



**Elec & Eltek 依利安達**

**ELEC & ELTEK INTERNATIONAL COMPANY LIMITED**  
**依利安達集團有限公司\***

*(Incorporated in the Republic of Singapore with Limited Liability)*

Singapore Company Registration Number: 199300005H

Singapore Stock Code: E16.SI

Hong Kong Stock Code: 1151



INTERIM REPORT

**2016**

\* For identification purpose only

## RESULTS

The board of directors (“**Directors**” and each a “**Director**”) of the Company (the “**Board**”) is pleased to announce the unaudited consolidated results of the Group for the second quarter (“**2QCY16**”) and six months ended 30 June 2016 (“**1HCY16**”) together with the comparative figures for the second quarter (“**2QCY15**”) and six months ended 30 June 2015 (“**1HCY15**”).

### Consolidated Statement of Profit or Loss

|                                      | Notes | 2QCY16<br>US\$'000<br>(Unaudited) | 2QCY15<br>US\$'000<br>(Unaudited)<br>(Restated) | % Change | 1HCY16<br>US\$'000<br>(Unaudited) | 1HCY15<br>US\$'000<br>(Unaudited)<br>(Restated) | % Change |
|--------------------------------------|-------|-----------------------------------|---|----------|-----------------------------------|---|----------|
| <b>Revenue</b>                       | 2     | <b>126,969</b>                    | 117,079   | 8.4%     | <b>238,953</b>                    | 223,657   | 6.8%     |
| Cost of sales                        |       | <u>(112,283)</u>                  | <u>(108,497)</u>                                | 3.5%     | <u>(212,725)</u>                  | <u>(208,250)</u>                                | 2.1%     |
| <b>Gross profit</b>                  |       | <b>14,686</b>                     | 8,582   | 71.1%    | <b>26,228</b>                     | 15,407  | 70.2%    |
| <i>Gross profit margin</i>           |       | <b>11.6%</b>                      | 7.3%  | 4.3%     | <b>11.0%</b>                      | 6.9%  | 4.1%     |
| Other operating income and gains     |       | <b>712</b>                        | (78)  | 1,012.8% | <b>1,866</b>                      | 30  | 6,120%   |
| Distribution and selling costs       |       | <b>(2,425)</b>                    | (3,708)   | -34.6%   | <b>(5,915)</b>                    | (7,045)   | -16.0%   |
| Administrative expenses              |       | <b>(8,860)</b>                    | (5,064)   | 75.0%    | <b>(13,639)</b>                   | (13,928)  | -2.1%    |
| Other operating expenses and losses  |       | <b>(356)</b>                      | (1,705)   | -79.1%   | <b>(1,059)</b>                    | (1,934)   | -45.2%   |
| Finance costs                        | 3     | <b>(336)</b>                      | (459)   | -26.8%   | <b>(815)</b>                      | (888)   | -8.2%    |
| <b>Profit (loss) before taxation</b> |       | <b>3,421</b>                      | (2,432)   | 240.7%   | <b>6,666</b>                      | (8,358)   | 179.8%   |
| Income tax expense                   | 4     | <b>(975)</b>                      | (817)   | 19.3%    | <b>(1,740)</b>                    | (1,965)   | -11.5%   |
| <b>Profit (loss) for the period</b>  |       | <b>2,446</b>                      | (3,249)   | 175.3%   | <b>4,926</b>                      | (10,323)  | 147.7%   |
| Profit (loss) attributable to:       |       |                                   |   |          |                                   |   |          |
| Owners of the Company                |       | <b>1,492</b>                      | (3,325)   | 144.9%   | <b>4,496</b>                      | (10,457)  | 143.0%   |
| Non-controlling interests            |       | <b>954</b>                        | 76  | 1,155.3% | <b>430</b>                        | 134   | 220.9%   |
|                                      |       | <b>2,446</b>                      | (3,249)   | 175.3%   | <b>4,926</b>                      | (10,323)  | 147.7%   |
| Earnings (loss) per share (US cents) | 6     |                                   |   |          |                                   |   |          |
| – Basic                              |       | <b>0.80</b>                       | (1.77)  | 145.2%   | <b>2.41</b>                       | (5.59)  | 143.1%   |

## Notes to Consolidated Statement of Profit or Loss:

|   | 2QCY16<br>US\$' 000<br>(Unaudited) | 2QCY15<br>US\$' 000<br>(Unaudited) | % Change | 1HCY16<br>US\$' 000<br>(Unaudited) | 1HCY15<br>US\$' 000<br>(Unaudited) | % Change |
|---|------------------------------------|------------------------------------|----------|------------------------------------|------------------------------------|----------|
| Depreciation                            | 9,032                              | 9,504                              | -5.0%    | 18,331                             | 19,007                             | -3.6%    |
| Amortisation of prepaid land use rights | 41                                 | 41                                 | 0%       | 82                                 | 82                                 | 0%       |
| Allowance for doubtful debts            | 901                                | 56                                 | 1,508.9% | 695                                | 4,217                              | -83.5%   |
| Allowance for inventory obsolescence    | 1,009                              | 10                                 | 9,990.0% | 1,173                              | 531                                | 120.9%   |

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

|   | 2QCY16<br>US\$' 000<br>(Unaudited) | 2QCY15<br>US\$' 000<br>(Unaudited) | % Change | 1HCY16<br>US\$' 000<br>(Unaudited) | 1HCY15<br>US\$' 000<br>(Unaudited) | % Change |
|---|------------------------------------|------------------------------------|----------|------------------------------------|------------------------------------|----------|
| <b>Profit (loss) for the period</b>                                 | <u>2,446</u>                       | <u>(3,249)</u>                     | 175.3%   | <u>4,926</u>                       | <u>(10,323)</u>                    | 147.7%   |
| Other comprehensive<br>(expenses) income:                           |                                    |                                    |          |                                    |                                    |          |
| Items that may be reclassified<br>subsequently to profit or loss:   |                                    |                                    |          |                                    |                                    |          |
| Exchange differences on<br>translation of foreign operations        | <u>(2,723)</u>                     | <u>(1,129)</u>                     | 141.2%   | <u>(3,032)</u>                     | <u>(1,555)</u>                     | 95.0%    |
| Other comprehensive (expenses)<br>income for the period, net of tax | <u>(2,723)</u>                     | <u>(1,129)</u>                     | 141.2%   | <u>(3,032)</u>                     | <u>(1,555)</u>                     | 95.0%    |
| Total comprehensive (expenses)<br>income for the period             | <u><u>(277)</u></u>                | <u><u>(4,378)</u></u>              | 93.7%    | <u><u>1,894</u></u>                | <u><u>(11,878)</u></u>             | 115.9%   |
| Total comprehensive (expenses)<br>income attributable to:           |                                    |                                    |          |                                    |                                    |          |
| Owners of the Company   | <u>(1,231)</u>                     | <u>(4,454)</u>                     | 72.4%    | <u>1,464</u>                       | <u>(12,012)</u>                    | 112.2%   |
| Non-controlling interests   | <u>954</u>                         | <u>76</u>                          | 1,155.3% | <u>430</u>                         | <u>134</u>                         | 220.9%   |
|   | <u><u>(277)</u></u>                | <u><u>(4,378)</u></u>              | 93.7%    | <u><u>1,894</u></u>                | <u><u>(11,878)</u></u>             | 115.9%   |

## Statement of Financial Position

|                                 |    | GROUP  |   | COMPANY                                     |   |         |
|---------------------------------|----|--|---|---|---|---------|
|                                 |    | 30 June<br>2016<br>US\$' 000<br>(Unaudited)        | 31 December<br>2015<br>US\$' 000<br>(Audited) | 30 June<br>2016<br>US\$' 000<br>(Unaudited) | 31 December<br>2015<br>US\$' 000<br>(Audited) |         |
| <b>ASSETS</b>                   |    |  |   |   |   |         |
| <b>Current assets</b>           |    |  |   |   |   |         |
|                                 |    | Cash and bank balances                             | 11,532  | 10,950                                      | 190   | 117     |
|                                 | 9  | Trade receivables                                  | 148,690                                       | 132,724                                     | —   | —       |
|                                 | 9  | Bills receivables                                  | 1,135   | 268   | —   | —       |
|                                 |    | Other receivables                                  | 16,675  | 14,263                                      | —   | 1       |
|                                 |    | Prepaid land use rights                            | 399   | 211   | —   | —       |
|                                 | 10 | Inventories  | 36,338  | 32,880                                      | —   | —       |
| <b>Total current assets</b>     |    | <b>214,769</b>                                     | 191,296                                       | <b>190</b>                                  | 118   |         |
| <b>Non-current assets</b>       |    |  |   |   |   |         |
|                                 | 8  | Property, plant and equipment                      | 269,760                                       | 286,245                                     | —   | —       |
|                                 |    | Prepaid land use rights                            | 12,695  | 12,965                                      | —   | —       |
|                                 | 8  | Deposits for acquisition of<br>plant and equipment | 1,923   | 1,833                                       | —   | —       |
|                                 |    | Investment properties                              | 98,834  | 98,834                                      | —   | —       |
|                                 |    | Subsidiary companies                               | —   | —   | 455,963                                       | 464,916 |
|                                 |    | Deferred tax assets                                | 84  | 83  | —   | —       |
| <b>Total non-current assets</b> |    | <b>383,296</b>                                     | 399,960                                       | <b>455,963</b>                              | 464,916                                       |         |
| <b>Total assets</b>             |    | <b>598,065</b>                                     | 591,256                                       | <b>456,153</b>                              | 465,034                                       |         |

|  | Notes | GROUP          |                | COMPANY        |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 30 June        | 31 December    | 30 June        | 31 December    |
|  |       | 2016           | 2015           | 2016           | 2015           |
|  |       | US\$' 000      | US\$' 000      | US\$' 000      | US\$' 000      |
|  |       | (Unaudited)    | (Audited)      | (Unaudited)    | (Audited)      |
| <b>LIABILITIES AND EQUITY</b>                          |       |                |                |                |                |
| <b>Current liabilities</b>                             |       |                |                |                |                |
| Bank overdraft and loans                               | 12    | 55,487         | 41,022         | —              | —              |
| Trade payables   | 11    | 113,784        | 105,262        | —              | —              |
| Bills payables   | 11    | 7,757          | 7,069          | —              | —              |
| Other payables   |       | 32,951         | 30,065         | 1,073          | 3,852          |
| Amounts due to subsidiary companies                    |       | —              | —              | 213,547        | 213,547        |
| Provision for taxation                                 |       | 562            | 709            | —              | —              |
| <b>Total current liabilities</b>                       |       | <b>210,541</b> | <b>184,127</b> | <b>214,620</b> | <b>217,399</b> |
| <b>Non-current liabilities</b>                         |       |                |                |                |                |
| Bank loans   | 12    | 18,489         | 34,310         | —              | —              |
| Deferred tax liabilities                               |       | 1,682          | 1,428          | —              | —              |
| <b>Total non-current liabilities</b>                   |       | <b>20,171</b>  | <b>35,738</b>  | <b>—</b>       | <b>—</b>       |
| <b>Capital, reserves and non-controlling interests</b> |       |                |                |                |                |
| Share capital  | 13    | 113,880        | 113,880        | 113,880        | 113,880        |
| Reserves   |       | 242,957        | 247,100        | 127,653        | 133,755        |
| Equity attributable to owners of the Company           |       | 356,837        | 360,980        | 241,533        | 247,635        |
| Non-controlling interests                              |       | 10,516         | 10,411         | —              | —              |
| <b>Total equity</b>                                    |       | <b>367,353</b> | <b>371,391</b> | <b>241,533</b> | <b>247,635</b> |
| <b>Total liabilities and equity</b>                    |       | <b>598,065</b> | <b>591,256</b> | <b>456,153</b> | <b>465,034</b> |

## Consolidated Statement of Changes in Equity

|   | Attributable to owners of the Company |  |   |  |   |                                |   | Non-controlling interests<br>US\$' 000 | Total equity<br>US\$' 000 |                    |
|---|---------------------------------------|--|---|--|---|--------------------------------|---|--|---------------------------|--------------------|
|   | Share capital<br>US\$' 000            | Capital reserve<br>US\$' 000<br>(Note i) | Statutory reserve<br>US\$' 000<br>(Note ii) | Revaluation reserve<br>US\$' 000<br>(Note iii) | Other reserve<br>US\$' 000<br>(Note iv) | Retained earnings<br>US\$' 000 | Foreign currency translation reserve<br>US\$' 000 |  |                           | Total<br>US\$' 000 |
| <b>THE GROUP</b>  |                                       |  |   |  |   |                                |   |  |                           |                    |
| <b>20CY16</b>   |                                       |  |   |  |   |                                |   |  |                           |                    |
| Balance at 1 April 2016 (unaudited)                               | 113,880                               | 1,916                                    | 5,805                                       | 42,684   | 166                                     | 183,644                        | 15,580  | 363,675                                | 9,887                     | 373,562            |
| <b>Change in equity for 20CY16</b>                                |                                       |  |   |  |   |                                |   |  |                           |                    |
| Total comprehensive income for the period                         | —                                     | —  | —   | —  | —                                       | 1,492                          | —   | 1,492                                  | 954                       | 2,446              |
| Profit for the period   | —                                     | —  | —   | —  | —                                       | —                              | —   | —                                      | —                         | (2,723)            |
| Exchange differences arising on translation of foreign operations | —                                     | —  | —   | —  | —                                       | —                              | (2,723)   | (2,723)                                | —                         | —                  |
| Other comprehensive income for the period, net of tax             | —                                     | —  | —   | —  | —                                       | —                              | (2,723)   | (2,723)                                | —                         | (2,723)            |
| Total   | —                                     | —  | —   | —  | —                                       | 1,492                          | (2,723)   | (1,231)                                | 954                       | (277)              |
| Transactions with owners, recognised directly in equity           | —                                     | —  | —   | —  | —                                       | (5,607)                        | —   | (5,607)                                | (325)                     | (5,932)            |
| Dividend paid in respect of previous year                         | —                                     | —  | —   | —  | —                                       | (5,607)                        | —   | (5,607)                                | (325)                     | (5,932)            |
| Total   | —                                     | —  | —   | —  | —                                       | —                              | —   | —                                      | —                         | —                  |
| Balance at 30 June 2016 (unaudited)                               | 113,880                               | 1,916                                    | 5,805                                       | 42,684   | 166                                     | 179,529                        | 12,857  | 356,837                                | 10,516                    | 367,353            |

Attributable to owners of the Company

|   | Share capital<br>US\$'000 | Capital reserve<br>US\$'000<br>(Note i) | Statutory reserve<br>US\$'000<br>(Note ii) | Revaluation reserve<br>US\$'000<br>(Note iii) | Other reserve<br>US\$'000<br>(Note iv) | Retained earnings<br>US\$'000 | Foreign currency translation reserve<br>US\$'000 | Total<br>US\$'000 | Non-controlling interests<br>US\$'000 | Total equity<br>US\$'000 |
|---|---------------------------|---|--|---|--|-------------------------------|--|-------------------|---------------------------------------|--------------------------|
| <b>20CY15</b>   |                           |   |  |   |  |                               |  |                   |                                       |                          |
| Balance at 1 April 2015 (unaudited)                               | 113,880                   | 1,916                                   | 5,353                                      | 2,940   | 166                                    | 184,404                       | 16,350   | 325,009           | 9,844                                 | 334,853                  |
| <b>Change in equity for 20CY15</b>                                |                           |   |  |   |  |                               |  |                   |                                       |                          |
| Total comprehensive (expenses) income for the period              | —                         | —                                       | —  | —   | —                                      | (3,325)                       | —  | (3,325)           | 76                                    | (3,249)                  |
| (Loss) profit for the period                                      | —                         | —                                       | —  | —   | —                                      | —                             | (1,129)  | (1,129)           | —                                     | (1,129)                  |
| Exchange differences arising on translation of foreign operations | —                         | —                                       | —  | —   | —                                      | —                             | —  | —                 | —                                     | —                        |
| Other comprehensive (expenses) income for the period, net of tax  | —                         | —                                       | —  | —   | —                                      | —                             | (1,129)  | (1,129)           | —                                     | (1,129)                  |
| Total   | —                         | —                                       | —  | —   | —                                      | (3,325)                       | (1,129)  | (4,454)           | 76                                    | (4,378)                  |
| Transactions with owners, recognised directly in equity           | —                         | —                                       | —  | —   | —                                      | (5,607)                       | —  | (5,607)           | —                                     | (5,607)                  |
| Dividend paid in respect of previous year                         | —                         | —                                       | —  | —   | —                                      | (5,607)                       | —  | (5,607)           | —                                     | (5,607)                  |
| Total   | —                         | —                                       | —  | —   | —                                      | (5,607)                       | —  | (5,607)           | —                                     | (5,607)                  |
| Balance at 30 June 2015 (unaudited)                               | 113,880                   | 1,916                                   | 5,353                                      | 2,940   | 166                                    | 175,472                       | 15,221   | 314,948           | 9,920                                 | 324,868                  |

Attributable to owners of the Company

|   | Share capital<br>US\$ '000 | Capital reserve<br>US\$ '000<br>(Note i) | Statutory reserve<br>US\$ '000<br>(Note ii) | Revaluation reserve<br>US\$ '000<br>(Note iii) | Other reserve<br>US\$ '000<br>(Note iv) | Retained earnings<br>US\$ '000 | Foreign currency translation reserve<br>US\$ '000 | Total<br>US\$ '000 | Non-controlling interests<br>US\$ '000 | Total equity<br>US\$ '000 |
|---|----------------------------|--|---|--|---|--------------------------------|---|--------------------|--|---------------------------|
| <b>THE GROUP</b>  |                            |  |   |  |   |                                |   |                    |  |                           |
| <b>1HCY16</b>   |                            |  |   |  |   |                                |   |                    |  |                           |
| Balance at 1 January 2016 (audited)                               | 113,880                    | 1,916                                    | 5,805                                       | 42,684   | 166                                     | 180,640                        | 15,889  | 360,980            | 10,411                                 | 371,391                   |
| <b>Change in equity for 1HCY16</b>                                |                            |  |   |  |   |                                |   |                    |  |                           |
| Total comprehensive income for the period                         | —                          | —  | —   | —  | —                                       | 4,496                          | —   | 4,496              | 430                                    | 4,926                     |
| Profit for the period   | —                          | —  | —   | —  | —                                       | —                              | —   | —                  | —                                      | —                         |
| Exchange differences arising on translation of foreign operations | —                          | —  | —   | —  | —                                       | —                              | (3,032)   | (3,032)            | —                                      | (3,032)                   |
| Other comprehensive income for the period, net of tax             | —                          | —  | —   | —  | —                                       | —                              | (3,032)   | (3,032)            | —                                      | (3,032)                   |
| Total   | —                          | —  | —   | —  | —                                       | 4,496                          | (3,032)   | 1,464              | 430                                    | 1,894                     |
| Transactions with owners, recognised directly in equity           | —                          | —  | —   | —  | —                                       | (5,607)                        | —   | (5,607)            | (325)                                  | (5,932)                   |
| Dividend paid in respect of previous year                         | —                          | —  | —   | —  | —                                       | (5,607)                        | —   | (5,607)            | (325)                                  | (5,932)                   |
| Total   | —                          | —  | —   | —  | —                                       | (5,607)                        | —   | (5,607)            | (325)                                  | (5,932)                   |
| Balance at 30 June 2016 (unaudited)                               | 113,880                    | 1,916                                    | 5,805                                       | 42,684   | 166                                     | 179,529                        | 12,857  | 356,837            | 10,516                                 | 367,353                   |





|  | Share<br>capital<br>US\$' 000 | Capital<br>reserve<br>US\$' 000 | Retained<br>earnings<br>US\$' 000 | Total<br>equity<br>US\$' 000 |
|--|-------------------------------|---------------------------------|-----------------------------------|------------------------------|
| <b>THE COMPANY</b>   |                               |                                 |                                   |                              |
| <b>2QCY16</b>  |                               |                                 |                                   |                              |
| Balance at 1 April 2016 (unaudited)  | 113,880                       | 1,916                           | 131,602                           | 247,398                      |
| Loss for the period, representing total<br>comprehensive expenses for the period | —                             | —                               | (258)                             | (258)                        |
| Transactions with owners, recognised<br>directly in equity                       |                               |                                 |                                   |                              |
| Dividend paid in respect of previous year  | —                             | —                               | (5,607)                           | (5,607)                      |
| Balance at 30 June 2016 (unaudited)  | <u>113,880</u>                | <u>1,916</u>                    | <u>125,737</u>                    | <u>241,533</u>               |
| <b>2QCY15</b>  |                               |                                 |                                   |                              |
| Balance at 1 April 2015 (unaudited)  | 113,880                       | 1,916                           | 135,011                           | 250,807                      |
| Loss for the period, representing total<br>comprehensive expenses for the period | —                             | —                               | (239)                             | (239)                        |
| Transactions with owners, recognised<br>directly in equity                       |                               |                                 |                                   |                              |
| Dividend paid in respect of previous year  | —                             | —                               | (5,607)                           | (5,607)                      |
| Balance at 30 June 2015 (unaudited)  | <u>113,880</u>                | <u>1,916</u>                    | <u>129,165</u>                    | <u>244,961</u>               |
| <b>1HCY16</b>  |                               |                                 |                                   |                              |
| Balance at 1 January 2016 (audited)  | 113,880                       | 1,916                           | 131,839                           | 247,635                      |
| Loss for the period, representing total<br>comprehensive expenses for the period | —                             | —                               | (495)                             | (495)                        |
| Transactions with owners, recognised<br>directly in equity                       |                               |                                 |                                   |                              |
| Dividend paid in respect of previous year  | —                             | —                               | (5,607)                           | (5,607)                      |
| Balance at 30 June 2016 (unaudited)  | <u>113,880</u>                | <u>1,916</u>                    | <u>125,737</u>                    | <u>241,533</u>               |
| <b>1HCY15</b>  |                               |                                 |                                   |                              |
| Balance at 1 January 2015 (audited)  | 113,880                       | 1,916                           | 135,284                           | 251,080                      |
| Loss for the period, representing total<br>comprehensive expenses for the period | —                             | —                               | (512)                             | (512)                        |
| Transactions with owners, recognised<br>directly in equity                       |                               |                                 |                                   |                              |
| Dividend paid in respect of previous year  | —                             | —                               | (5,607)                           | (5,607)                      |
| Balance at 30 June 2015 (unaudited)  | <u>113,880</u>                | <u>1,916</u>                    | <u>129,165</u>                    | <u>244,961</u>               |

## Consolidated Statement of Cash Flows

|   | <b>2QCY16</b><br><b>US\$' 000</b><br><b>(Unaudited)</b> | 2QCY15<br>US\$' 000<br>(Unaudited) | <b>1HCY16</b><br><b>US\$' 000</b><br><b>(Unaudited)</b> | 1HCY15<br>US\$' 000<br>(Unaudited) |
|---|---|------------------------------------|---|------------------------------------|
| <b>Operating activities</b>                                       |   |                                    |   |                                    |
| Profit (loss) before taxation                                     | <b>3,421</b>  | (2,432)                            | <b>6,666</b>  | (8,358)                            |
| Adjustments for:  |   |                                    |   |                                    |
| Allowance for doubtful debts                                      | <b>901</b>  | 56                                 | <b>695</b>  | 4,217                              |
| Finance costs   | <b>336</b>  | 459                                | <b>815</b>  | 888                                |
| Depreciation of property,<br>plant and equipment                  | <b>9,032</b>  | 9,504                              | <b>18,331</b>   | 19,007                             |
| Amortisation of prepaid land use rights                           | <b>41</b>   | 41                                 | <b>82</b>   | 82                                 |
| (Gain) loss on disposal of property,<br>plant and equipment       | <b>(11)</b>   | 651                                | <b>(6)</b>  | 561                                |
| Allowance for inventory obsolescence                              | <b>1,009</b>  | 10                                 | <b>1,173</b>  | 531                                |
| Impairment loss on property,<br>plant and equipment               | <b>5,000</b>  | —                                  | <b>5,000</b>  | —                                  |
| Interest income   | <b>(200)</b>  | (11)                               | <b>(231)</b>  | (30)                               |
| Operating income before<br>movements in working capital           | <b>19,529</b>   | 8,278                              | <b>32,525</b>   | 16,898                             |
| Decrease (increase) in inventories                                | <b>359</b>  | 824                                | <b>(4,640)</b>  | 2,183                              |
| (Increase) decrease in trade<br>and other receivables             | <b>(15,169)</b>   | (9,783)                            | <b>(19,150)</b>   | 517                                |
| (Decrease) increase in trade<br>and other payables                | <b>(4,038)</b>  | (1,961)                            | <b>12,339</b>   | (11,642)                           |
| Net cash (used in) generated from operations                      | <b>681</b>  | (2,642)                            | <b>21,074</b>   | 7,956                              |
| Interest income received  | <b>200</b>  | 11                                 | <b>231</b>  | 30                                 |
| Interest paid   | <b>(425)</b>  | (472)                              | <b>(1,025)</b>  | (967)                              |
| Income taxes paid   | <b>(1,387)</b>  | (664)                              | <b>(1,651)</b>  | (2,153)                            |
| <b>Net cash (used in) generated from<br/>operating activities</b> | <b>(931)</b>  | (3,767)                            | <b>18,629</b>   | 4,866                              |

| <b>2QCY16</b>      | 2QCY15      | <b>1HCY16</b>      | 1HCY15      |
|--------------------|-------------|--------------------|-------------|
| <b>US\$' 000</b>   | US\$' 000   | <b>US\$' 000</b>   | US\$' 000   |
| <b>(Unaudited)</b> | (Unaudited) | <b>(Unaudited)</b> | (Unaudited) |

### Investing activities

|  |                |         |                 |         |
|--|----------------|---------|-----------------|---------|
| Proceeds from disposal of property, plant and equipment        | <b>3,945</b>   | —       | <b>3,950</b>    | 321     |
| Purchase of property, plant and equipment                      | <b>(3,049)</b> | (2,800) | <b>(11,960)</b> | (6,973) |
| Deposits paid for acquisition of property, plant and equipment | <b>(611)</b>   | (785)   | <b>(2,391)</b>  | (1,437) |
| <b>Net cash generated from (used in) investing activities</b>  | <b>285</b>     | (3,585) | <b>(10,401)</b> | (8,089) |

### Financing activities

|  |                 |          |                 |          |
|--|-----------------|----------|-----------------|----------|
| Proceeds from bank borrowings  | <b>11,121</b>   | 15,165   | <b>18,062</b>   | 18,961   |
| Repayment of bank borrowings   | <b>(13,641)</b> | (10,697) | <b>(19,395)</b> | (17,337) |
| Dividends paid by the Company  | <b>(5,607)</b>  | (5,607)  | <b>(5,607)</b>  | (5,607)  |
| Dividends paid by subsidiary companies to non-controlling shareholders                                 | <b>(325)</b>    | —        | <b>(325)</b>    | (321)    |
| <b>Net cash used in financing activities</b>   | <b>(8,452)</b>  | (1,139)  | <b>(7,265)</b>  | (4,304)  |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(9,098)</b>  | (8,491)  | <b>963</b>      | (7,527)  |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>20,588</b>   | 23,278   | <b>10,950</b>   | 22,302   |
| <b>Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net</b> | <b>42</b>       | (530)    | <b>(381)</b>    | (518)    |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>11,532</b>   | 14,257   | <b>11,532</b>   | 14,257   |

Cash and cash equivalents consists of:

|                          | <b>30 June 2016</b> | 30 June 2015 |
|--------------------------|---------------------|--------------|
| Cash and bank balances   | <b>11,532</b>       | 14,270       |
| Bank overdraft-unsecured | —                   | (13)         |
|                          | <b>11,532</b>       | 14,257       |

**Notes:**

**1. Basis of preparation and principal accounting policies**

The same accounting policies and methods of computation have been applied in the preparation of the quarterly consolidated financial statements for 2QCY16 as the most recent audited financial statements as at 31 December 2015.

For the current period, the Group has applied all the new and revised FRS, as well as amendments to and interpretation of FRS that are relevant to its operations and effective for financial periods beginning on or after 1 January 2016:

The adoption of these new and revised FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial periods.

The Group has not early adopted the following new and revised standards or amendments to FRS, which would take effect from financial periods beginning on or after 1 January 2017:

- *FRS 115 Revenue from Contracts with Customers*
- *FRS 109 Financial Instruments*
- *FRS 116 Leases*
- *Amendment to FRS 115 classifications to FRS 115 Revenue from Contract with Customers*
- *Amendment to FRS 7 Statements of Cash Flows: Disclosure Initiative*
- *Amendments to FRS12 Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses*

The Group is in the process of making an assessment of the impact of these new and revised standards and amendments upon initial application but is not yet in a position to state whether these new and revised standards and amendments would have a significant impact on the results of operations and financial position of the Group.

**2. Revenue and segment information**

The Group's operating activities are attributable to two single reporting and operating segments on (i) fabrication and distribution of printed circuit boards ("PCB"); (ii) investment properties. These segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to FRS that are regularly reviewed by the executive Directors.

| Six months period ended<br>30 June 2016  | Fabrication<br>and<br>distribution<br>of PCB<br>US\$' 000 | Investment<br>properties<br>US\$' 000 | Elimination<br>US\$' 000 | Total<br>US\$' 000 |
|--|---|---------------------------------------|--------------------------|--------------------|
| <b>Segment revenue</b>                   |   |                                       |                          |                    |
| Revenue from external customers          | 236,043   | 2,910                                 | —                        | 238,953            |
| Inter-segment revenue                    | 189,387   | —                                     | (189,387)                | —                  |
| Reportable segment revenue               | 425,430   | 2,910                                 | (189,387)                | 238,953            |
| <b>Segment Results</b>                   |   |                                       |                          |                    |
| Corporate and other unallocated expenses | 3,960   | 2,864                                 | —                        | 6,824              |
| Profit before tax                        |   |                                       |                          | (158)              |
|  |   |                                       |                          | 6,666              |

|                                | Fabrication<br>and<br>distribution<br>of PCB<br>US\$' 000 | Investment<br>properties<br>US\$' 000 | Unallocated<br>US\$' 000 | Total<br>US\$' 000 |
|--------------------------------|---|---------------------------------------|--------------------------|--------------------|
| <b>ASSETS</b>                  |   |                                       |                          |                    |
| Segment assets                 | 485,166   | 101,367                               | —                        | 586,533            |
| Unallocated assets             | —   | —                                     | 11,532                   | 11,532             |
| Consolidated total assets      |   |                                       |                          | 598,065            |
| <b>LIABILITIES</b>             |   |                                       |                          |                    |
| Segment liabilities            | (224,501)   | (996)                                 | —                        | (225,497)          |
| Unallocated liabilities        | —   | —                                     | (5,215)                  | (5,215)            |
| Consolidated total liabilities |   |                                       |                          | (230,712)          |

| Six months period ended<br>30 June 2015  | Fabrication<br>and<br>distribution<br>of PCB<br>US\$' 000 | Investment<br>properties<br>US\$' 000 | Elimination<br>US\$' 000 | Total<br>US\$' 000 |
|--|---|---------------------------------------|--------------------------|--------------------|
| <b>Segment revenue</b>                   |   |                                       |                          |                    |
| Revenue from external customers          | 221,501   | 2,156                                 | —                        | 223,657            |
| Inter-segment revenue                    | 186,546   | —                                     | (186,546)                | —                  |
| Reportable segment revenue               | 408,047   | 2,156                                 | (186,546)                | 223,657            |
| <b>Segment Results</b>                   |   |                                       |                          |                    |
| Corporate and other unallocated expenses | (10,170)  | 2,083                                 | —                        | (8,087)            |
| Profit before tax                        |   |                                       |                          | (271)              |
|  |   |                                       |                          | (8,358)            |

|                                | Fabrication<br>and<br>distribution<br>of PCB<br>US\$' 000 | Investment<br>properties<br>US\$' 000 | Unallocated<br>US\$' 000 | Total<br>US\$' 000 |
|--------------------------------|---|---------------------------------------|--------------------------|--------------------|
| <b>ASSETS</b>                  |   |                                       |                          |                    |
| Segment assets                 | 498,763   | 49,422                                | —                        | 548,185            |
| Unallocated assets             | —   | —                                     | 14,270                   | 14,270             |
| Consolidated total assets      |   |                                       |                          | 562,455            |
| <b>LIABILITIES</b>             |   |                                       |                          |                    |
| Segment liabilities            | (217,509)   | (774)                                 | —                        | (218,283)          |
| Unallocated liabilities        | —   | —                                     | (1,582)                  | (1,582)            |
| Consolidated total liabilities |   |                                       |                          | (219,865)          |

### 3. Finance costs

|   | 1HCY16<br>US\$' 000<br>(Unaudited) | 1HCY15<br>US\$' 000<br>(Unaudited) |
|---|------------------------------------|------------------------------------|
| Interest on bank loans wholly repayable within five years | 1,025                              | 967                                |
| Less: Amounts capitalised                                 | (210)                              | (79)                               |
|   | <u>815</u>                         | <u>888</u>                         |

### 4. Income tax expense

|                           | 1HCY16<br>US\$' 000<br>(Unaudited) | 1HCY15<br>US\$' 000<br>(Unaudited) |
|---------------------------|------------------------------------|------------------------------------|
| Current tax:              |                                    |                                    |
| Singapore income tax      | 1                                  | 1                                  |
| PRC enterprise income tax | 1,503                              | 1,796                              |
| Hong Kong income tax      | —                                  | 10                                 |
| Other jurisdictions       | —                                  | 17                                 |
|                           | <u>1,504</u>                       | <u>1,824</u>                       |
| Deferred tax              | 236                                | 141                                |
|                           | <u>1,740</u>                       | <u>1,965</u>                       |

The Group is subject to taxation from the place of its operations where its profit is generated. Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

### 5. Dividend

No dividend has been declared or recommended for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).



## 6. Earnings (loss) per share

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following:

|   | Earnings (loss)         |             | Earnings (loss)         |             |
|---|-------------------------|-------------|-------------------------|-------------|
|   | 2QCY16                  | 2QCY15      | 1HCY16                  | 1HCY15      |
|   | US\$'000                | US\$'000    | US\$'000                | US\$'000    |
|   | (Unaudited)             | (Unaudited) | (Unaudited)             | (Unaudited) |
| Earnings (loss) for the purpose of basic earnings (loss) per share                            | <b>1,492</b>            | (3,325)     | <b>4,496</b>            | (10,457)    |
|   | <b>Number of shares</b> |             | <b>Number of shares</b> |             |
|   | 2QCY16                  | 2QCY15      | 1HCY16                  | 1HCY15      |
|   | '000                    | '000        | '000                    | '000        |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | <b>186,920</b>          | 186,920     | <b>186,920</b>          | 186,920     |
| Earnings (loss) per share (US cents) – basic  | <b>0.80</b>             | (1.77)      | <b>2.41</b>             | (5.59)      |

The Group had not granted options over shares. There are no dilutive potential ordinary shares.

## 7. Net asset value

|   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 30 June     | 31 December | 30 June     | 31 December |
|   | 2016        | 2015        | 2016        | 2015        |
|   | US\$        | US\$        | US\$        | US\$        |
|   | (Unaudited) | (Audited)   | (Unaudited) | (Audited)   |
| Net asset value (including non-controlling interests) per ordinary share based on total number of issued shares excluding treasury shares at the end of the period* | <b>1.97</b> | 1.99        | <b>1.29</b> | 1.32        |

\* Based on 186,919,962 issued shares as at 30 June 2016 (31 December 2015: 186,919,962 issued shares).

## 8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$22.4 million (1HCY15: approximately US\$8.4 million) on acquisition of property, plant and equipment including deposits paid.

The deposits for acquisition of plant and equipment relate to down payments made when new plant and equipment are purchased for operational needs. The amount of down payment reported at each quarter end will depend on factors such as (but not limited to) timing of orders placed for respective equipment, the delivery and the commissioning of the equipment purchase.

## 9. Trade and bills receivables

|                          | GROUP                                       |   |
|--------------------------|---|---|
|                          | 30 June<br>2016<br>US\$' 000<br>(Unaudited) | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Trade receivables        |   |   |
| – Third parties          | 145,703                                     | 129,512                                       |
| – Related parties (note) | 2,987                                       | 3,212   |
|                          | <b>148,690</b>                              | 132,724                                       |
| Bills receivables        | 1,135                                       | 268   |
| Total                    | <b>149,825</b>                              | 132,992                                       |

*Note: Related parties are subsidiaries of the ultimate holding company other than the Group.*

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

|                | GROUP                                       |   |
|----------------|---|---|
|                | 30 June<br>2016<br>US\$' 000<br>(Unaudited) | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Within 90 days | 133,963                                     | 112,331                                       |
| 91 to 180 days | 10,099                                      | 16,320  |
| Over 180 days  | 4,628                                       | 4,073   |
|                | <b>148,690</b>                              | 132,724                                       |

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2015: within 180 days).

Trade receivables are non-interest bearing and generally on 30 to 120 days' credit terms.

## 10. Inventories

|                  | <b>GROUP</b>  |   |
|------------------|---|---|
|                  | <b>30 June<br/>2016<br/>US\$' 000<br/>(Unaudited)</b> | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Raw materials    | 6,615   | 6,165   |
| Work-in-progress | 17,587  | 15,430  |
| Finished goods   | 12,136  | 11,285  |
|                  | <b>36,338</b>   | <b>32,880</b>                                 |

## 11. Trade and bills payables

|                          | <b>GROUP</b>  |   |
|--------------------------|---|---|
|                          | <b>30 June<br/>2016<br/>US\$' 000<br/>(Unaudited)</b> | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Trade payables           |   |   |
| – Third parties          | 66,329  | 56,621  |
| – Related parties (note) | 47,455  | 48,641  |
|                          | <b>113,784</b>  | 105,262                                       |
| Bills payables           | 7,757   | 7,069   |
| Total                    | <b>121,541</b>  | <b>112,331</b>                                |

*Note: Related parties are subsidiaries of the ultimate holding company other than the Group.*

Trade payables are non-interest bearing and generally on 15 to 120 days' terms. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

|                | <b>GROUP</b>  |   |
|----------------|---|---|
|                | <b>30 June<br/>2016<br/>US\$' 000<br/>(Unaudited)</b> | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Within 90 days | 78,830  | 77,207  |
| 91 to 180 days | 25,190  | 19,528  |
| Over 180 days  | 9,764   | 8,527   |
|                | <b>113,784</b>  | <b>105,262</b>                                |

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2015: within 180 days). The bills payables was mainly related to the purchase of equipment through issuing irrevocable letters of credits payment mode.

## 12. Bank overdraft and loans

|                                       | GROUP                                       |   |
|---------------------------------------|---|---|
|                                       | 30 June<br>2016<br>US\$' 000<br>(Unaudited) | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Unsecured:                            |   |   |
| Bank loans                            | 73,976                                      | 75,332  |
| Bank overdraft                        | —   | —   |
| Bank loans - unsecured                | <u>73,976</u>                               | <u>75,332</u>                                 |
| Comprising the following amounts due: |   |   |
| – within one year                     | 55,487                                      | 41,022  |
| – more than one year                  | 18,489                                      | 34,310  |
|                                       | <u>73,976</u>                               | <u>75,332</u>                                 |

The Group's total external borrowings decreased by approximately 1.8% to approximately US\$74.0 million as at 30 June 2016 compared with 31 December 2015.

## 13. Share capital

As at 30 June 2016, the Company has a total of 186,919,962 (31 December 2015: 186,919,962) issued ordinary shares.

## 14. Share options

There were no share options of the Company outstanding as at 30 June 2016 and 31 December 2015 respectively. No share options have been granted under the 2008 Elec & Eltek Employees' Share Option Scheme since its adoption by the Company on 9 May 2008 and as at the date of this report.

## 15. Capital commitments

|  | GROUP                                       |   |
|--|---|---|
|  | 30 June<br>2016<br>US\$' 000<br>(Unaudited) | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Capital expenditure not provided for in the consolidated financial statements: |   |   |
| Commitments in respect of contracts placed for plant expansion                 | <u>9,388</u>                                | <u>7,270</u>                                  |

## 16. Net current assets and total assets less current liabilities

As at 30 June 2016, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US\$4.2 million (31 December 2015: approximately US\$7.2 million).

As at 30 June 2016, the Group's total assets less current liabilities amounted to approximately US\$387.5 million (31 December 2015: approximately US\$407.1 million).

## 17. Related party transactions

|   | GROUP                                       |   |
|---|---|---|
|   | 30 June<br>2016<br>US\$' 000<br>(Unaudited) | 31 December<br>2015<br>US\$' 000<br>(Audited) |
| Income  |   |   |
| Sales to related companies  | (9,135)                                     | (15,545)                                      |
| Rental income from a minority shareholder of a subsidiary                   | (556)                                       | (1,121)                                       |
| Sharing of office space and office expenses received from related companies | —   | (18)  |
| Expenses  |   |   |
| Purchase from related companies   | 54,078                                      | 110,009                                       |
| Purchase of equipment from related companies                                | 3,500                                       | 7,883   |
| Sharing of office space and office expenses paid to related companies       | 39  | 99  |

## 18. Reconciliation between FRS and International Financial Reporting Standards ("IFRS")

For 1HCY16, there were no material differences between the consolidated financial statements of the Group prepared under FRS and IFRS.

## FINANCIAL HIGHLIGHTS

|   | Six months ended                        |   | % Change |
|---|---|---|----------|
|   | 30 June 2016<br>("1HCY16")<br>US\$' 000 | 30 June 2015<br>("1HCY15")<br>US\$' 000<br>(Restated) |          |
| Revenue <sup>#</sup>                                    | <b>238,953</b>                          | 223,657   | 6.8%     |
| EBITDA  | <b>25,663</b>                           | 11,589  | 121.4%   |
| EBITDA margin   | <b>10.7%</b>                            | 5.2%  | 5.5%     |
| Underlying profit (loss) before tax*                    | <b>11,666</b>                           | (4,197)   | 378.0%   |
| Net profit (loss) attributable to owners of the Company |   |   |          |
| – Underlying net profit (loss)*                         | <b>9,496</b>                            | (6,296)   | 250.8%   |
| – Reported profit (loss)                                | <b>4,496</b>                            | (10,457)  | 143.0%   |
| Basic earnings (loss) per share                         |   |   |          |
| – Underlying net profit (loss)*                         | <b>US5.08 cents</b>                     | (US3.37 cents)  | 250.7%   |
| – Reported profit (loss)                                | <b>US2.41 cents</b>                     | (US5.59 cents)  | 143.1%   |
| Interim dividend per share                              | <b>NIL</b>                              | NIL   | —        |
| Dividend payout ratio                                   | <b>N/A</b>                              | N/A   | —        |
|   | <b>30 June<br/>2016</b>                 | 31 December<br>2015                                   |          |
| Net asset value per share                               | <b>US\$1.97</b>                         | US\$1.99  | -1.0%    |
| Net gearing ratio                                       | <b>17.0%</b>                            | 17.3%   | -0.3%    |

\* Excluding the additional provision for property, plant and equipment of approximately US\$5.0 million made in the quarter ended 30 June 2016 and potential claims of approximately US\$4.2 million made in the period ended 30 June 2015.

# The amount is restated for reclassification of rental income for approximately US\$2.2 million from other income to turnover because property investments become a standalone reportable segment to the chief operating decision makers of the Group in the current period.

## BUSINESS REVIEW

The Group's revenue for 2QCY16 increased by 8.4% from 2QCY15 to approximately US\$127.0 million. This increase was mainly due to increased sales proportion of higher price products arising from an adjustment in product mix allocation. Since the operations of the Group's plant in Yangzhou have not improved, the Group has, as a matter of prudence, made provision for impairment of plant and equipment in Yangzhou of approximately US\$5.0 million for the period. Notwithstanding the above provision, the Group still recorded net attributable profit (profit after tax and non-controlling interests) of US\$1.5 million in 2QCY16, as compared with a loss of US\$3.3 million in 2QCY15. Earnings before interest, tax, depreciation and amortization for 2QCY16 ("**EBITDA**") was approximately US\$12.6 million (2QCY15: US\$7.6 million) — increased by 65.8% against the same period of the previous year. The Group continued to generate steady operating cash flow. As at 30 June 2016, the Group's net gearing ratio was 17.0%. The Group's financial position remained healthy.

In the second quarter of 2016, communication & networking products accounted for about 48.3% (2QCY15: 24.7%) of our sales while automotive PCB sales accounted for around 21.0% of our total PCB sales (2QCY15: 24.7%). High Density Interconnect ("**HDI**") PCB accounted for approximately 31.5% of total PCB sales in 2QCY16 (2QCY15: 26.6%).

The Group's gross profit increased by 71.1% to US\$14.7 million in 2QCY16 as compared with that of US\$8.6 million in 2QCY15, and gross margin grew to 11.6% (2QCY15: 7.3%). The increase in gross profit was primarily attributable to an improvement in product mix causing an increase in sales of products with higher gross profit, in addition to the lower overhead absorption and a decrease in prices of raw materials.

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2016, the Group's net current assets was approximately US\$4.2 million (31 December 2015: approximately US\$7.2 million), making the current ratio 1.02 as compared to 1.04 as at 31 December 2015.

The net working capital cycle was 42 days as at 30 June 2016 (31 December 2015: 45 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, decreased to 30 days (31 December 2015: 31 days).
- Trade receivables, in terms of debtors turnover days, increased to 107 days (31 December 2015: 106 days).
- Trade payables, in terms of creditors turnover days, increased to 95 days (31 December 2015: 92 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 30 June 2016 was approximately 17.0% (31 December 2015: 17.3%). The proportion of short-term and long-term bank borrowings stood at 75%: 25% (31 December 2015: 54%: 46%). The total equity of the Group, as at 30 June 2016, was approximately US\$367.4 million (31 December 2015: approximately US\$371.4 million). As at 30 June 2016, the Group had cash on hand and undrawn loan facilities of approximately US\$11.5 million and US\$44.1 million respectively.

The Group's transactions and monetary assets are principally denominated in United States dollars, Renminbi and Hong Kong dollars. There was no material foreign exchange exposure to the Group during the half year under review.

## HUMAN RESOURCES

As at 30 June 2016, the Group had approximately 9,100 employees (31 December 2015: 8,900). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market as well as the minimum wage guideline as prescribed by the local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profit target achievements of the Company and individual performance.

The Company has in place a share option scheme in order to attract and retain the best available personnel and to align individual interests with the Group's interests, as and when appropriate.

## PROSPECTS

The Group will continue with its comprehensive review of its operation cycle for the second half year, with more focus on efficiency and quality improvement. Production capabilities will be further upgraded to serve customers in telecommunication and automotive segments. Since orders for communication equipment circuit boards have been slowing down and the average selling prices remain under pressure due to intense competition in the market, the Group's management predicts that the general operating environment for the Group will be challenging for the second half year of 2016.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2016, the interests of the Directors and their respective associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

### Long Position

#### (a) Ordinary shares of the Company ("**Shares**")

| Name of Director     | Capacity         | Number of<br>issued Shares<br>held | Approximate<br>percentage of<br>the issued<br>share capital of<br>the Company |
|----------------------|------------------|------------------------------------|---|
| Mr. Cheung Kwok Wing | Beneficial owner | 1,507,200                          | 0.81%   |
| Mr. Chang Wing Yiu   | Beneficial owner | 486,600                            | 0.26%   |
| Mr. Ng Hon Chung     | Beneficial owner | 60,000                             | 0.03%   |



(b) *Ordinary shares of HK\$0.10 each (“Kingboard Shares”) of Kingboard Chemical Holdings Limited (“Kingboard”)*

| <b>Name of Director</b>                        | <b>Capacity</b>                         | <b>Number of issued Kingboard Shares held</b> | <b>Approximate percentage of the issued share capital of Kingboard</b> |
|--|---|---|--|
| Mr. Cheung Kwok Wing ( <i>Note 1</i> )         | Beneficial owner/<br>Interest of spouse | 3,604,470                                     | 0.35%  |
| Ms. Stephanie Cheung Wai Lin ( <i>Note 2</i> ) | Beneficial owner/<br>Interest of spouse | 822,000                                       | 0.08%  |
| Mr. Chang Wing Yiu ( <i>Note 3</i> )           | Beneficial owner/<br>Interest of spouse | 5,262,928                                     | 0.51%  |

*Note 1: Out of 3,604,470 Kingboard Shares, 1,702,405 and 1,902,065 Kingboard Shares were held by Mr. Cheung Kwok Wing and his spouse respectively.*

*Note 2: Out of the 822,000 Kingboard Shares, 682,000 and 140,000 Kingboard Shares were held by Ms. Stephanie Cheung Wai Lin and her spouse respectively.*

*Note 3: Out of the 5,262,928 Kingboard Shares, 4,076,488 and 1,186,440 Kingboard Shares were held by Mr. Chang Wing Yiu and his spouse respectively.*

(c) *Share options of Kingboard (“Kingboard Share Options”)*

| <b>Name of Director</b>      | <b>Capacity</b>  | <b>Interest in underlying Kingboard Shares pursuant to the Kingboard Share Options</b> |
|------------------------------|------------------|--|
| Mr. Cheung Kwok Wing         | Beneficial owner | 9,360,000  |
| Ms. Stephanie Cheung Wai Lin | Beneficial owner | 7,120,000  |
| Mr. Chang Wing Yiu           | Beneficial owner | 8,120,000  |

- (d) *Ordinary shares of HK\$0.10 each (“KLHL Shares”) of Kingboard Laminates Holdings Limited (“KLHL”), a non-wholly owned subsidiary of Kingboard*

| <b>Name of Director</b> | <b>Capacity</b>    | <b>Number of issued KLHL Shares held</b> | <b>Approximate percentage of the issued share capital of KLHL</b> |
|-------------------------|--------------------|--|---|
| Mr. Cheung Kwok Wing    | Beneficial owner   | 1,483,500                                | 0.05%   |
| Mr. Chang Wing Yiu      | Interest of spouse | 1,600,000                                | 0.05%   |
| Mr. Ng Hon Chung        | Beneficial owner   | 20,000                                   | 0.00%   |

- (e) *Non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminates Limited, a non wholly-owned subsidiary of Kingboard*

| <b>Name of Director</b> | <b>Capacity</b>  | <b>Number of non-voting deferred shares held</b><br><i>(Note)</i> |
|-------------------------|------------------|---|
| Mr. Cheung Kwok Wing    | Beneficial owner | 1,904,400   |
| Mr. Chang Wing Yiu      | Beneficial owner | 423,200   |

*Note: None of the non-voting deferred shares of Kingboard Laminates Limited are held by the group of Kingboard. Such deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.*

Save as disclosed above, as at 30 June 2016, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and SEHK under the Model Code for Securities Transactions by Directors of Listed Issuers.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

### Long Position

*Ordinary shares of the Company (“Shares”)*

| Name of shareholder  | Nature of interest                                   | Number of issued Shares held | Approximate percentage of the issued shares capital of the Company |
|--|--|------------------------------|--|
| Elec & Eltek International Holdings Limited (“ <b>EEIH</b> ”)    | Beneficial owner                                     | 90,741,550                   | 48.55%   |
| Elitelink Holdings Limited (“ <b>Elitelink</b> ”)                | Beneficial owner                                     | 34,321,615                   | 18.36%   |
| Ease Ever Investments Limited (“ <b>Ease Ever</b> ”)             | Interest in controlled corporation ( <i>Note 1</i> ) | 90,741,550                   | 48.55%   |
| Kingboard Investments Limited (“ <b>Kingboard Investments</b> ”) | Interest in controlled corporation ( <i>Note 2</i> ) | 125,063,165                  | 66.91%   |
|  | Beneficial owner                                     | 10,978,500                   | 5.87%  |
| Jamplan (BVI) Limited (“ <b>Jamplan</b> ”)                       | Interest in controlled corporation ( <i>Note 3</i> ) | 136,041,665                  | 72.78%   |
| Kingboard  | Interest in controlled corporation ( <i>Note 4</i> ) | 136,041,665                  | 72.78%   |
|  | Beneficial owner                                     | 1,622,500                    | 0.87%  |
| Hallgain Management Limited (“ <b>HML</b> ”)                     | Interest in controlled corporation ( <i>Note 5</i> ) | 137,664,165                  | 73.65%   |

*Note 1: The entire issued share capital of EEIH is owned approximately 77.34% by Ease Ever, approximately 11.59% by Kingboard and approximately 11.07% by Kingboard Investments. Ease Ever is deemed to have an interest in 90,741,550 Shares held by EEIH, under the provisions of the SFO.*

*Note 2: The entire issued share capital of Elitelink and Ease Ever are owned by Kingboard Investments. Kingboard Investments is deemed to have an interest in 34,321,615 Shares held by Elitelink and 90,741,550 Shares which Ease Ever is deemed to have an interest in, under the provisions of the SFO.*

*Note 3: The entire issued share capital of Kingboard Investments is owned by Jamplan. Jamplan is deemed to have an interest in 10,978,500 Shares held by Kingboard Investments and 125,063,165 Shares which Kingboard Investments is deemed to have an interest in, under the provisions of the SFO.*

*Note 4: The entire issued share capital of Jamplan is owned by Kingboard. Kingboard is deemed to have an interest in 136,041,665 Shares which Jamplan is deemed to have an interest in, under the provisions of the SFO.*

*Note 5: Approximately 37.00% of the issued share capital of Kingboard is owned by HML. HML is deemed to have an interest in 1,622,500 Shares held by Kingboard and 136,041,665 Shares which Kingboard is deemed to have an interest in, under the provisions of the SFO. There is no shareholder of HML who is entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at HML's general meetings. HML and its director is not accustomed to act in accordance with any shareholder's direction. Mr. Cheung Kwok Wing is a director of HML.*

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2016 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME OF THE COMPANY

The Company has granted share options to eligible employees under the 2002 Elec & Eltek Employees' Share Option Scheme (the "**2002 Scheme**"), which was terminated on 12 November 2011, without affecting the rights of holders of any options granted and outstanding under the 2002 Scheme.

In 2008, the 2008 Elec & Eltek Employees' Share Option Scheme (the "**2008 Scheme**") was approved by the shareholders of the Company at an Extraordinary General Meeting of the Company held on 21 April 2008, and was adopted by the Company on 9 May 2008 upon fulfilment of all the conditions precedent as set out in Rule 2 of the 2008 Scheme. Since its adoption, no option has been granted by the Company pursuant to the 2008 Scheme.

The purpose of the 2008 Scheme is to provide an opportunity for employees who have contributed significantly to the growth and performance of the Group, and who satisfy the eligibility criteria as set out in Rule 4 of the 2008 Scheme, to participate in the equity of the Company so as to motivate them towards greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the 2008 Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

The 2008 Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in the Company either at an "Exercise Price", which is defined as the price equal to the average of the last dealt prices of the Company's shares for a period of five consecutive market days immediately preceding the relevant date of grant, or at a discount to the Exercise Price as defined earlier, provided that the discount shall not exceed 20% of the Exercise Price.

Options granted at the Exercise Price or at a discount to the Exercise Price may be exercised after the first or second anniversary, respectively, of the date of grant and expiring on the fifth anniversary of the date of grant.

The duration of the 2008 Scheme is ten years from the adoption date, and it has a remaining life of approximately 20 months. The total number of shares that may be issued shall not exceed 17,963,506 shares (which represents 10% of the total number of shares in issue of the Company as at the adoption date or 10% and 10% of the total number of shares in issue of the Company as at the respective dates of (i) the Company's annual report for the year ended 31 December 2015 and (ii) this interim report). Subject to certain conditions being satisfied, the scheme limit may be increased to 15% of the total number of shares in issue of the Company excluding treasury shares (if any) from time to time. The total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-months' period must not exceed 1% of the total number of shares in issue of the Company from time to time.

Share options may be accepted within 30 days after the relevant date of grant accompanied by payment of SGD\$1.00 (or its equivalent) as consideration by the participants, but the grant of share options do not confer rights on the option holders to any dividend entitlement or to vote at any shareholders' meeting.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During 1HCY16, neither the Company nor any of the subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

The audit committee of the Board ("**Audit Committee**") has reviewed, with the Group's management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited interim financial statements of the Group for 1HCY16. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Company has adopted the code provisions ("**Code Provisions**") as stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**CG Code**") as the code of the Company.

Currently, the Board comprises five board committees, namely the Audit Committee, the nomination committee ("**Nomination Committee**"), the remuneration committee ("**Remuneration Committee**"), the employees' share option scheme committee ("**Employees' Share Option Scheme Committee**") and the executive committee ("**Executive Committee**") of the Board (collectively, "**Board Committees**"). The respective terms of reference of the Board Committees, except for the Employees' Share Option Scheme Committee and the Executive Committee, are posted on the website of SEHK. The respective terms of reference of the Board Committees, except for the Employees' Share Option Scheme Committee, are also posted on the Company's website.

During the first half of the year under review, the Company fully complied with the Code Provisions in the CG Code, save for the followings:

### **1. Deviation from Code Provision A.4.1**

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and be subject to re-election.

All the existing non-executive directors of the Company (except Mr. Ong Shen Chieh ("**Mr. Ong**") for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) are not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with "Article 95 — Election of Directors" of the Articles of Association of the Company that one-third of its directors (prioritized by the length of service since a director's previous re-election or appointment) shall retire or offer themselves for re-election by shareholders at every annual general meeting of the Company. This effectively means that no directors (except Mr. Ong for the reason disclosed in "2. Deviation from Code Provision A.4.2" below) will remain in office for more than 3 years without being re-elected by the Company's shareholders at the general meeting of the Company. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

## 2. Deviation from Code Provision A.4.2

Under Code Provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Companies Act of Singapore requires that company incorporated in Singapore shall have, at all times, at least one director who is ordinarily resident in Singapore. Mr. Ong, the only Singapore resident director of the Company, who was appointed as our independent non-executive Director on the same day as the resignation of Mr. Lai Chong Tuck as our independent non-executive Director on 30 June 2016, is due to retire at the first general meeting of the Company after his appointment. As advised by the Company's Singapore legal adviser, Mr. Ong cannot be subject to retirement and re-election at the first general meeting of the Company after his appointment, or to retirement by rotation and re-election at the annual general meetings of the Company, because the Company would risk violating the Companies Act of Singapore as there would be no Singapore resident director existing in the Company immediately following Mr. Ong's retirement, even if he were to be re-elected afterwards by Company's shareholders at the Company's general meeting.

In order to comply with this Code Provision without violating the Companies Act of Singapore, the Company will consider the possibility of appointing one additional Singapore resident Director to the Board to allow such two Singapore resident Directors to retire by rotation, if necessary, interchangeably to avoid the absence of a Singapore resident Director at any one time.

## 3. Deviation from Code Provision E.1.2

Under Code Provision E.1.2 of the CG Code, the chairman of the Board ("**Chairman**") should attend the annual general meeting of the Company.

The Chairman, Mr. Cheung Kwok Wing, was unable to attend the annual general meeting of the Company held on 29 April 2016 ("**2016 AGM**") due to business reasons. He delegated the duty of answering and addressing questions raised by shareholders at the 2016 AGM to the vice chairman ("**Vice Chairman**") and executive Director of the Company, Ms. Stephanie Cheung Wai Lin, who assumes the duty of chief executive officer of the Company.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

## HONG KONG CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by its directors and relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. A copy of the internal memorandum is circulated to each of the Company's directors and relevant employees at least 30 days and 60 days, respectively, before the date of the board meeting to approve the Company's quarterly results and annual results, with a reminder that the directors and relevant employees cannot deal in the securities of the Company until after such results have been published.

On specific enquiry made, all Directors of the Company have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct throughout 1HCY16.

## AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 2QCY16 and 1HCY16 have not been audited or reviewed by the Group's auditors.

## SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

The Group does not have any material subsequent event after 1HCY16.

## FORECAST STATEMENT

No forecast statement had been previously disclosed to shareholders of the Company.

## DISCLOSURE ON THE WEBSITE OF THE RELEVANT SECURITIES EXCHANGES

This announcement shall be published on the websites of SGX (<http://www.sgx.com>), the SEHK (<http://www.hkexnews.hk>) and the Company (<http://www.eleceltek.com>).

## APPRECIATION

On behalf of the Board, we would like to take this opportunity to express our gratitude to our global employees for their continued loyalty, diligence and unreserved support to the Group.

## CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the financial period ended 30 June 2016 of the company and of the Group to be false or misleading, in any material aspect.

## INTERESTED PERSONS TRANSACTIONS

The interested persons transactions carried out within the Group during the reporting period, which fall under Chapter 9 of the SGX Listing Manual, are as follows:

| Name of Interested Person<br>US\$'000                       | Aggregate value of<br>all interested person<br>transactions during<br>the financial period<br>under review (including<br>transactions of less than<br>S\$100,000 and excluding<br>transactions conducted<br>under a shareholders'<br>mandate pursuant<br>to Rule 920) |        | Aggregate value of<br>all interested person<br>transactions conducted<br>under a shareholders'<br>mandate pursuant to<br>Rule 920 (including<br>transactions of less than<br>S\$100,000) |        |
|---|---|--------|--|--------|
|   | 1HCY16  | 1HCY15 | 1HCY16   | 1HCY15 |
| <b>Purchases of plant and equipment</b>                     |   |        |  |        |
| Chung Shun Laminates<br>(Macao Commercial Offshore) Limited | —   | —      | 3,500  | 2,295  |
|   | —   | —      | 3,500  | 2,295  |
| <b>Purchases of goods and services</b>                      |   |        |  |        |
| Chung Shun Laminates (Macao<br>Commercial Offshore) Limited | —   | —      | 29,450   | 46,061 |
| Elec & Eltek Corporate Services Limited                     | 39  | 19     | —  | —      |
| Heng Yang Kingboard Chemical Co., Ltd.                      | —   | —      | 742  | 815    |
| Hong Kong Fibre Glass Company Limited                       | —   | —      | 7,065  | 6,425  |
| Huizhou Chung Shun Chemical Co., Ltd.                       | —   | —      | 475  | 343    |
| Jiangmen Glory Faith PCB Company Limited                    | —   | —      | 164  | —      |
| Jiangmen Kingboard High-tech Company Limited                | —   | —      | 8,817  | —      |
| Kingfai (Lian Zhou) Electronic Materials Company Limited    | —   | —      | 5,371  | —      |
| Techwise Circuits Co., Ltd.                                 | —   | —      | 3  | —      |
| New Poly Chemical (Guangzhou) Company Limited               | —   | —      | 1,991  | —      |
| Joyful Source Group Limited                                 | —   | 13     | —  | —      |
|   | 39  | 32     | 54,078   | 53,644 |
| <b>Provision of goods and services</b>                      |   |        |  |        |
| Chung Shun Laminates (Macao<br>Commercial Offshore) Limited | —   | —      | 3,685  | 2,766  |
| Elec & Eltek Display Technology Limited                     | —   | 18     | —  | —      |
| Express Electronics Ltd                                     | —   | —      | 80   | 1,277  |
| Jiangmen Glory Faith PCB Co., Ltd.                          | —   | —      | 66   | —      |
| Techwise (Macao Commercial Offshore) Circuits Limited       | —   | —      | 3,364  | 2,385  |
| Top Faith PCB Co., Ltd.                                     | —   | —      | 1,940  | —      |
|   | —   | 18     | 9,135  | 6,428  |



## CONFIRMATION BY THE BOARD

We, Stephanie Cheung Wai Lin and Chang Wing Yiu, being two of the Directors, do hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and six months ended 30 June 2016 to be false or misleading.

On behalf of the Board of Directors

**Stephanie Cheung Wai Lin**  
*Executive Director*

**Chang Wing Yiu**  
*Executive Director*

By order of the Board  
**Elec & Eltek International Company Limited**  
**Stephanie Cheung Wai Lin**  
*Vice Chairman*

Hong Kong, 12 August 2016

As at the date of this announcement, the Board of the Company comprises the following directors:

*Executive Directors:-*  
*Stephanie Cheung Wai Lin (Vice Chairman)*  
*Chang Wing Yiu*  
*Ng Hon Chung*

*Non-executive Directors:-*  
*Cheung Kwok Wing (Chairman)*

*Independent Non-executive Directors:-*  
*Raymond Leung Hai Ming*  
*Stanley Chung Wai Cheong*  
*Ong Shen Chieh*

\* *For identification purpose only*



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Elec & Eltek International Company Limited

**[www.eleceltek.com](http://www.eleceltek.com)**