	<u>111,256</u>	<u>65,298</u>	<u>67,422</u>
Total equity and liabilities	<u>142,342</u>	<u>138,072</u>	<u>69,354</u>	<u>77,218</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 31.08.2016		As at 28.02.2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
9,155	3,187	3,532	6,999

The amount of \$9,155,000 (28.02.2016: \$3,532,000) includes \$4,686,000 (28.02.2016: \$1,802,000) repayable after one year based on the scheduled repayment dates in the loan agreements. The amount is classified as repayable in one year or less, or on demand in compliance with accounting standard.

B) Amount repayable after one year

As at 31.08.2016		As at 28.02.2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,336	-	632	-

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 legal mortgage over the subsidiary companies' properties and corporate guarantee from the 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		GROUP	
	2QFY17 S\$'000	2QFY16 S\$'000	1HFY17 S\$'000	1HFY16 S\$'000
Cash flows from operating activities				
Profit before taxation	2,089	2,668	5,444	6,265
Adjustments for:				
Amortisation and depreciation	2,146	2,119	4,200	4,173
(Gain)/loss on disposal of property, plant and equipment	(28)	35	(28)	240
Unrealised exchange loss	67	533	146	131
Interest expense	119	54	206	116
Allowance for inventories obsolescence	20	4	9	24
Share of results of associate companies	(296)	(17)	(1,152)	(382)
Interest income	(8)	(9)	(13)	(24)
Operating cash flows before changes in working capital	4,109	5,387	8,812	10,543
(Increase)/decrease in:				
Inventories	(710)	(411)	(745)	(2,700)
Trade receivables	39	(684)	2,604	1,934
Amount due from an associate company	(81)	(5)	(79)	(3)
Other receivables and prepayments	(524)	3,576	(2,043)	2,071
(Decrease)/increase in:				
Trade payables	1,234	(1,910)	1,048	(1,163)
Other payables	(1,445)	(2,831)	353	(1,601)
Amount due to an associate company	(208)	(192)	47	(228)
Cash flow generated from operations #	2,414	2,930	9,997	8,853
Interest received	8	9	13	24
Interest paid	(119)	(54)	(206)	(116)
Income tax (paid)/refunded	(36)	15	(69)	(423)
Net cash flow generated from operating activities	2,267	2,900	9,735	8,338

The comparative figures have been reclassified to conform to the current period's presentation and to better reflect their classification in consolidated statement of cash flows.

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		GROUP	
	2QFY17 S\$'000	2QFY16 S\$'000	1HFY17 S\$'000	1HFY16 S\$'000
Cash flow from investing activities				
Purchase of property, plant and equipment	(5,836)	(3,636)	(14,318)	(8,526)
Proceeds from disposal of property, plant and equipment	475	22	482	56
Increase in advance payment to suppliers of property, plant and equipment	-	(2,304)	-	(6,773)
Proceeds from disposal of investment in a quoted equity	1	-	1	-
Net cash flow used in investing activities	(5,360)	(5,918)	(13,835)	(15,243)
Cash flow from financing activities				
Repayment of interest-bearing loans and borrowings	(3,396)	(417)	(9,063)	(1,208)
Increase in cash and cash equivalents subject to restrictions	-	-	-	(4)
Dividends paid on ordinary shares	(2,267)	(3,022)	(2,267)	(3,022)
Proceeds from interest-bearing loans and borrowings	9,408	-	13,529	2,750
Net cash flow generated from/(used in) financing activities	3,745	(3,439)	2,199	(1,484)
Net increase/(decrease) in cash and cash equivalents	652	(6,457)	(1,901)	(8,389)
Cash and cash equivalents at beginning of financial period	11,741	14,292	14,499	16,400
Effect of exchange rate changes on cash and cash equivalents	(159)	255	(364)	79
Cash and cash equivalents at end of financial period	12,234	8,090	12,234	8,090

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

	GROUP	
	31.08.2016 S\$'000	31.08.2015 S\$'000
Cash and bank balances	12,234	8,090
Fixed deposits	133	134
	12,367	8,224
Less:		
Cash and cash equivalents subject to restriction *	(133)	(134)
Cash and cash equivalents at end of financial period	12,234	8,090

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

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)

The following table summarises the reclassification made in the comparative figures.

	GROUP		GROUP	
	3 month ended		6 month ended	
	As	As	As	As
	announced	restated	announced	restated
	31.8.2015	31.8.2015	31.8.2015	31.8.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating cash flows before changes in working capital	5,387	5,387	10,543	10,543
(Increase)/decrease in:				
Inventories	(835)	(411)	(2,771)	(2,700)
Trade receivables	(1,695)	(684)	1,644	1,934
Amount due from an associate company	(5)	(5)	(3)	(3)
Other receivables and prepayments	3,117	3,576	2,320	2,071
Cash and cash equivalent subject to restrictions				
(Decrease)/increase in:				
Trade payables	(2,109)	(1,910)	(1,858)	(1,163)
Other payables	(1,509)	(2,831)	(1,045)	(1,601)
Amount due to an associate company	(195)	(192)	(233)	(228)
Exchange differences arising from consolidation	774	-	256	-
Cash flow generated from operations	2,930	2,930	8,853	8,853

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					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
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000				
GROUP									
Balance as at 28.02.2016	50,200	(1,923)	63,511	1,170	(1,702)	(532)	111,256	-	111,256
Total comprehensive income for the financial period	-	-	5,095	(9)	(3,793)	(3,802)	1,293	-	1,293
Dividends paid on ordinary shares	-	-	(2,267)	-	-	-	(2,267)	-	(2,267)
Balance as at 31.08.2016	50,200	(1,923)	66,339	1,161	(5,495)	(4,334)	110,282	-	110,282
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	-	-	6,042	-	101	101	6,143	(3)	6,140
Dividends paid on ordinary shares	-	-	(3,022)	-	-	-	(3,022)	-	(3,022)
Balance as at 31.08.2015	50,200	(1,923)	60,898	1,123	(387)	736	109,911	1	109,912

- 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 28.02.2016	50,200	(1,923)	19,145	67,422
Total comprehensive income for the financial period	-	-	143	143
Dividends paid on ordinary shares	-	-	(2,267)	(2,267)
Balance as at 31.08.2016	50,200	(1,923)	17,021	65,298
Balance as at 28.02.2015				
Balance as at 28.02.2015	50,200	(1,923)	21,494	69,771
Total comprehensive income for the financial period	-	-	327	327
Dividends paid on ordinary shares	-	-	(3,022)	(3,022)
Balance as at 31.08.2015	50,200	(1,923)	18,799	67,076

- 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 June 2016 and 31 August 2016	313,085	50,200

There was no change in the Company's share capital from 28 February 2016 to 31 August 2016.

As at 31 August 2016, the Company held 10,873,000 of its issued shares as Treasury Shares (31 August 2015: 10,873,000).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (31 August 2015: 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.

	31.08.2016	28.02.2016
	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 2016 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective for periods beginning on or after 1 January 2016/1 March 2016.

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

	GROUP			
	2QFY17	2QFY16	1HFY17	1HFY16
Profit attributable to shareholders (\$'000)	1,910	2,883	5,095	6,042
Weighted average number of shares used to compute				
basic and diluted earnings per share ('000)	302,212	302,212	302,212	302,212
Earnings per share (cents) - basic and diluted	0.63	0.95	1.69	2.00

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	
	31.8.2016	28.2.2016	31.8.2016	28.2.2016
Net asset value per ordinary share based on				
share capital at the end of the period (cents)	36.49	36.81	21.61	22.31

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.2.2016: 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 turnover of \$21.7 million for both second quarter ended 31 August 2016 (2QFY17) and 31 August 2015 (2QFY16). Revenue in HDD components segment increased by 1.2% quarter-on-quarter. The increase was mainly attributable to increase in customers' demands. On the other hand, revenue in Precision Metal Stamping (PMS) components segment decreased by 8.9% quarter-on-quarter. The decline was mainly due to decrease in demand from Eurozone customers. Sales denominated in Ringgit Malaysia (RM) have increased but were partially offset by the depreciation of RM against SGD.

The Group's cost of sales (COS) increased by 6.1% as compared to 2QFY16. The increase in COS was mainly attributed to increase in materials and labour costs in HDD components segment. Material costs have increased due to higher material usage incurred in the initial stage of producing Baseplates. The increase in labour costs was contributed by three factors. The first is higher overtime charges and subcontract cost incurred as a result of shortage of workers in subsidiary in Johor. Second is the annual increment given to employees and third an increase in minimum wages in Malaysia (from RM900 to RM1,000). As a result of all the above, the gross profit margin declined quarter-on-quarter.

Consolidated statement of comprehensive income (cont'd)

Other operating income increased by \$290K as compared to 2QFY16. The increase was mainly due to increase in sales of scrap metal (\$72K) and write-back of doubtful debts (\$92K), foreign exchange gain (\$76K) and gain on disposal of property, plant and equipment (\$28K) recorded in 2QFY17.

Distribution and selling expenses increased by \$50K as compared to 2QFY16 partly due to air shipment costs incurred in 2QFY17.

General and administrative expenses were lower by \$69K as compared to 2QFY16 mainly attributed to a loss on disposal of property, plant and equipment of \$35K and foreign exchange loss of \$319K incurred in 2QFY16. This was partially offset by increase in staff costs of \$199K, legal and professional fees of \$108K and export tariff of \$92K incurred in 2QFY17.

Finance costs increased by \$65K as compared to 2QFY16 mainly due to increase in interest-bearing loans and borrowings.

Share of results of associate companies represents the Group's interest in the profit after taxation of Jiangsu Tysan Precision Engineering Co., Ltd. group of companies ("TP Group"). During 2QFY17, TP Group has recorded higher revenue. Both gross profit and net profit margins have improved. As a result, the share of results of associate companies increased by \$279K.

Statement of financial position

The Group's non-current assets increased by 12.7% (\$10.4 million) as compared to previous financial year ended 28 February 2016 (FY16). This was mainly contributed by increases in property, plant and equipment and investments in associate companies. Higher property, plant and equipment as at 2QFY17 was attributed to purchases of plant and machineries, primarily for HDD components segment. Investment in associate companies increased by approximately \$1.2 million attributed to share of profit after taxation derived from TP Group during 1HFY17.

The Group's current assets decreased by 11.1% (\$6.2 million) as compared to FY16 mainly due to decreases in trade receivables, other current assets and cash and bank balances. Trade receivables decreased by \$3.9 million mainly due to lower sales recorded in 2QFY17 as compared to fourth quarter in FY16 (4QFY16). Other current assets decreased by \$1.5 million mainly due to lower balance of advance payments made for the acquisitions of plant and machineries. The lower balance was caused by the reclassification to property, plant and equipment upon full payments. The decreases were partially offset by increases in inventories and other receivables. Inventories increased by \$446K as compared to FY16 partly due to building up of inventories. Other receivables increased by \$1.0 million mainly attributed to higher value-added-tax recoverable in subsidiaries in China. At the Company level, other receivables decreased by \$3.6 million mainly due to decrease in inter-companies receivables.

The Group's current liabilities increased by 10.5% (\$2.5 million) as compared to FY16 mainly due to increases in trade payables and interest-bearing loans and borrowings. Trade payables increased by \$325K mainly due to higher purchases in 2QFY17 as compared to 4QFY16. Interest-bearing loans and borrowings increased by \$1.8 million mainly due to additional financing obtained during 1HFY17 for the acquisition of plant and machineries. At the Company level, other payables and interest-bearing loans and borrowings decreased by \$2.1 million and \$3.8 million respectively mainly due to decrease in inter-companies payables and repayments made for the interest-bearing loans and borrowings.

The Group's non-current liabilities increased by 107.6% (\$2.7 million) was due to additional financing obtained during 1HFY17 for the acquisition of plant and machineries.

Consolidated statement of cash flows

During 2QFY17, the Group has net cash flow generated from operating activities of \$2.3 million as compared to \$2.9 million in 2QFY16. The net cash flows generated from operating activities in 2QFY17 was mainly contributed by operating cash flows before changes in working capital and increase in trade payables. It was partially offset by increases in inventories, other receivables and prepayments and decrease in other payables.

In investing activities, the Group used \$5.4 million during 2QFY17 as compared to \$5.9 million used in 2QFY16. The net cash used was mainly for purchases of property, plant and equipment.

During 2QFY17, the Group has net cash flow generated from financing activities of \$3.7 million in contrast with \$3.4 million net cash flow used in 2QFY16. The net cash flow generated in 2QFY17 was contributed by proceeds from interest-bearing loans and borrowings after offsetting the repayment of interest-bearing loans and borrowings and dividends paid on ordinary shares.

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 the first quarter period ended 31 May 2016.

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

Turnover in HDD components segment is expected to be affected during the transitional period of phasing in the manufacture of Baseplates. PMS components segment is expected to do well. However, the Group views that the unclear global financial conditions and volatility in foreign exchange may pose some uncertainties to our business.

11 Dividend

(a) Current Financial Period Reported On

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

Yes.

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.3 cent per ordinary share
Tax Rate	Tax Exempt (One-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.5 cent per ordinary share
Tax Rate	Tax Exempt (One-tier)

(c) Date payable

The proposed dividend will be paid at a date to be announced.

(d) Books closure date

Notice will be given at a later date on the closure of the Share Transfer Books and the Register of Members to determine the shareholders' entitlements to the proposed dividend.

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, statement to that effect.

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

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in the Appendix 7H) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officer.

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 second quarter ended 31 August 2016 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 October 2016