



Financial Statements And Related Announcement
For Financial Year Ended 28 February 2018

CHEUNG WOH TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

Full Year 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 financial year ended 28 February 2018.

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			GROUP		
		4QFY18	4QFY17	Increase/ (decrease)	For the year ended		Increase/ (decrease)
		S\$'000	S\$'000	%	2018	2017	%
					S\$'000	S\$'000	
Turnover		20,727	21,087	(1.7)	72,822	84,118	(13.4)
Cost of sales		(21,912)	(20,955)	4.6	(75,806)	(72,883)	4.0
Gross (loss)/profit		(1,185)	132	n.m.	(2,984)	11,235	n.m.
Other operating income	a	2,007	738	172.0	5,811	3,728	55.9
Distribution and selling expenses		(917)	(804)	14.1	(3,798)	(3,155)	20.4
General and administrative expenses		(7,258)	(1,705)	325.7	(13,414)	(9,195)	45.9
Other expenses	b	(543)	-	n.m.	(543)	-	n.m.
Finance costs		(174)	(187)	(7.0)	(635)	(529)	20.0
Share of results of associate companies		(130)	490	n.m.	(120)	2,430	n.m.
(Loss)/profit before taxation	c	(8,200)	(1,336)	513.8	(15,683)	4,514	n.m.
Income tax expense		(719)	(425)	69.2	(1,075)	(916)	17.4
(Loss)/profit for the financial year		(8,919)	(1,761)	406.5	(16,758)	3,598	n.m.
Other comprehensive income:							
Foreign currency translation gain/(loss)		342	(1,066)		(728)	(2,980)	
Total comprehensive income for the financial year		(8,577)	(2,827)		(17,486)	618	
(Loss)/profit attributable to:							
Equity owners of the Company		(8,919)	(1,761)		(16,758)	3,598	
		(8,919)	(1,761)		(16,758)	3,598	
Total comprehensive income attributable to:							
Equity owners of the Company		(8,577)	(2,827)		(17,486)	618	
		(8,577)	(2,827)		(17,486)	618	
Earnings per share (cents)							
Basic and diluted		(2.95)	(0.58)		(5.55)	1.19	

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		
	4QFY18	4QFY17	For the year ended		
	S\$'000	S\$'000	2018	2017	
			S\$'000	S\$'000	
a	The Group's other operating income included the following:				
	Sales of scrap metal	991	687	3,284	2,964
	Interest income	11	22	35	43
	Write-back of doubtful debts	-	18	-	110
	Sundry income	29	11	185	267
	Rental income	25	-	102	344
	Foreign exchange gain	951	-	2,205	-
b	Other expenses of S\$543,000 incurred in 4QFY18 and FY2018 represented loss on disposal of investments in associate companies.				
c	The Group's profit before taxation is arrived at after charging/(crediting):				
	Amortisation and depreciation	2,829	2,637	10,362	9,091
	Inventories written-off	7	981	2,637	1,215
	Social insurance and housing fund	295	392	1,332	1,637
	Interest expense on interest-bearing loans and borrowings	174	187	635	529
	Write down of inventories	-	76	-	76
	Loss on disposal of property, plant and equipment	2	71	4	59
	Foreign exchange loss	-	56	-	920
	Write-off of property, plant and equipment	1,600	4	1,600	10
	Allowance for/(write-back of) inventories obsolescence	18	2	44	(100)
	Impairment loss on property, plant and equipment	3,263	-	3,263	-

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	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	70,497	70,546	1,581	1,570
Investment property	2,525	2,591	2,525	2,591
Intangible assets	122	117	122	109
Investments in subsidiary companies	-	-	44,397	44,397
Investments in associate companies	-	18,133	-	15,662
Deferred tax assets	191	199	122	148
	73,335	91,586	48,747	64,477
Current assets				
Inventories	14,928	11,954	-	-
Trade receivables	22,129	16,434	-	-
Amount due from an associate company	-	93	-	-
Other receivables	11,560	2,339	22,270	2,137
Other current assets	2,097	3,276	215	173
Cash and bank balances	9,184	10,745	5,795	920
	59,898	44,841	28,280	3,230
Total assets	133,233	136,427	77,027	67,707
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	11,129	5,632	62	65
Other payables	9,167	5,141	607	561
Amount due to an associate company	-	244	-	-
Interest-bearing loans and borrowings	16,237	10,231	9,770	1,784
Income tax payable	52	142	-	-
	36,585	21,390	10,439	2,410
Net current assets	23,313	23,451	17,841	820
Non-current liabilities				
Interest-bearing loans and borrowings	2,627	4,063	-	-
Deferred tax liabilities	3,108	2,273	-	-
	5,735	6,336	-	-
Total liabilities	42,320	27,726	10,439	2,410
Net assets	90,913	108,701	66,588	65,297
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	46,827	63,887	18,311	17,020
Statutory reserve	1,219	1,219	-	-
Foreign currency translation reserve	(5,410)	(4,682)	-	-
Total equity	90,913	108,701	66,588	65,297
Total equity and liabilities	133,233	136,427	77,027	67,707

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

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

As at 28.02.2018		As at 28.02.2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6,467	9,770	8,447	1,784

The amount of \$6,467,000 (28.02.2017: \$8,447,000) includes \$3,102,000 (28.02.2017: \$4,356,000) 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 28.02.2018		As at 28.02.2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
2,627	-	4,063	-

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.

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

	GROUP		GROUP	
	4QFY18	4QFY17	For the year ended	
	S\$'000	S\$'000	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/profit before taxation	(8,200)	(1,336)	(15,683)	4,514
Adjustments for:				
Amortisation and depreciation	2,829	2,637	10,362	9,091
Allowance for/(write-back of) inventories obsolescence	18	2	44	(100)
Inventories written-off	7	981	2,637	1,215
Interest expense	174	187	635	529
Write down of inventories	-	76	-	76
Unrealised exchange gain	(126)	(5)	(50)	(277)
Share of results of associate companies	130	(490)	120	(2,430)
Loss on disposal of property, plant and equipment	2	71	4	59
Impairment loss on property, plant and equipment	3,263	-	3,263	-
Loss on disposal of investments in associate companies	543	-	543	-
Loss on termination of club membership	9	-	9	-
Write-off of property, plant and equipment	1,600	4	1,600	10
Gain on strike-off of a subsidiary company	(11)	-	(11)	-
Interest income	(11)	(22)	(35)	(43)
Operating cash flows before changes in working capital	227	2,105	3,438	12,644
(Increase)/decrease in:				
Inventories	1,344	820	(5,448)	(1,658)
Trade receivables	(1,957)	1,210	(6,173)	3,536
Amount due from an associate company	175	(95)	93	(90)
Other receivables and prepayments	1,278	498	(2,236)	(325)
(Decrease)/increase in:				
Trade payables	(28)	(1,472)	4,823	57
Other payables	(2,829)	(2,076)	2,774	(34)
Amount due to an associate company	-	(111)	-	(154)
Cash flow generated from operations	(1,790)	879	(2,729)	13,976
Interest received	11	22	35	43
Interest paid	(174)	(187)	(635)	(529)
Income tax paid	(60)	(23)	(341)	(127)
Net cash flow (used in)/ generated from operating activities	(2,013)	691	(3,670)	13,363

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	
	4QFY18	4QFY17	For the year ended	
	S\$'000	S\$'000	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from investing activities				
Additions to intangible assets	-	(55)	(23)	(55)
Purchase of property, plant and equipment	(702)	(674)	(7,135)	(16,672)
Proceeds from disposal of property, plant and equipment	1	118	4	652
Advance payments made to suppliers of property, plant and equipment	-	(1,035)	(4,057)	(2,151)
Proceeds from disposal of investment in a quoted equity	-	-	-	1
Proceeds from disposal of investments in associate companies	5,578	-	5,578	-
Dividend income received from an associate company	-	935	3,318	935
Net cash flow generated from/(used in) investing activities	4,877	(711)	(2,315)	(17,290)
Cash flow from financing activities				
Repayment of interest-bearing loans and borrowings	(5,204)	(4,251)	(22,349)	(16,398)
Increase in cash and cash equivalents subject to restrictions	-	(5)	(5)	(5)
Dividends paid on ordinary shares	-	-	(302)	(3,173)
Proceeds from interest-bearing loans and borrowings	2,316	4,234	27,164	19,964
Net cash flow (used in)/ generated from financing activities	(2,888)	(22)	4,508	388
Net decrease in cash and cash equivalents	(24)	(42)	(1,477)	(3,539)
Cash and cash equivalents at beginning of financial period/year	8,981	10,712	10,615	14,499
Effect of exchange rate changes on cash and cash equivalents	84	(55)	(97)	(345)
Cash and cash equivalents at end of financial period/year	9,041	10,615	9,041	10,615

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

	GROUP	
	2018	2017
	S\$'000	S\$'000
Cash and bank balances	9,041	10,615
Fixed deposits	143	130
	<u>9,184</u>	<u>10,745</u>
Less:		
Cash and cash equivalents subject to restriction *	(143)	(130)
Cash and cash equivalents at end of financial period	<u>9,041</u>	<u>10,615</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
GROUP							
Balance as at 28.02.2017	50,200	(1,923)	63,887	1,219	(4,682)	(3,463)	108,701
Total comprehensive loss for the financial year	-	-	(16,758)	-	(728)	(728)	(17,486)
Dividends paid on ordinary shares	-	-	(302)	-	-	-	(302)
Balance as at 28.02.2018	50,200	(1,923)	46,827	1,219	(5,410)	(4,191)	90,913
Balance as at 28.02.2016	50,200	(1,923)	63,511	1,170	(1,702)	(532)	111,256
Total comprehensive income for the financial year	-	-	3,598	-	(2,980)	(2,980)	618
Transfer from revenue reserve to statutory reserve	-	-	(49)	49	-	49	-
Dividends paid on ordinary shares	-	-	(3,173)	-	-	-	(3,173)
Balance as at 28.02.2017	50,200	(1,923)	63,887	1,219	(4,682)	(3,463)	108,701

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 28.02.2017	50,200	(1,923)	17,020	65,297
Total comprehensive income for the financial year	-	-	1,593	1,593
Dividends paid on ordinary shares	-	-	(302)	(302)
Balance as at 28.02.2018	50,200	(1,923)	18,311	66,588
Balance as at 28.02.2016	50,200	(1,923)	19,145	67,422
Total comprehensive income for the financial year	-	-	1,048	1,048
Dividends paid on ordinary shares	-	-	(3,173)	(3,173)
Balance as at 28.02.2017	50,200	(1,923)	17,020	65,297

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

	<u>Group and Company</u>	
	2018 and 2017	
	No. of shares (('000))	(S\$'000)
Ordinary shares - Issued and fully paid		
Balance as at 28 February	<u>313,085</u>	<u>50,200</u>

There was no change in the Company's share capital from 28 February 2017 to 28 February 2018.

As at 28 February 2018, the Company held 10,873,000 of its issued shares as Treasury Shares (28 February 2017: 10,873,000).

The Company does not have any outstanding options or convertibles as at 28 February 2018 (28 February 2017: 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.

	28.02.2018	28.02.2017
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	<u>(10,873)</u>	<u>(10,873)</u>
Issued shares excluding treasury shares	<u><u>302,212</u></u>	<u><u>302,212</u></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 2017 except that the Group has adopted new Financial Reporting Standards ("FRS") which became effective for periods beginning on or after 1 January 2017/1 March 2017.

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			
	4QFY18	4QFY17	2018	2017
(Loss)/profit attributable to shareholders (\$'000)	(8,919)	(1,761)	(16,758)	3,598
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	(2.95)	(0.58)	(5.55)	1.19

Note a: 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	
	2018	2017	2018	2017
Net asset value per ordinary share based on share capital at the end of the period (cents)	30.08	35.97	22.03	21.61

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.02.2017: 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 \$72.8 million for the financial year ended 28 February 2018 (FY2018), a decrease of 13.4% (or \$11.3 million) as compared to \$84.1 million in the previous financial year (FY2017). The lower turnover was attributable to decrease in sales in both HDD components and Precision Metal Stamping ("PMS") components segments. Quarter-on-quarter, turnover decreased by 1.7% from \$21.1 million to \$20.7 million. The decrease was attributable to decrease in sales in PMS components segment which was partially offset by increase in sales in HDD components segment.

Cost of sales ("COS") of the Group in FY2018 increased by 4.0% (or \$2.9 million) as compared to FY2017. The increase in COS was mainly due to inventory written-off, higher materials, labour and overhead costs incurred during the year. Inventory written-off was due to Baseplates that were damaged by heavy rainstorm caused by Typhoon Hato and Baseplates that failed to meet customer's tightened specifications. Higher materials, labour and overhead costs were incurred due to customer's tightened specifications in Baseplates leading to extra sorting and rework. The additional costs were not passed on to the customer. Quarter-on-quarter, COS increased by 4.6% (or \$1.0 million). The increase was mainly attributable to higher labour and overhead costs incurred during 4QFY18. Included in overhead cost of 4QFY18 was an amount of \$1.8 million that

arose as a result of changes in useful life of toolings and fixtures used in the manufacturing of Baseplates. The change in useful life is upon the completion of phasing in of Baseplates and further assessment by the engineering team. This reflects a more accurate representation of the useful life for toolings and fixtures.

As a result of the above, gross profit margin dropped as compared to previous financial periods.

Other operating income in FY2018 was 55.9% (or \$2.1 million) higher as compared to FY2017. The increase was mainly due to foreign exchange gain of \$2.2 million and increase in sales of scrap metal of \$320K. The increase was partially offset by decrease in rental income of \$242K. Quarter-on-quarter, other operating income increased by 172.0% (or \$1.3 million) mainly attributed to foreign exchange gain of \$1.0 million and increase in sales of scrap metal of \$304K.

Distribution and selling expenses (“D&S expenses”) increased by 20.4% (or \$0.6 million) as compared to FY2017. The increase was mainly due to the higher carriage outwards costs incurred by sales of Baseplates generated in FY2018. Quarter-on-quarter, D&S expenses increased by 14.1% (or \$113K) due to the same reason.

General and administrative expenses (“G&A expenses”) increased by 45.9% (or \$4.2 million) and 325.7% (or \$5.6 million) as compared to FY2017 and 4QFY17 respectively. The increase in G&A expenses was mainly attributable to four reasons. Firstly, there was an allowance for impairment on property, plant and equipment of \$3.3 million. The impairment allowance was made on helium leak testers (\$0.7 million) that were no longer required due to a change in the manufacturing process of Baseplates. In addition, forging presses, high speed milling machines, robotic arms and ovens (totalling \$2.6 million) were left idle as a result of reduction in customer’s demand for Baseplates. Secondly, there was a write-off of tools and equipment and renovation of \$1.6 million which were damaged by Typhoon Hato, identified during the annual property, plant and equipment review. Thirdly, there was staff cost amounting to \$319K due to internal restructuring during 4QFY18. Lastly, repair of machinery and equipment damaged by the typhoon amounted to \$208K.

Other expenses of \$543K incurred in 4QFY18 and FY2018 represented loss on disposal of investments in associate companies.

Finance costs increased by 20.0% (or \$106K) in FY2018 mainly attributable to higher interest-bearing loans and borrowings balances during the year.

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”). The Company has completed its disposal of 31.34% equity interest in TP Group on 31 January 2018. Consequently, the Company accounted for the share of results of TP Group up to 31 January 2018. For the financial periods of March 2017 to January 2018, TP Group has recorded lower revenue and higher costs resulting in lower gross and net profits. As a result, the share of results of associate companies declined as compared to previous corresponding periods.

Income tax expense increased by 17.4% (or \$159K) and 69.2% (or \$294K) as compared to FY2017 and 4QFY17 respectively. The increases were due to higher deferred tax expenses provided during the financial periods.

Statement of financial position

The Group’s non-current assets decreased by 19.9% (or \$18.3 million) as compared to previous financial year ended 28 February 2017 (FY17) mainly due to the disposal of investments in associate companies during the year.

The Group's current assets increased by 33.6% (or \$15.1 million) mainly due to increases in inventories, trade receivables and other receivables. Inventories increased by \$3.0 million as compared to FY17 mainly due to high inventory for Baseplates given its long manufacturing process with significant amounts of work-in-progress in the pipelines and finished goods at customers' designated warehouses. Trade receivables increased by \$5.7 million mainly due to higher sales generated towards the end of 4QFY18 and longer payment period requested by customers. Other receivables increased substantially from \$2.3 million to \$11.6 million mainly due to proceeds receivable from the disposal of TP Group (\$8.5 million). Besides that, the increase was also attributed to higher value-added-tax recoverable in subsidiaries in China amounting to \$0.8 million. The increases were partially offset by decreases in other current assets and cash and bank balances. Other current assets decreased by \$1.2 million mainly due to lower balance of advance payments made for the acquisitions of plant and machineries. The lower balance was a result of the reclassification to property, plant and equipment upon full payments. At the Company level, other receivables increased by \$20.1 million due to the proceeds receivable from the disposal of TP Group (\$8.5 million) and increase in inter-companies receivables.

The Group's current liabilities increased by 71.0% (or \$15.2 million) as compared to FY2017. The increase was mainly due to increases in trade payables, other payables and interest-bearing loans and borrowings. Trade payables increased by \$5.5 million mainly due to more purchases made in 4QFY18 as compared to 4QFY17 and longer credit terms granted by vendors. Other payables increased by \$4.0 million mainly due to higher accrued operating and personnel expenses in subsidiaries in Zhuhai and more deposits received from customers and higher balance of payables on purchase of machinery. Higher interest-bearing loans and borrowings (current portion) was mainly due to additional financing obtained during the year.

The Group's non-current liabilities decreased by 9.5% (or \$0.6 million) as compared to FY17 mainly due to the transfer of interest-bearing loans and borrowings due within the next twelve months from non-current liabilities to current liabilities. The decrease was partially offset by an increase in deferred tax liabilities provided during the year.

Consolidated statement of cash flows

During FY2018, the Group has net cash flow used in operating activities of \$3.7 million in contrast with \$13.4 million generated during FY2017. The net cash flows used in operating activities was mainly attributed to increases in inventories, trade receivables and other receivables and prepayments. It was partially offset by increases in trade and other payables.

In investing activities, the Group used \$2.3 million during FY2018 as compared to \$17.3 million in FY2017. Net cash used in FY2018 was mainly used for the purchases of property, plant and equipment and advance payments made to suppliers of property, plant and equipment. It was partially offset by proceeds from disposal of investment in associate companies and dividends income received from an associate company during the year.

During FY2018, the Group has net cash flows generated from financing activities of \$4.5 million as compared to \$388K in FY2017. Net cash flows generated was mainly contributed by proceeds from interest-bearing loans and borrowings. This was partially offset by cash used in 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

The Group has made a loss in 4QFY18 as turnover in Baseplates was affected in February 2018 due to the depletion of headcounts before and after Chinese New Year and the long shut down period in China for Chinese New Year mentioned in the 3QFY18 Results Announcement. In addition, the loss was also attributed to the following:

- (i) higher labour cost due to the hiring of temporary subcontract workers with higher wages as a result of depletion of headcount before and after Chinese New Year.
- (ii) amortisation expense arising as a result of change in useful life of toolings and fixtures used in the manufacturing of Baseplates.
- (iii) allowance for impairment on equipment that pertains to equipment that are no longer required in the manufacturing of Baseplates.
- (iv) write-off of tools and equipment and renovation damaged by Typhoon Hato.
- (v) staff cost incurred due to internal restructuring.
- (vi) costs incurred to repair machinery and equipment damaged by the typhoon.

The Company has made a profit guidance announcement in this regard on 16 April 2018.

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

According to www.statista.com, global HDD shipment in 2017 was 404 million drives. It is forecast to be 357 million, 343 million and 333 million drives in 2018, 2019 and 2020 respectively. This will affect our VCM business.

The replacement of air-filled HDD by Helium-filled HDD which do not require air-combs for the mid-range servers will affect our air-comb business.

Baseplates produced in our Zhuhai facilities is cost in RMB and the end-product is sold in USD. Appreciation in RMB against USD and the expected increase in labour cost in China will erode our margin.

Based on the above, HDD components segment will face uncertainty and challenge.

The Company is actively looking to develop new products and/or for new markets for the future growth of the Group.

PMS components segment is expected to do well.

11 Dividend

(a) Current Financial Period Reported On

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

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Yes.

Name of dividend	Final (Recommended)
Dividend Type	Cash
Dividend Rate	0.1 cent per ordinary share
Tax Rate	Tax Exempt (One-tier)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

13 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) Business segments

	HDD Components		Precision Metal Stamping Components		Adjustments and Eliminations		Note	Consolidated financial statements	
	2018	2017	2018	2017	2018	2017		2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000
Turnover:									
External sales	57,107	67,797	15,715	16,321	-	-		72,822	84,118
	<u>57,107</u>	<u>67,797</u>	<u>15,715</u>	<u>16,321</u>	<u>-</u>	<u>-</u>		<u>72,822</u>	<u>84,118</u>
Results:									
Interest income	35	42	-	1	-	-		35	43
Interest expense	(554)	(414)	(81)	(115)	-	-		(635)	(529)
Amortisation and depreciation	(9,841)	(8,672)	(521)	(419)	-	-		(10,362)	(9,091)
Allowance for impairment on property, plant and equipment	(3,263)	-	-	-	-	-		(3,263)	-
Write-off of property, plant and equipment	(1,600)	(10)	-	-	-	-		(1,600)	(10)
Write down of inventories	-	(76)	-	-	-	-		-	(76)
Write-back of/(allowance for) inventories obsolescence	-	136	(44)	(36)	-	-		(44)	100
Inventories written-off	(2,637)	(1,215)	-	-	-	-		(2,637)	(1,215)
Other non-cash (expenses)/income	(4)	(71)	-	-	-	12	a	(4)	(59)
Segment (loss)/profit before taxation	<u>(17,564)</u>	<u>(664)</u>	<u>2,544</u>	<u>2,748</u>	<u>(663)</u>	<u>2,430</u>	b	<u>(15,683)</u>	<u>4,514</u>
Assets:									
Additions to non-current assets	11,981	20,927	876	439	(275)	(366)	c	12,582	21,000
Segment assets	<u>176,812</u>	<u>157,864</u>	<u>19,834</u>	<u>18,868</u>	<u>(63,413)</u>	<u>(40,305)</u>	d	<u>133,233</u>	<u>136,427</u>
Segment liabilities	<u>90,250</u>	<u>53,339</u>	<u>11,772</u>	<u>13,534</u>	<u>(59,702)</u>	<u>(39,147)</u>	e	<u>42,320</u>	<u>27,726</u>

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)

(a) Business segments (cont'd)

Notes:

a Other non-cash income/(expenses) consist gain/(loss) on disposal of property, plant and equipment.

b The following items are added to/(deducted from) segment profit to arrive at 'profit before taxation' presented in the consolidated statement of comprehensive income:

	2018	2017
	\$'000	\$'000
Share of results of associate companies	(120)	2,430
Loss on disposal of investments in associate companies	(543)	-
	<u>(663)</u>	<u>2,430</u>

c Additions to non-current assets consist of additions to property, plant and equipment.

d The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018	2017
	\$'000	\$'000
Investments in associate companies	-	18,133
Deferred tax assets	191	199
Inter-segment assets	(63,604)	(58,637)
	<u>(63,413)</u>	<u>(40,305)</u>

e The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018	2017
	\$'000	\$'000
Deferred tax liabilities	3,108	2,273
Inter-segment liabilities	(62,810)	(41,420)
	<u>(59,702)</u>	<u>(39,147)</u>

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)

(b) Geographical segments

Revenue and non-current assets information based on the location of customers and assets respectively as follows:

	Turnover		Non-current assets	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Thailand	49,664	50,988	-	-
Malaysia	10,740	15,149	20,245	21,244
Singapore	2,322	4,752	4,351	4,418
People's Republic of China	825	4,640	48,683	65,921
Middle East	5,227	3,819	-	-
Europe	1,935	2,984	-	-
United States	1,577	1,287	-	-
Philippines	493	399	-	-
Others	39	100	56	3
	<u>72,822</u>	<u>84,118</u>	<u>73,335</u>	<u>91,586</u>

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Sales in HDD components segment have decreased by 15.8% (or \$10.7 million) as compared to the previous financial year. The decrease was mainly caused by lower sales of air-combs ("AC") and voice-coil-motor ("VCM") plates. The sales in AC and VCM plates decreased due to drop in customers' demands. The decrease was partially offset by a substantial increase in the sales of Baseplates upon completion of phasing in its manufacturing in the third quarter.

HDD components segment reported a loss before taxation of \$17.6 million as compared to \$0.7 million in previous financial year. The loss was attributed to four main factors. Firstly, high materials, labour and overhead costs were incurred during the initial stage of Baseplates production. Secondly, during the year, Baseplates inventories damaged by heavy rainstorm caused by Typhoon Hato were written-off. Production was also disrupted due to down-time required to repair and reset machines that were damaged. Thirdly, customer had tightened the Baseplates specifications, which led to a substantial amount of Baseplates inventories being written-off and extra sorting and rework causing higher materials, labour and overhead costs incurred during the year. The additional costs were not passed on to the customer. Lastly, included in overhead cost was a one-time amortisation expense arising as a result of change in useful life of toolings and fixtures used in the manufacturing of Baseplates.

Besides the above high cost of sales, there were other non-recurring expenses incurred during the year, such as allowance for impairment on property, plant and equipment, write-off of tools and equipment and renovation damaged by Typhoon Hato, higher staff cost due to internal restructuring and repair of machinery and equipment damaged by the typhoon.

Sales in PMS components segment decreased by 3.7% (or \$0.6 million) as compared to the previous financial year due to decrease in customers' demands. This segment experienced sales decrease in the Eurozone and Malaysia but it was partially offset by an increase in sales in Middle East.

PMS components segment reported a segment profit before taxation of \$2.5 million as compared to \$2.7 million in the previous financial year. The decrease was mainly due to lower sales generated.

16 A breakdown of sales

	GROUP		
	2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %
Sales reported for the first half of the year	30,548	42,671	(28.4)
Operating (loss)/profit after taxation reported for the first half year	(7,390)	5,095	n.m.
Sales reported for the second half of the year	42,274	41,447	2.0
Operating loss after taxation reported for the second half year	(9,368)	(1,497)	525.8

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2018 S\$'000	2017 S\$'000
Declared and paid during the financial year:		
- A final tax exempt dividend of 0.1 cent per share paid in respect of FY2017	302	-
- A final tax exempt dividend of 0.75 cent per share paid in respect of FY2016	-	2,267
- An interim tax exempt dividend of 0.3 cent per share paid in respect of FY2017	-	906
Total	<u>302</u>	<u>3,173</u>
Proposed but not recognised as a liability as at 28 February:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- A final tax exempt dividend of 0.1 cent per share in respect of FY2017	-	302
Total	<u>-</u>	<u>302</u>

- 18 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.

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Law Kung Ying	60	<ol style="list-style-type: none"> Brother of Law Kung Ming and Law Yu Chui, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and Son of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd. 	He is the Chairman and Managing Director and he is overall responsible for the strategic development of the Group.	No change.
Law Kung Ming	62	<ol style="list-style-type: none"> Brother of Law Kung Ying and Law Yu Chui, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and Son of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd. 	He is the Managing Director of Cheung Woh Technologies (Malaysia) Sdn. Bhd. (CWM), a wholly-owned subsidiary of the Company. He is responsible for the sales and marketing efforts and the overall operation of CWM.	No change.
Law Yu Chui	58	<ol style="list-style-type: none"> Sister of Law Kung Ying and Law Kung Ming, Directors and Substantial Shareholders of Cheung Woh Technologies Ltd; and Daughter of Lee Hang Ngok, a Substantial Shareholder of Cheung Woh Technologies Ltd. 	She is the Finance and Administrative Director and she is overall responsible for the Group's finance and administrative matters.	No change.

19. Disclosure of person occupying a managerial position (cont'd)

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Law Tak Heem	34	<ol style="list-style-type: none"> 1. Son of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company. 2. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company. 3. Nephew of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company. 	<p>He is an Assistant General Manager of Cheung Woh Technologies (Johor) Sdn Bhd (CWJ), a wholly-owned subsidiary of the Company. He oversees the entire operations of CWJ since 2014.</p>	<p>His added responsibilities are to identify new business opportunities for HDD components segment, gathering and analyzing business information and coordinating with various departments to support marketing strategies. He is also involved in the preparation and negotiation of quotations with customers.</p>
Tan Hai Ting	32	<ol style="list-style-type: none"> 1. Daughter of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 2. Niece of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company. 3. Niece of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company. 4. Granddaughter of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company. 	<p>She is Finance and Administrative Manager of Cheung Woh Technologies (Johor) Sdn Bhd (CWJ), a wholly-owned subsidiary of the Company. She oversees the accounting and administrative functions of CWJ since 2011.</p>	<p>No change.</p>

19. Disclosure of person occupying a managerial position (cont'd)

Name	Age	Family Relationship with any director and/or CEO and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Tan Hai Yin	29	<ol style="list-style-type: none"> 1. Son of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 2. Nephew of Mr Law Kung Ying, Managing Director and Substantial Shareholder of the Company. 3. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company. 4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company. 	He is a Quality Manager of Cheung Woh Precision (Zhuhai) Co., Ltd. (CWI), a wholly-owned subsidiary of the Company. He oversees the quality function of CWI since 2015.	No change.

For and On behalf of the Board of Directors

Law Kung Ying
 Director

Law Yu Chui
 Director

23 April 2018