



**Etec & Eltek 依利安達**

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

(Member of Kingboard Holdings Limited)

*(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  
**2018**

\* 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 (“**2QCY18**”) and six months ended 30 June 2018 (“**1HCY18**”) together with the comparative figures for the second quarter (“**2QCY17**”) and six months ended 30 June 2017 (“**1HCY17**”).

### Consolidated Statement of Profit or Loss

	Notes	2QCY18 US\$'000 (Unaudited)	2QCY17 US\$'000 (Unaudited)	% Change	1HCY18 US\$'000 (Unaudited)	1HCY17 US\$'000 (Unaudited)	% Change
<b>Revenue</b>	2	<b>148,268</b>	118,891	24.7%	<b>280,119</b>	235,102	19.1%
Cost of sales		<b>(132,657)</b>	(101,496)	30.7%	<b>(248,212)</b>	(199,626)	24.3%
<b>Gross profit</b>		<b>15,611</b>	17,395	-10.3%	<b>31,907</b>	35,476	-10.1%
<i>Gross profit margin</i>		<b>10.5%</b>	14.6%	-4.1%	<b>11.4%</b>	15.1%	-3.7%
Other operating income and gains		<b>960</b>	517	85.7%	<b>1,381</b>	995	38.8%
Distribution and selling costs		<b>(2,420)</b>	(2,527)	-4.2%	<b>(4,859)</b>	(5,167)	-6.0%
Administrative expenses		<b>(5,240)</b>	(5,104)	2.7%	<b>(10,230)</b>	(9,738)	5.1%
Other operating expenses and losses		<b>(177)</b>	(885)	-80.0%	<b>(282)</b>	(1,153)	-75.5%
Finance costs	3	<b>(384)</b>	(298)	28.9%	<b>(680)</b>	(593)	14.7%
<b>Profit before taxation</b>		<b>8,350</b>	9,098	-8.2%	<b>17,237</b>	19,820	-13.0%
Income tax expense	4	<b>(575)</b>	(1,351)	-57.4%	<b>(2,149)</b>	(3,006)	-28.5%
<b>Profit for the period</b>		<b>7,775</b>	7,747	0.4%	<b>15,088</b>	16,814	-10.3%
Profit attributable to:							
Owners of the Company		<b>7,625</b>	7,615	0.1%	<b>14,850</b>	16,525	-10.1%
Non-controlling interests		<b>150</b>	132	13.6%	<b>238</b>	289	-17.6%
		<b>7,775</b>	7,747	0.4%	<b>15,088</b>	16,814	-10.3%
Earnings per share (US cents)	6						
– Basic and diluted		<b>4.08</b>	4.07	0.3%	<b>7.94</b>	8.84	-10.2%



## Notes to Consolidated Statement of Profit or Loss:

	2QCY18 US\$' 000 (Unaudited)	2QCY17 US\$' 000 (Unaudited)	% Change	1HCY18 US\$' 000 (Unaudited)	1HCY17 US\$' 000 (Unaudited)	% Change
Depreciation of property, plant and equipment	10,305	8,931	15.4%	19,535	18,053	8.2%
Amortisation of prepaid land use rights (Reversal of allowance) allowance for doubtful debts	41 (164)	41 597	n/m -127.5%	82 (114)	82 657	n/m -117.4%
Allowance (reversal of allowance) for inventory obsolescence	60	(282)	121.3%	196	122	60.7%

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

	2QCY18 US\$' 000 (Unaudited)	2QCY17 US\$' 000 (Unaudited)	% Change	1HCY18 US\$' 000 (Unaudited)	1HCY17 US\$' 000 (Unaudited)	% Change
<b>Profit for the period</b>	<b>7,775</b>	<b>7,747</b>	0.4%	<b>15,088</b>	<b>16,814</b>	-10.3%
Other comprehensive expenses: Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operations	(441)	(338)	30.5%	(152)	(574)	-73.5%
Other comprehensive expenses for the period, net of tax	(441)	(338)	30.5%	(152)	(574)	-73.5%
Total comprehensive income for the period	<b>7,334</b>	<b>7,409</b>	-1.0%	<b>14,936</b>	<b>16,240</b>	-8.0%
Total comprehensive income attributable to:						
Owners of the Company	7,184	7,277	-1.3%	14,698	15,951	-7.9%
Non-controlling interests	150	132	13.6%	238	289	-17.6%
	<b>7,334</b>	<b>7,409</b>	-1.0%	<b>14,936</b>	<b>16,240</b>	-8.0%

*n/m - percentage not meaningful*

## Statement of Financial Position

		GROUP		COMPANY		
		30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)	30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)	
<b>ASSETS</b>						
<b>Current assets</b>						
		Cash and bank balances	20,019	25,985	41	179
	9	Trade receivables	180,709	168,280	—	—
	9	Bills receivables	2,164	3,555	—	—
		Other receivables	21,468	13,216	30	1
		Prepaid land use rights	399	399	—	—
	10	Inventories	47,370	44,156	—	—
<b>Total current assets</b>		<b>272,129</b>	<b>255,591</b>	<b>71</b>	<b>180</b>	
<b>Non-current assets</b>						
	8	Property, plant and equipment	302,738	286,660	—	—
		Prepaid land use rights	12,367	12,449	—	—
	8	Deposits for acquisition of plant and equipment	10,488	10,401	—	—
		Investment properties	101,692	101,692	—	—
		Subsidiary companies	—	—	485,016	470,324
		Deferred tax assets	84	84	—	—
<b>Total non-current assets</b>		<b>427,369</b>	<b>411,286</b>	<b>485,016</b>	<b>470,324</b>	
<b>Total assets</b>		<b>699,498</b>	<b>666,877</b>	<b>485,087</b>	<b>470,504</b>	



	Notes	GROUP		COMPANY	
		30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)	30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans	12	74,753	47,286	—	—
Trade payables	11	136,441	133,012	—	—
Bills payables	11	12,933	17,293	—	—
Other payables		38,038	36,739	974	2,258
Amounts due to subsidiary companies		—	—	262,870	231,454
Provision for taxation		3,432	3,234	—	—
<b>Total current liabilities</b>		<b>265,597</b>	<b>237,564</b>	<b>263,844</b>	<b>233,712</b>
<b>Non-current liabilities</b>					
Bank loans	12	30,000	25,942	—	—
Deferred tax liabilities		2,551	2,003	—	—
<b>Total non-current liabilities</b>		<b>32,551</b>	<b>27,945</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		275,890	276,146	107,363	122,912
Equity attributable to owners of the Company		389,770	390,026	221,243	236,792
Non-controlling interests		11,580	11,342	—	—
<b>Total equity</b>		<b>401,350</b>	<b>401,368</b>	<b>221,243</b>	<b>236,792</b>
<b>Total liabilities and equity</b>		<b>699,498</b>	<b>666,877</b>	<b>485,087</b>	<b>470,504</b>

## Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total equity US\$ '000	
	Share capital US\$ '000	Capital reserve US\$ '000 (Note i)	Statutory reserve US\$ '000 (Note ii)	Revaluation reserve US\$ '000 (Note iii)	Other reserve US\$ '000 (Note iv)	Retained earnings US\$ '000	Foreign currency translation reserve US\$ '000		Total US\$ '000
<b>THE GROUP</b>									
<b>20CY18</b>									
Balance at 1 April 2018 (unaudited)	113,880	1,916	6,826	42,684	166	217,570	14,488	397,540	11,430
<b>Change in equity for 20CY18</b>									
Total comprehensive income (expenses) for the period	—	—	—	—	—	7,625	—	7,625	150
Profit for the period	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(441)	(441)	—
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(441)	(441)	—
Total	—	—	—	—	—	7,625	(441)	7,184	150
Transactions with owners, recognised directly in equity	—	—	—	—	—	(14,954)	—	(14,954)	—
Dividend paid in respect of previous year	—	—	—	—	—	(14,954)	—	(14,954)	—
Total	—	—	—	—	—	210,241	14,057	389,770	11,580
Balance at 30 June 2018 (unaudited)	113,880	1,916	6,826	42,684	166	210,241	14,057	389,770	11,580



Attributable to owners of the Company

	Share capital US\$'000 (Note i)	Capital reserve US\$'000 (Note i)	Statutory reserve US\$'000 (Note ii)	Revaluation reserve US\$'000 (Note iii)	Other reserve US\$'000 (Note iv)	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>20CY17</b>										
Balance at 1 April 2017 (unaudited)	113,880	1,916	6,252	42,684	166	194,883	14,848	374,623	10,875	385,504
<b>Change in equity for 20CY17</b>										
Total comprehensive income (expenses) for the period	—	—	—	—	—	7,615	—	7,615	132	7,747
Profit for the period	—	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(338)	(338)	—	(338)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(338)	(338)	—	(338)
Total	—	—	—	—	—	7,615	(338)	7,277	132	7,409
Transactions with owners, recognised directly in equity	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Dividend paid in respect of previous year	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Total	—	—	—	—	—	—	—	—	—	—
Balance at 30 June 2017 (unaudited)	113,880	1,916	6,252	42,684	166	191,283	14,510	370,691	11,007	381,698

Attributable to owners of the Company

	Share capital US\$ '000	Capital reserve US\$ '000 (Note i)	Statutory reserve US\$ '000 (Note ii)	Revaluation reserve US\$ '000 (Note iii)	Other reserve US\$ '000 (Note iv)	Retained earnings US\$ '000	Foreign currency translation reserve US\$ '000	Total US\$ '000	Non-controlling interests US\$ '000	Total equity US\$ '000
<b>THE GROUP</b>										
<b>1HCY18</b>										
Balance at 1 January 2018 (audited)	113,880	1,916	6,826	42,684	166	210,345	14,209	390,026	11,342	401,368
<b>Change in equity for 1HCY18</b>										
Total comprehensive income (expenses) for the period	—	—	—	—	—	14,850	—	14,850	238	15,088
Profit for the period	—	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(152)	(152)	—	(152)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(152)	(152)	—	(152)
Total	—	—	—	—	—	14,850	(152)	14,698	238	14,936
Transactions with owners, recognised directly in equity	—	—	—	—	—	(14,954)	—	(14,954)	—	(14,954)
Dividend paid in respect of previous year	—	—	—	—	—	(14,954)	—	(14,954)	—	(14,954)
Total	—	—	—	—	—	210,241	14,057	389,770	11,580	401,350
Balance at 30 June 2018 (unaudited)	113,880	1,916	6,826	42,684	166	210,241	14,057	389,770	11,580	401,350





Attributable to owners of the Company

	Share capital US\$'000	Capital reserve US\$'000 (Note i)	Statutory reserve US\$'000 (Note ii)	Revaluation reserve US\$'000 (Note iii)	Other reserve US\$'000 (Note iv)	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>1HCY17</b>										
Balance at 1 January 2017 (audited)	113,880	1,916	6,252	42,684	166	185,973	15,084	365,955	10,718	376,673
<b>Change in equity for 1HCY17</b>										
Total comprehensive income (expenses) for the period	—	—	—	—	—	16,525	—	16,525	289	16,814
Profit for the period	—	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(574)	(574)	—	(574)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(574)	(574)	—	(574)
Total	—	—	—	—	—	16,525	(574)	15,951	289	16,240
Transactions with owners, recognised directly in equity	—	—	—	—	—	—	—	—	—	—
Dividend paid in respect of previous year	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Total	—	—	—	—	—	(11,215)	—	(11,215)	—	(11,215)
Balance at 30 June 2017 (unaudited)	113,880	1,916	6,252	42,684	166	191,283	14,510	370,691	11,007	381,698

**Notes:**

- (i) Capital reserve represents amounts transferred from the share option reserve of the Company upon the exercise of share options.
- (ii) Statutory reserve represents amounts set aside by subsidiary companies operating in the People's Republic of China (the "PRC") and Thailand for declaration of dividends as required under the laws of the PRC and Thailand.
- (iii) The revaluation reserve of the Group represents the gain on revaluation of certain properties of the Group as a result of the transfer from property for own use to investment properties.
- (iv) The amount credited to other reserve represents the difference between the fair value of consideration and the carrying amount of the net assets attributable to the additional interest in subsidiaries being acquired from non-controlling shareholders, which will be recognised to the profit and loss upon the disposal of the subsidiaries or the disposal of assets by the subsidiaries.

	Share capital US\$' 000	Capital reserve US\$' 000	Retained earnings US\$' 000	Total equity US\$' 000
<b>THE COMPANY</b>				
<b>2QCY18</b>				
Balance at 1 April 2018 (unaudited)	113,880	1,916	120,732	236,528
Loss for the period, representing total comprehensive expenses for the period	—	—	(331)	(331)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(14,954)	(14,954)
Balance at 30 June 2018 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>105,447</u>	<u>221,243</u>
<b>2QCY17</b>				
Balance at 1 April 2017 (unaudited)	113,880	1,916	129,952	245,748
Loss for the period, representing total comprehensive expenses for the period	—	—	(506)	(506)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(11,215)	(11,215)
Balance at 30 June 2017 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>118,231</u>	<u>234,027</u>
<b>1HCY18</b>				
Balance at 1 January 2018 (audited)	113,880	1,916	120,996	236,792
Loss for the period, representing total comprehensive expenses for the period	—	—	(595)	(595)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(14,954)	(14,954)
Balance at 30 June 2018 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>105,447</u>	<u>221,243</u>
<b>1HCY17</b>				
Balance at 1 January 2017 (audited)	113,880	1,916	130,000	245,796
Loss for the period, representing total comprehensive expenses for the period	—	—	(554)	(554)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(11,215)	(11,215)
Balance at 30 June 2017 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>118,231</u>	<u>234,027</u>



## Consolidated Statement of Cash Flows

	<b>2QCY18</b> <b>US\$' 000</b> <b>(Unaudited)</b>	2QCY17 US\$' 000 (Unaudited)	<b>1HCY18</b> <b>US\$' 000</b> <b>(Unaudited)</b>	1HCY17 US\$' 000 (Unaudited)
<b>Operating activities</b>				
Profit before taxation	<b>8,350</b>	9,098	<b>17,237</b>	19,820
Adjustments for:				
(Reversal of allowance) allowance for doubtful debts	<b>(164)</b>	597	<b>(114)</b>	657
Finance costs	<b>384</b>	298	<b>680</b>	593
Depreciation of property, plant and equipment	<b>10,305</b>	8,931	<b>19,535</b>	18,053
Amortisation of prepaid land use rights	<b>41</b>	41	<b>82</b>	82
Gain on disposal of property, plant and equipment	<b>(77)</b>	(56)	<b>(85)</b>	(57)
Allowance (reversal of allowance) for inventory obsolescence	<b>60</b>	(282)	<b>196</b>	122
Interest income	<b>(21)</b>	(21)	<b>(50)</b>	(43)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income before movements in working capital	<b>18,878</b>	18,606	<b>37,481</b>	39,227
(Increase) decrease in inventories	<b>(1,068)</b>	1,678	<b>(2,589)</b>	(4,746)
Increase in trade, bills and other receivables	<b>(27,859)</b>	(8,486)	<b>(21,463)</b>	(12,821)
Increase (decrease) in trade, bills and other payables	<b>7</b>	1,723	<b>989</b>	(1,190)
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash (used in) generated from operations	<b>(10,042)</b>	13,521	<b>14,418</b>	20,470
Interest income received	<b>21</b>	21	<b>50</b>	43
Interest paid	<b>(425)</b>	(332)	<b>(787)</b>	(637)
Income taxes paid	<b>(602)</b>	(675)	<b>(2,092)</b>	(1,389)
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<b>Net cash (used in) generated from operating activities</b>	<b>(11,048)</b>	12,535	<b>11,589</b>	18,487

<b>2QCY18</b>	2QCY17	<b>1HCY18</b>	1HCY17
<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>110</b>	94	<b>194</b>	98
Purchase of property, plant and equipment	<b>(8,227)</b>	(6,046)	<b>(30,370)</b>	(8,116)
Deposits paid for acquisition of property, plant and equipment	<b>(87)</b>	(4,073)	<b>(4,247)</b>	(5,848)
<b>Net cash used in investing activities</b>	<b>(8,204)</b>	(10,025)	<b>(34,423)</b>	(13,866)

### Financing activities

Proceeds from bank borrowings	<b>27,211</b>	13,760	<b>40,600</b>	30,791
Repayment of bank borrowings	<b>(343)</b>	(1,982)	<b>(9,075)</b>	(24,814)
Dividends paid by the Company	<b>(14,954)</b>	(11,215)	<b>(14,954)</b>	(11,215)

### Net cash generated from (used in) financing activities

	<b>11,914</b>	563	<b>16,571</b>	(5,238)
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### Net (decrease) increase in cash and cash equivalents

	<b>(7,338)</b>	3,073	<b>(6,263)</b>	(617)
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### Cash and cash equivalents at the beginning of the period

	<b>27,197</b>	14,693	<b>25,985</b>	18,651
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### Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net

	<b>160</b>	(152)	<b>297</b>	(420)
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### Cash and cash equivalents at the end of the period

	<b>20,019</b>	17,614	<b>20,019</b>	17,614
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**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 2QCY18 as the most recent audited financial statements as at 31 December 2017.

The Group has adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), in accordance with all Singapore-incorporated companies listed on the Singapore Exchange ("**SGX**") for annual periods beginning on or after 1 January 2018. The Group has assessed the transition provisions and elected not to reset the cumulative translation differences recorded in the foreign translation reserve.

The Group also adopted the following SFRS(I) pronouncements that are effective for annual periods beginning on or after 1 January 2018:

- *SFRS(I) 9 Financial Instruments*
- *SFRS(I) 15 Revenue from Contracts with Customers*
- *SFRS(I) 1-40 Investment Property*
- *SFRS(I) INT 22 Foreign Currency Transactions and Advance Considerations.*

The adoption of these new and revised SFRS (I) 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 period.

The Group has not early adopted the following new and revised standards or amendments to SFRS (I), which would take effect from financial periods beginning on or after 1 January 2019:

- *SFRS(I) 16 Leases*
- *SFRS(I) INT 23 Uncertainty over Income Tax Treatments*

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**"); and (ii) property investment. 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 30 June 2018	Fabrication and distribution of PCB US\$' 000	Property investment US\$' 000	Total US\$' 000
<b>Segment revenue</b>			
Revenue from external customers	275,873	4,246	280,119
<b>Segment Results</b>	14,174	3,658	17,832
Corporate and other unallocated expenses			(595)
Profit before tax			17,237

	Fabrication and distribution of PCB US\$' 000	Property investment US\$' 000	Unallocated US\$' 000	Total US\$' 000
<b>ASSETS</b>				
Segment assets	565,383	114,096	—	679,479
Unallocated assets	—	—	20,019	20,019
Consolidated total assets				699,498
<b>LIABILITIES</b>				
Segment liabilities	(287,152)	(7,560)	—	(294,712)
Unallocated liabilities	—	—	(3,436)	(3,436)
Consolidated total liabilities				(298,148)



Six months period ended 30 June 2017	Fabrication and distribution of PCB US\$' 000	Property investment US\$' 000	Total US\$' 000
<b>Segment revenue</b>			
Revenue from external customers	231,635	3,467	235,102
<b>Segment Results</b>	17,493	2,881	20,374
Corporate and other unallocated expenses			(554)
Profit before tax			19,820

	Fabrication and distribution of PCB US\$' 000	Property investment US\$' 000	Unallocated US\$' 000	Total US\$' 000
<b>ASSETS</b>				
Segment assets	467,547	100,142	—	567,689
Unallocated assets	—	—	17,614	17,614
Consolidated total assets				585,303
<b>LIABILITIES</b>				
Segment liabilities	(200,378)	(1,507)	—	(201,885)
Unallocated liabilities	—	—	(1,720)	(1,720)
Consolidated total liabilities				(203,605)

### 3. Finance costs

	<b>1HCY18</b> <b>US\$' 000</b> <b>(Unaudited)</b>	1HCY17 US\$' 000 (Unaudited)
Interest on bank loans wholly repayable within five years	<b>787</b>	637
Less: Amounts capitalised	<b>(107)</b>	(44)
	<b>680</b>	593

### 4. Income tax expense

	<b>1HCY18</b> <b>US\$' 000</b> <b>(Unaudited)</b>	1HCY17 US\$' 000 (Unaudited)
Current tax:		
Singapore income tax	—	1
PRC enterprise income tax	<b>1,529</b>	2,513
Hong Kong income tax	<b>83</b>	126
	<b>1,612</b>	2,640
Deferred tax	<b>537</b>	366
	<b>2,149</b>	3,006

The Group is subject to taxation at 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 1HCY18 (1HCY17: Nil).



## 6. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following:

	Earnings		Earnings	
	2QCY18	2QCY17	1HCY18	1HCY17
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share	<b>7,625</b>	7,615	<b>14,850</b>	16,525
	<b>Number of shares</b>		<b>Number of shares</b>	
	2QCY18	2QCY17	1HCY18	1HCY17
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>186,920</b>	186,920	<b>186,920</b>	186,920
Earnings per share (US cents) – basic and diluted	<b>4.08</b>	4.07	<b>7.94</b>	8.84

The Group has 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
	2018	2017	2018	2017
	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>2.15</b>	2.15	<b>1.18</b>	1.27

\* Based on 186,919,962 issued shares as at 30 June 2018 (31 December 2017: 186,919,962 issued shares).

## 8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$34.6 million (1HCY17: approximately US\$14.0 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 payments 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 purchased.

## 9. Trade and bills receivables

	GROUP	
	30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)
Trade receivables		
– Third parties	175,341	163,051
– Related companies (note)	5,368	5,229
	<b>180,709</b>	168,280
Bills receivables	2,164	3,555
Total	<b>182,873</b>	171,835

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

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

	GROUP	
	30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)
Within 90 days	143,122	133,674
91 to 180 days	37,587	34,606
Over 180 days	—	—
	<b>180,709</b>	168,280

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2017: 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 2018 US\$' 000 (Unaudited)</b>	31 December 2017 US\$' 000 (Audited)
Raw materials	11,862	11,180
Work-in-progress	17,333	16,402
Finished goods	18,175	16,574
	<b>47,370</b>	44,156

## 11. Trade and bills payables

	<b>GROUP</b>	
	<b>30 June 2018 US\$' 000 (Unaudited)</b>	31 December 2017 US\$' 000 (Audited)
Trade payables		
– Third parties	93,651	89,129
– Related companies (note)	42,790	43,883
	<b>136,441</b>	133,012
Bills payables	12,933	17,293
Total	<b>149,374</b>	150,305

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

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

	<b>GROUP</b>	
	<b>30 June 2018 US\$' 000 (Unaudited)</b>	31 December 2017 US\$' 000 (Audited)
Within 90 days	97,505	92,699
91 to 180 days	31,371	28,695
Over 180 days	7,565	11,618
	<b>136,441</b>	133,012

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2017: within 180 days). The bills payables were mainly related to the purchase of equipment through issuing irrevocable letters of credit as the payment mode.

## 12. Bank loans

	GROUP	
	30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)
Unsecured:		
Bank loans	<u>104,753</u>	<u>73,228</u>
Comprising the following amounts due:		
– within one year	<u>74,753</u>	<u>47,286</u>
– more than one year	<u>30,000</u>	<u>25,942</u>
	<u>104,753</u>	<u>73,228</u>

The Group's total external borrowings increased by approximately 43.1% to approximately US\$104.8 million as at 30 June 2018 compared with 31 December 2017.

## 13. Share capital

As at 30 June 2018, the Company had a total of 186,919,962 (31 December 2017: 186,919,962) issued ordinary shares excluding treasury shares.

## 14. Share options

There were no share options of the Company outstanding as at 30 June 2018 and 31 December 2017 respectively. No share options have been granted under the 2018 Elec & Eltek Employees' Share Option Scheme as at the date of this announcement.

## 15. Capital commitments

	GROUP	
	30 June 2018 US\$' 000 (Unaudited)	31 December 2017 US\$' 000 (Audited)
Capital expenditure not provided for in the consolidated financial statements:		
Commitments in respect of acquisition of properties, plant and equipment	<u>46,046</u>	<u>28,867</u>



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

As at 30 June 2018, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US\$6.5 million (31 December 2017: approximately US\$18.0 million).

As at 30 June 2018, the Group's total assets less current liabilities amounted to approximately US\$433.9 million (31 December 2017: approximately US\$429.3 million).

**17. Related party transactions**

	<b>GROUP</b>	
	<b>30 June 2018 US\$' 000 (Unaudited)</b>	31 December 2017 US\$' 000 (Audited)
Income		
Sales to related companies	<b>12,022</b>	25,058
Expenses		
Purchase from related companies	<b>64,432</b>	107,881
Purchase of equipment from related companies	<b>4,584</b>	4,613
Sharing of office space and office expenses paid to related companies	<b>40</b>	134
	<b>40</b>	134

**18. Reconciliation between SFRS(I) and International Financial Reporting Standards ("IFRS")**

For 1HCY18, there were no material differences between the consolidated financial statements of the Group prepared under SFR(I) and IFRS.

## FINANCIAL HIGHLIGHTS

	Six months ended		% Change
	30 June 2018 ("1HCY18") US\$'000	30 June 2017 ("1HCY17") US\$'000	
Revenue	<b>280,119</b>	235,102	19.1%
EBITDA	<b>37,484</b>	38,505	-2.7%
EBITDA margin	<b>13.4%</b>	16.4%	-3.0%
Profit before tax	<b>17,237</b>	19,820	-13.0%
Net profit attributable to owners of the Company	<b>14,850</b>	16,525	-10.1%
Basic and diluted earnings per share	<b>US7.94 cents</b>	US8.84 cents	-10.2%
	<b>30 June 2018</b>	31 December 2017	
Net asset value per share	<b>US\$2.15</b>	US\$2.15	n/m
Net gearing ratio	<b>21.1%</b>	11.8%	9.3%

n/m - percentage not meaningful



## BUSINESS REVIEW

The Group is delighted to report its results for 2QCY18 and 1HCY18. The Group's orders maintained growth, and hence, the Group's revenue for 1HCY18 increased by 19.1% from 1HCY17 to approximately US\$280.1 million (1HCY17: approximately US\$235.1 million). Against the backdrop of Renminbi appreciation and further increased production costs, the Group's net attributable profit (profit after tax and non-controlling interests) for 1HCY18 decreased by 10.1% from 1HCY17 to approximately US\$14.9 million (1HCY17: US\$16.5 million).

The Group's revenue for 2QCY18 increased by 24.7% from 2QCY17 to approximately US\$148.3 million (2QCY17: approximately US\$118.9 million). The Group's gross profit for 2QCY18 decreased by 10.3% from 2QCY17 to US\$15.6 million (2QCY17: US\$17.4 million), and gross profit margin was 10.5% (2QCY17: 14.6%). Earnings before interest, tax, depreciation and amortization for the Group ("**EBITDA**") increased by approximately 3.9% to US\$19.1 million (2QCY17: US\$18.3 million). Net attributable profit was US\$7.6 million in 2QCY18 (2QCY17: US\$7.6 million).

In 2QCY18, communication & networking products (including mobile phones) accounted for about 46.1% (2QCY17: 47.2%) of our total PCB sales, while automotive PCB sales accounted for around 24.3% of our total PCB sales (2QCY17: 21.6%). Other products (including computer, consumer electronics and industrial products) accounted for approximately 29.6% (2QCY17: 31.2%) of our total PCB sales. High Density Interconnect ("**HDI**") PCB accounted for approximately 24.4% of total PCB sales in 2QCY18 (2QCY17: approximately 27.0%).

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2018, the Group's net current assets were approximately US\$6.5 million (31 December 2017: approximately US\$18.0 million), making the current ratio 1.02, as compared to 1.08 as at 31 December 2017.

The net working capital cycle was 45 days as at 30 June 2018 (31 December 2017: 35 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 30 days (31 December 2017: 28 days).
- Trade receivables, in terms of debtors turnover days, increased to 114 days (31 December 2017: 109 days).
- Trade payables, in terms of creditors turnover days, decreased to 99 days (31 December 2017: 102 days).

The Group's net gearing ratio (being the ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 30 June 2018 was approximately 21.1% (31 December 2017: approximately 11.8%). The proportion of short-term and long-term bank borrowings stood at 71%: 29% (31 December 2017: 65%: 35%). During the reporting period, the Group spent approximately US\$34.6 million (1HCY17: approximately US\$14.0 million) on acquisition of property, plant and equipment. The total equity of the Group, as at 30 June 2018, was approximately US\$401.4 million (31 December 2017: approximately US\$401.4 million). As at 30 June 2018, the Group had cash on hand and undrawn loan facilities of approximately US\$20.0 million, and US\$30.1 million, respectively.

The Group's transactions and monetary assets are principally denominated in United States dollars, Renminbi and Hong Kong dollars, and the Group is subject to risks associated with fluctuations in exchange rate between Renminbi and other currencies in which the Group conducts its business.

## HUMAN RESOURCES

As at 30 June 2018, the Group had approximately 8,700 employees (31 December 2017: 8,700). Salaries of employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market as well as the minimum wage guidelines, as prescribed by the relevant local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profit target achievements of the Company and employees' individual performance.

The Company has adopted an employees' share option scheme during 1HCY18 in order to, among other purposes, attract and retain the best available personnel and to align employees' individual interests with the Group's interests.

## PROSPECTS

The PCB operating environment remains challenging in 2HCY18, as the PCB market will likely become increasingly competitive. The Group continues to focus on quality control and cost control. The Group is currently upgrading its production equipment for PCB, with a view to further optimise product performance, thereby enhancing the Group's competitiveness and satisfying the Group's customer demand.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2018, 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 issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Wing	Beneficial owner	1,547,200	0.83%
Mr. Chang Wing Yiu	Beneficial owner	486,600	0.26%
Mr. Ng Hon Chung (Note)	Beneficial owner	60,000	0.03%

*Note: Mr. Ng Hon Chung resigned as an executive Director with effect from 1 July 2018.*





(b) *Ordinary shares of HK\$0.10 each (“Kingboard Shares”) of Kingboard 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/ Interest of spouse	2,680,470	0.25%
Ms. Stephanie Cheung Wai Lin ( <i>Note 2</i> )	Beneficial owner/ Interest of spouse	1,319,000	0.12%
Mr. Chang Wing Yiu ( <i>Note 3</i> )	Beneficial owner/ Interest of spouse	7,787,228	0.73%

*Note 1: Out of the 2,680,470 Kingboard Shares, 1,142,405 and 1,538,065 Kingboard Shares were held by Mr. Cheung Kwok Wing and his spouse respectively.*

*Note 2: Out of the 1,319,000 Kingboard Shares, 1,299,000 and 20,000 Kingboard Shares were held by Ms. Stephanie Cheung Wai Lin and her spouse respectively.*

*Note 3: Out of the 7,787,228 Kingboard Shares, 6,216,488 and 1,570,740 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	3,360,000
Ms. Stephanie Cheung Wai Lin	Beneficial owner	2,460,000
Mr. Chang Wing Yiu	Beneficial owner	2,660,000

- (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 ( <i>Note 1</i> )	Beneficial owner/ Interest of spouse	1,143,000	0.04%
Mr. Chang Wing Yiu ( <i>Note 2</i> )	Beneficial owner/ Interest of spouse	9,200,000	0.30%
Ms. Stephanie Cheung Wai Lin	Beneficial owner	200,000	0.01%
Mr. Ng Hon Chung ( <i>Note 3</i> )	Beneficial owner	20,000	0.00%
Mr. Kong Tze Wing ( <i>Note 4</i> )	Beneficial owner/ Interest of spouse	1,500	0.00%

*Note 1: Out of the 1,143,000 KLHL Shares, 1,043,000 and 100,000 KLHL Shares were held by Mr. Cheung Kwok Wing and his spouse respectively.*

*Note 2: Out of the 9,200,000 KLHL Shares, 7,500,000 and 1,700,000 KLHL Shares were held by Mr. Chang Wing Yiu and his spouse respectively.*

*Note 3: Mr. Ng Hon Chung resigned as an executive Director with effect from 1 July 2018.*

*Note 4: Out of the 1,500 KLHL Shares, 1,000 and 500 KLHL Shares were held by Mr. Kong and his spouse respectively.*

- (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> ( <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 2018, 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 2018, 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 share 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 37.85% 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 directors are 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 2018, 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

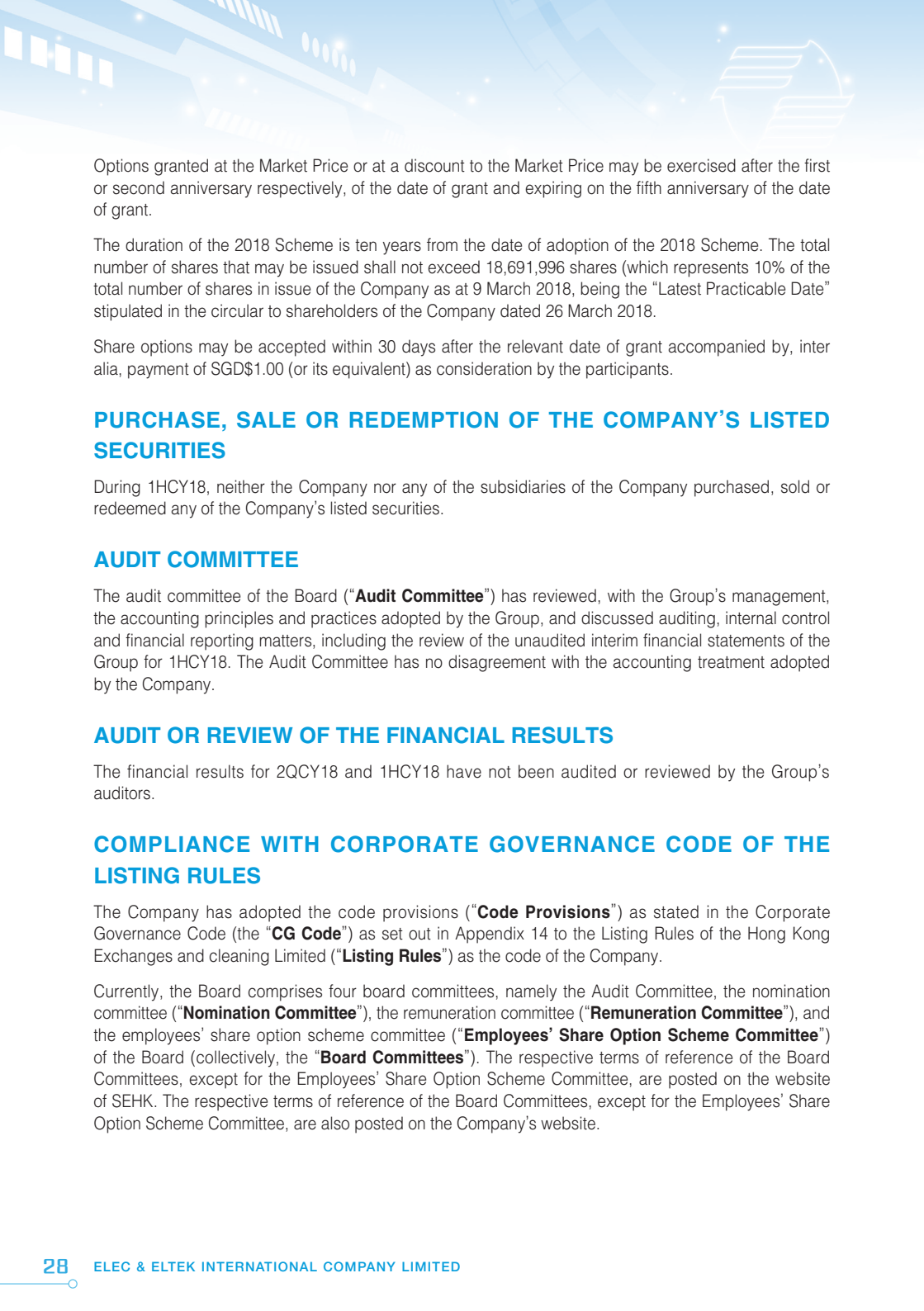
The Company had granted share options to eligible employees under the 2002 Elec & Eltek Employees' Share Option Scheme (the **"2002 Scheme"**), which was terminated on 12 November 2011, without affecting the rights of holders of any options granted and outstanding under the 2002 Scheme.

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. For the period from the adoption of the 2008 Scheme up to and including the date on which it expired (i.e. 8 May 2018), no options were granted by the Company pursuant to the 2008 Scheme.

At the Annual General Meeting of the Company held on 27 April 2018, the shareholders of the Company approved the 2018 Elec & Eltek Employees' Share Option Scheme (the **"2018 Scheme"**). In accordance with the rules of the 2018 Scheme, the 2018 Scheme is to take effect upon the fulfilment of the following conditions: (i) the passing of the necessary resolutions to adopt the 2018 Scheme by the shareholders of the Company in general meeting; (ii) the SGX-ST and the SEHK granting their respective in-principle approval for the listing of, and quotation for, the shares in the Company that are issued pursuant to an exercise of options granted under the 2018 Scheme; and (iii) the passing of the necessary resolutions to adopt the 2018 Share Option Scheme by the shareholders of Kingboard in general meeting. The relevant resolutions were passed by shareholders of the Kingboard on 28 May 2018 and the Company received the approval-in-principal from the SGX-ST. The 2018 Scheme will become effective upon receiving listing approval from the SEHK. No options have been granted by the Company pursuant to the 2018 Scheme.

The purpose of the 2018 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 2018 Scheme, to participate in the equity of the Company, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the 2018 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 2018 Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in the Company either at the "Market Price", which is defined as the average of the last dealt prices of the Company's shares (as determined by reference to the Official List published by the SGX-ST) for a period of five consecutive market days immediately preceding the relevant date of grant, or at a discount to the Market Price (as defined earlier), provided that the discount shall not exceed 20% of the Market Price.



Options granted at the Market Price or at a discount to the Market 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 2018 Scheme is ten years from the date of adoption of the 2018 Scheme. The total number of shares that may be issued shall not exceed 18,691,996 shares (which represents 10% of the total number of shares in issue of the Company as at 9 March 2018, being the “Latest Practicable Date” stipulated in the circular to shareholders of the Company dated 26 March 2018).

Share options may be accepted within 30 days after the relevant date of grant accompanied by, inter alia, payment of SGD\$1.00 (or its equivalent) as consideration by the participants.

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

During 1HCY18, 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 1HCY18. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## **AUDIT OR REVIEW OF THE FINANCIAL RESULTS**

The financial results for 2QCY18 and 1HCY18 have not been audited or reviewed by the Group’s auditors.

## **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 (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules of the Hong Kong Exchanges and Clearing Limited (“**Listing Rules**”) as the code of the Company.

Currently, the Board comprises four board committees, namely the Audit Committee, the nomination committee (“**Nomination Committee**”), the remuneration committee (“**Remuneration Committee**”), and the employees’ share option scheme committee (“**Employees’ Share Option Scheme Committee**”) of the Board (collectively, the “**Board Committees**”). The respective terms of reference of the Board Committees, except for the Employees’ Share Option Scheme 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 met the Code Provisions in the CG Code, save for the following deviations:

## 1. Deviation from Code Provision A.4.1

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

None of the existing non-executive Directors are 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 (except Mr. Ong Shen Chieh ("**Mr. Ong**") for the reason disclosed in "2. *Deviation from Code Provision A.4.2*" below). Article 95 provides that one-third of the 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 three (3) years without being re-elected by the Company's shareholders at a general meeting of the Company. The Company therefore considers that sufficient measures have been taken to ensure that 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 (3) years.

Notwithstanding the above, the Companies Act (Chapter 50 of Singapore Statutes) ("**Companies Act**") requires that every company incorporated in Singapore shall have, at all times, at least one (1) director who is ordinarily resident in Singapore. Mr. Ong, the only Singapore resident Director, and who was appointed as the Company's independent non-executive Director on the same day as the resignation of Mr. Lai Chong Tuck as the Company's independent non-executive Director on 30 June 2016, was, in accordance with Code Provision A.4.2 of the CG Code, due to retire at the first general meeting of the Company after his appointment. However, as advised by the Company's Singapore legal advisor, Mr. Ong could not be subject to retirement and re-election at the first general meeting of the Company after his appointment, and cannot be subject to retirement by rotation and re-election at the annual general meetings of the Company, because the Company would then risk violating the Companies Act, as there would be no Singapore resident director existing in the Company immediately following Mr. Ong's retirement, even if he was to be re-elected subsequently by the Company's shareholders at the Company's general meeting.

In order to comply with this Code Provision without violating the Companies Act, the Company will consider the possibility of appointing one (1) additional Singapore resident Director to the Board to allow such two (2) 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 27 April 2018 ("**2018 AGM**") because he was attending to the Group's business matters. He delegated the duty of answering and addressing questions raised by shareholders at the 2018 AGM to Ms. Stephanie Cheung Wai Lin, who is the vice chairman ("**Vice Chairman**") and an executive Director, and who also 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 Directors and all 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.

After specific enquiries have been made, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct throughout 1HCY18.

## SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

The Group does not have any material subsequent event to disclose after 1HCY18.

## 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-ST (<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 SGX-ST LISTING MANUAL

To the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for 2QCY18 and 1HCY18 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-ST Listing Manual, are as follows:

Name of Interested Person US\$'000	Aggregate value of all interested person transactions during the financial period under review (including transactions of less than S\$100,000 and excluding transactions conducted under a shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (including transactions of less than S\$100,000)	
	1HCY18	1HCY17	1HCY18	1HCY17
<b>Purchases of plant and equipment</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	4,584	1,235
	—	—	4,584	1,235
<b>Purchases of goods and services</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	49,536	36,451
Delta Realty Limited	40	20	—	—
Elec & Eltek Corporate Services Limited	—	18	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	1,159	843
Hong Kong Fibre Glass Company Limited	—	—	12,756	8,601
Huizhou Chung Shun Chemical Co., Ltd.	—	—	981	593
	40	38	64,432	46,488
<b>Provision of goods and services</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	2,660	3,700
Express Electronics Ltd	—	—	—	221
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	9,362	4,502
	—	—	12,022	8,423





## **CONFIRMATION OF DIRECTORS' AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1) OF THE SGX-ST LISTING MANUAL**

The Company confirms that it has procured the undertakings required under Rule 720(1) of the SGX-ST Listing Manual from all its Directors and executive officers, in the form set out in Appendix 7.7 of the SGX-ST Listing Manual.

### **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 the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for 2QCY18 and 1HCY18 to be false or misleading.

On behalf of the Board

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

**Chang Wing Yiu**  
*Executive Director*

By order of the Board  
**Elec & Eltek International Company Limited**  
依利安達集團有限公司\*  
**Stephanie Cheung Wai Lin**  
*Vice Chairman*

Hong Kong, 9 August 2018

As of the date of this announcement, the Board comprises the following Directors:

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

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

*Independent non-executive Directors:-*  
*Stanley Chung Wai Cheong*  
*Ong Shen Chieh*  
*Kong Tze Wing*

\* For identification purpose only