



**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

I N T E R I M   R E P O R T  
2 0 1 9

\* 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 (“**2QCY19**”) and six months ended 30 June 2019 (“**1HCY19**”) together with the comparative figures for the second quarter (“**2QCY18**”) and six months ended 30 June 2018 (“**1HCY18**”).

### Consolidated Statement of Profit or Loss

	Notes	2QCY19 US\$' 000 (Unaudited)	2QCY18 US\$' 000 (Unaudited)	% Change	1HCY19 US\$' 000 (Unaudited)	1HCY18 US\$' 000 (Unaudited)	% Change
<b>Revenue</b>	2	<b>141,564</b>	148,268	-4.5%	<b>280,221</b>	280,119	0.0%
Cost of sales		<b>(126,296)</b>	(132,657)	-4.8%	<b>(251,833)</b>	(248,212)	1.5%
<b>Gross profit</b>		<b>15,268</b>	15,611	-2.2%	<b>28,388</b>	31,907	-11.0%
<i>Gross profit margin</i>		<b>10.8%</b>	10.5%		<b>10.1%</b>	11.4%	
Other operating income and gains		<b>711</b>	960	-25.9%	<b>1,620</b>	1,381	17.3%
Distribution and selling costs		<b>(2,371)</b>	(2,420)	-2.0%	<b>(4,631)</b>	(4,859)	-4.7%
Administrative expenses		<b>(4,961)</b>	(5,240)	-5.3%	<b>(10,448)</b>	(10,230)	2.1%
Other operating expenses and losses		<b>(60)</b>	(177)	-66.1%	<b>(113)</b>	(282)	-59.9%
Finance costs	3	<b>(779)</b>	(384)	102.9%	<b>(1,253)</b>	(680)	84.3%
<b>Profit before taxation</b>		<b>7,808</b>	8,350	-6.5%	<b>13,563</b>	17,237	-21.3%
Income tax expense	4	<b>(1,107)</b>	(575)	92.5%	<b>(2,404)</b>	(2,149)	11.9%
<b>Profit for the period</b>		<b>6,701</b>	7,775	-13.8%	<b>11,159</b>	15,088	-26.0%
Profit attributable to:							
Owners of the Company		<b>6,581</b>	7,625	-13.7%	<b>10,831</b>	14,850	-27.1%
Non-controlling interests		<b>120</b>	150	-20.0%	<b>328</b>	238	37.8%
		<b>6,701</b>	7,775	-13.8%	<b>11,159</b>	15,088	-26.0%
Earnings per share (US cents)	6						
– Basic and diluted		<b>3.52</b>	4.08	-13.7%	<b>5.79</b>	7.94	-27.1%

## Notes to Consolidated Statement of Profit or Loss:

	2QCY19 US\$' 000 (Unaudited)	2QCY18 US\$' 000 (Unaudited)	% Change	1HCY19 US\$' 000 (Unaudited)	1HCY18 US\$' 000 (Unaudited)	% Change
Depreciation of property, plant and equipment	11,372	10,305	10.4%	22,005	19,535	12.6%
Amortisation of prepaid land use rights	41	41	n/m	82	82	n/m
Allowance (reversal of allowance) for expected credit losses	320	(164)	-295.1%	641	(114)	-662.3%
Allowance for inventory obsolescence	165	60	175.0%	1,549	196	690.3%

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

	2QCY19 US\$' 000 (Unaudited)	2QCY18 US\$' 000 (Unaudited)	% Change	1HCY19 US\$' 000 (Unaudited)	1HCY18 US\$' 000 (Unaudited)	% Change
<b>Profit for the period</b>	<b>6,701</b>	<b>7,775</b>	-13.8%	<b>11,159</b>	<b>15,088</b>	-26.0%
Other comprehensive income (expenses): Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	99	(441)	-122.4%	79	(152)	-152.0%
Other comprehensive income (expenses) for the period, net of tax	99	(441)	-122.4%	79	(152)	-152.0%
Total comprehensive income for the period	<b>6,800</b>	<b>7,334</b>	-7.3%	<b>11,238</b>	<b>14,936</b>	-24.8%
Total comprehensive income attributable to:						
Owners of the Company	6,680	7,184	-7.0%	10,910	14,698	-25.8%
Non-controlling interests	120	150	-20.0%	328	238	37.8%
	<b>6,800</b>	<b>7,334</b>	-7.3%	<b>11,238</b>	<b>14,936</b>	-24.8%

*n/m – percentage not meaningful*

## Statement of Financial Position

		GROUP		COMPANY	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
Notes		US\$' 000	US\$' 000	US\$' 000	US\$' 000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>					
<b>Current assets</b>					
	Cash and bank balances	20,830	25,077	86	98
	Trade receivables	9 179,646	186,477	—	—
	Bills receivables	9 427	1,148	—	—
	Other receivables	22,911	13,294	28	7
	Prepaid land use rights	399	399	—	—
	Inventories	10 46,953	39,631	—	—
<b>Total current assets</b>		<b>271,166</b>	<b>266,026</b>	<b>114</b>	<b>105</b>
<b>Non-current assets</b>					
	Property, plant and equipment	8 333,322	335,141	—	—
	Prepaid land use rights	12,285	12,367	—	—
	Deposits for acquisition of plant and equipment	8 7,339	8,398	—	—
	Investment properties	104,554	104,554	—	—
	Subsidiary companies	—	—	474,526	474,747
	Deferred tax assets	39	39	—	—
<b>Total non-current assets</b>		<b>457,539</b>	<b>460,499</b>	<b>474,526</b>	<b>474,747</b>
<b>Total assets</b>		<b>728,705</b>	<b>726,525</b>	<b>474,640</b>	<b>474,852</b>

		GROUP		COMPANY	
		30 June 2019 US\$' 000 (Unaudited)	31 December 2018 US\$' 000 (Audited)	30 June 2019 US\$' 000 (Unaudited)	31 December 2018 US\$' 000 (Audited)
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans	12	66,208	55,353	—	—
Trade payables	11	150,297	150,176	—	—
Bills payables	11	12,967	15,442	—	—
Other payables		24,250	31,418	4,435	4,385
Amounts due to subsidiary companies		—	—	255,319	247,163
Contract liabilities		1,690	679	—	—
Provision for taxation		4,073	5,095	—	—
<b>Total current liabilities</b>		<b>259,485</b>	<b>258,163</b>	<b>259,754</b>	<b>251,548</b>
<b>Non-current liabilities</b>					
Bank loans	12	50,947	53,850	—	—
Deferred tax liabilities		3,403	3,403	—	—
Deferred income		1,162	1,162	—	—
<b>Total non-current liabilities</b>		<b>55,512</b>	<b>58,415</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		287,542	284,109	101,006	109,424
Equity attributable to owners of the Company		401,422	397,989	214,886	223,304
Non-controlling interests		12,286	11,958	—	—
<b>Total equity</b>		<b>413,708</b>	<b>409,947</b>	<b>214,886</b>	<b>223,304</b>
<b>Total liabilities and equity</b>		<b>728,705</b>	<b>726,525</b>	<b>474,640</b>	<b>474,852</b>

## Consolidated Statement of Changes in Equity

	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>20CY19</b>										
Balance at 1 April 2019 (unaudited)	113,880	1,916	9,947	42,684	166	220,819	12,807	402,219	12,166	414,385
<b>Change in equity for 20CY19</b>										
Total comprehensive income for the period	—	—	—	—	—	6,581	—	6,581	120	6,701
Profit for the period	—	—	—	—	—	—	99	99	—	99
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	99	—	—	99
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	99	99	—	99
Total	—	—	—	—	—	6,581	99	6,680	120	6,800
Transactions with owners, recognised directly in equity	—	—	—	—	—	(7,477)	—	(7,477)	—	(7,477)
Dividend paid in respect of previous year	—	—	—	—	—	(7,477)	—	(7,477)	—	(7,477)
Total	—	—	—	—	—	219,923	—	401,422	—	413,708
Balance at 30 June 2019 (unaudited)	113,880	1,916	9,947	42,684	166	219,923	12,906	401,422	12,886	413,708

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>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	408,970
<b>Change in equity for 20CY18</b>										
Total comprehensive income (expenses) for the period	—	—	—	—	—	7,625	—	7,625	150	7,775
Profit for the period	—	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(441)	(441)	—	(441)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(441)	(441)	—	(441)
Total	—	—	—	—	—	7,625	(441)	7,184	150	7,334
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>THE GROUP</b>										
<b>1HCY19</b>										
Balance at 1 January 2019 (audited)	113,880	1,916	9,947	42,684	166	216,569	12,827	397,989	11,968	409,947
Change in equity for 1HCY19										
Total comprehensive income for the period						10,831		10,831	328	11,159
Profit for the period										
Exchange differences arising on translation of foreign operations							79	79		79
Other comprehensive income for the period, net of tax							79	79		79
Total						10,831	79	10,910	328	11,238
Transactions with owners, recognised directly in equity						(7,477)		(7,477)		(7,477)
Dividend paid in respect of previous year						(7,477)		(7,477)		(7,477)
Total						(7,477)		(7,477)		(7,477)
Balance at 30 June 2019 (unaudited)	113,880	1,916	9,947	42,684	166	219,923	12,906	401,422	12,286	413,708



## 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>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
Change in equity for 1HCY18										
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	14,986
Transactions with owners, recognised directly in equity	—	—	—	—	—	—	—	—	—	—
Dividend paid in respect of previous year	—	—	—	—	—	(14,954)	—	(14,954)	—	(14,954)
Total	—	—	—	—	—	(14,954)	—	(14,954)	—	(14,954)
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

## 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>2QCY19</b>				
Balance at 1 April 2019 (unaudited)	113,880	1,916	107,066	222,862
Loss for the period, representing total comprehensive expenses for the period	—	—	(499)	(499)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(7,477)	(7,477)
Balance at 30 June 2019 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>99,090</u>	<u>214,886</u>
<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>1HCY19</b>				
Balance at 1 January 2019 (audited)	113,880	1,916	107,508	223,304
Loss for the period, representing total comprehensive expenses for the period	—	—	(941)	(941)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(7,477)	(7,477)
Balance at 30 June 2019 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>99,090</u>	<u>214,886</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>

## Consolidated Statement of Cash Flows

	<b>2QCY19</b> <b>US\$' 000</b> <b>(Unaudited)</b>	2QCY18 US\$' 000 (Unaudited)	<b>1HCY19</b> <b>US\$' 000</b> <b>(Unaudited)</b>	1HCY18 US\$' 000 (Unaudited)
<b>Operating activities</b>				
Profit before taxation	<b>7,808</b>	8,350	<b>13,563</b>	17,237
Adjustments for:				
Allowance (reversal of allowance) for expected credit losses	<b>320</b>	(164)	<b>641</b>	(114)
Finance costs	<b>779</b>	384	<b>1,253</b>	680
Depreciation of property, plant and equipment	<b>11,372</b>	10,305	<b>22,005</b>	19,535
Amortisation of prepaid land use rights	<b>41</b>	41	<b>82</b>	82
Loss (gain) on disposal of property, plant and equipment	<b>24</b>	(77)	<b>23</b>	(85)
Allowance for inventory obsolescence	<b>165</b>	60	<b>1,549</b>	196
Interest income	<b>(27)</b>	(21)	<b>(59)</b>	(50)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income before movements in working capital	<b>20,482</b>	18,878	<b>39,057</b>	37,481
Increase in inventories	<b>(3,706)</b>	(1,068)	<b>(8,871)</b>	(2,589)
Increase in trade, bills and other receivables	<b>(15,567)</b>	(27,859)	<b>(7,240)</b>	(21,463)
Increase (decrease) in trade, bills and other payables	<b>221</b>	7	<b>(4,146)</b>	989
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash generated from (used in) operations	<b>1,430</b>	(10,042)	<b>18,800</b>	14,418
Interest income received	<b>27</b>	21	<b>59</b>	50
Interest paid	<b>(666)</b>	(425)	<b>(1,253)</b>	(787)
Income taxes paid	<b>(1,395)</b>	(602)	<b>(2,628)</b>	(2,092)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash (used in) generated from operating activities</b>	<b>(604)</b>	(11,048)	<b>14,978</b>	11,589

<b>2QCY19</b>	2QCY18	<b>1HCY19</b>	1HCY18
<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>47</b>	110	<b>137</b>	194
Purchase of property, plant and equipment	<b>(911)</b>	(8,227)	<b>(13,864)</b>	(30,370)
Deposits paid for acquisition of property, plant and equipment	<b>(1,820)</b>	(87)	<b>(6,369)</b>	(4,247)
<b>Net cash used in investing activities</b>	<b>(2,684)</b>	(8,204)	<b>(20,096)</b>	(34,423)

### Financing activities

Proceeds from bank borrowings	<b>14,134</b>	27,211	<b>25,072</b>	40,600
Repayment of bank borrowings	<b>(6,000)</b>	(343)	<b>(17,120)</b>	(9,075)
Dividends paid by the Company	<b>(7,477)</b>	(14,954)	<b>(7,477)</b>	(14,954)

### Net cash generated from financing activities

<b>657</b>	11,914	<b>475</b>	16,571
------------	--------	------------	--------

### Net decrease in cash and cash equivalents

<b>(2,631)</b>	(7,338)	<b>(4,643)</b>	(6,263)
----------------	---------	----------------	---------

### Cash and cash equivalents at the beginning of the period

<b>23,285</b>	27,197	<b>25,077</b>	25,985
---------------	--------	---------------	--------

### Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net

<b>176</b>	160	<b>396</b>	297
------------	-----	------------	-----

### Cash and cash equivalents at the end of the period

<b>20,830</b>	20,019	<b>20,830</b>	20,019
---------------	--------	---------------	--------

**Notes:**

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

The same accounting policies and methods of computation have been applied to the preparation of the quarterly consolidated financial statements for 2QCY19 as the most recent audited financial statements as at 31 December 2018.

The Group adopted the following Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) pronouncements that are effective for annual periods beginning on or after 1 January 2019:

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

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.

**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 SFRS(I) that are regularly reviewed by the executive Directors of the Company.

<b>Six months period ended 30 June 2019</b>	<b>Fabrication and distribution of PCB US\$’ 000</b>	<b>Property investment US\$’ 000</b>	<b>Total US\$’ 000</b>
<b>Segment revenue</b>			
Revenue from external customers	276,144	4,077	280,221
<b>Segment Results</b>			
Corporate and other unallocated expenses	11,151	3,353	14,504 (941)
Profit before tax			<u>13,563</u>

	<b>Fabrication and distribution of PCB US\$’ 000</b>	<b>Property investment US\$’ 000</b>	<b>Unallocated US\$’ 000</b>	<b>Total US\$’ 000</b>
<b>ASSETS</b>				
Segment assets	598,731	105,227	—	703,958
Unallocated assets	—	—	29,112	29,112
Consolidated total assets				<u>733,070</u>
<b>LIABILITIES</b>				
Segment liabilities	(304,806)	(7,080)	—	(311,886)
Unallocated liabilities	—	—	(7,476)	(7,476)
Consolidated total liabilities				<u>(319,362)</u>

<b>Six months period ended 30 June 2018</b>	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)

### 3. Finance costs

	<b>1HCY19</b> <b>US\$' 000</b> <b>(Unaudited)</b>	1HCY18 US\$' 000 (Unaudited)
Interest on bank loans wholly repayable within five years	1,412	787
Less: Amounts capitalised	(159)	(107)
	<b>1,253</b>	680

#### 4. Income tax expense

	<b>1HCY19</b> <b>US\$' 000</b> <b>(Unaudited)</b>	1HCY18 US\$' 000 (Unaudited)
Current tax:		
PRC enterprise income tax	<b>2,094</b>	1,529
Hong Kong income tax	<b>310</b>	83
	<b>2,404</b>	1,612
Deferred tax	–	537
	<b>2,404</b>	2,149

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 1HCY19 (1HCY18: 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:

	<b>Earnings</b>		<b>Earnings</b>	
	<b>2QCY19</b>	2QCY18	<b>1HCY19</b>	1HCY18
	<b>US\$' 000</b>	US\$' 000	<b>US\$' 000</b>	US\$' 000
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share	<b>6,581</b>	7,625	<b>10,831</b>	14,850
	<b>186,920</b>	186,920	<b>186,920</b>	186,920
	<b>3.52</b>	4.08	<b>5.79</b>	7.94

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

## 7. Net asset value

Group		Company	
30 June 2019 US\$ (Unaudited)	31 December 2018 US\$ (Audited)	30 June 2019 US\$ (Unaudited)	31 December 2018 US\$ (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>2.21</b>	<b>2.19</b>	<b>1.15</b>	<b>1.19</b>
-------------	-------------	-------------	-------------

\* Based on 186,919,962 issued shares as at 30 June 2019 (31 December 2018: 186,919,962 issued shares).

## 8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$20.2 million (1HCY18: approximately US\$34.6 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 2019 US\$' 000 (Unaudited)	31 December 2018 US\$' 000 (Audited)
Trade receivables		
– Third parties	<b>170,143</b>	179,250
– Related companies (note)	<b>13,968</b>	12,721
– Less: Allowance for expected credit losses	<b>(4,465)</b>	(5,494)
	<b>179,646</b>	186,477
Bills receivables	<b>427</b>	1,148
Total	<b>180,073</b>	187,625

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:

	<b>GROUP</b>	
	<b>30 June 2019</b>	31 December 2018
	<b>US\$' 000</b>	US\$' 000
	<b>(Unaudited)</b>	(Audited)
Within 90 days	140,527	156,701
91 to 180 days	39,119	29,776
	<b>179,646</b>	<b>186,477</b>

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2018: 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 2019</b>	31 December 2018
	<b>US\$' 000</b>	US\$' 000
	<b>(Unaudited)</b>	(Audited)
Raw materials	12,172	11,477
Work-in-progress	16,023	11,903
Finished goods	18,758	16,251
	<b>46,953</b>	<b>39,631</b>

#### 11. Trade and bills payables

	<b>GROUP</b>	
	<b>30 June 2019</b>	31 December 2018
	<b>US\$' 000</b>	US\$' 000
	<b>(Unaudited)</b>	(Audited)
Trade payables		
– Third parties	92,882	99,985
– Related companies (note)	57,415	50,191
	<b>150,297</b>	<b>150,176</b>
Bills payables	12,967	15,442
Total	<b>163,264</b>	<b>165,618</b>

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 2019 US\$' 000 (Unaudited)</b>	31 December 2018 US\$' 000 (Audited)
Within 90 days	<b>83,061</b>	91,938
91 to 180 days	<b>35,098</b>	41,132
Over 180 days	<b>32,138</b>	17,106
	<b><u>150,297</u></b>	<u>150,176</u>

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2018: 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

	<b>GROUP</b>	
	<b>30 June 2019 US\$' 000 (Unaudited)</b>	31 December 2018 US\$' 000 (Audited)
Unsecured:		
Bank loans	<b><u>117,155</u></b>	<u>109,203</u>
Comprising the following amounts due:		
– within one year	<b>66,208</b>	55,353
– more than one year	<b>50,947</b>	53,850
	<b><u>117,155</u></b>	<u>109,203</u>

The Group's total external borrowings increased by approximately 7.3% to approximately US\$117.2 million as at 30 June 2019 compared with 31 December 2018.

## 13. Share capital

As at 30 June 2019, the Company had a total of 186,919,962 (31 December 2018: 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 2019 and 31 December 2018 respectively. No share options have been granted under the 2018 Elec & Eltek Employees' Share Option Scheme since its adoption by the Company on 27 April 2018, and as at the date of this announcement.

## 15. Capital commitments

GROUP	
30 June 2019 US\$' 000 (Unaudited)	31 December 2018 US\$' 000 (Audited)
Capital expenditure not provided for in the consolidated financial statements: Commitments in respect of acquisition of properties, plant and equipment	
<b>26,216</b>	<b>37,422</b>

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

As at 30 June 2019, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US\$11.7 million (31 December 2018: approximately US\$7.9 million).

As at 30 June 2019, the Group's total assets less current liabilities amounted to approximately US\$469.2 million (31 December 2018: approximately US\$468.4 million).

## 17. Related party transactions

GROUP	
30 June 2019 US\$' 000 (Unaudited)	31 December 2018 US\$' 000 (Audited)
Income	
Sales to related companies	28,888
	<b>9,914</b>
Expenses	
Purchase from related companies	140,830
Purchase of equipment from related companies	9,867
Sharing of office space and office expenses paid to related companies	
	<b>88</b>
	<b>106</b>

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

For 2QCY19 and 1HCY19, there were no material differences between the consolidated financial statements of the Group prepared under SFRS(I) and IFRS.

## FINANCIAL HIGHLIGHTS

	Six months ended		% Change
	30 June 2019 ("1HCY19") US\$'000	30 June 2018 ("1HCY18") US\$'000	
Revenue	280,221	280,119	n/m
EBITDA	36,844	37,484	-1.7%
EBITDA margin	13.1%	13.4%	
Profit before tax	13,563	17,237	-21.3%
Net profit attributable to owners of the Company	10,831	14,850	-27.1%
Basic and diluted earnings per share	US\$5.79 cents	US\$7.94 cents	-27.1%
	30 June 2019	31 December 2018	
Net asset value per share	US\$2.21	US\$2.19	0.9%
Net gearing ratio	23.3%	20.5%	

*n/m* percentage not meaningful

## BUSINESS REVIEW

The Group is delighted to report its results for 2QCY19 and 1HCY19. The Group's orders and revenue maintained stable, and the revenue was approximately US\$280.2 million (1HCY18: approximately US\$280.1 million). Production costs, depreciation expenses and finance costs increased, resulting in a decrease in profit as compared with that of 1HCY18. The Group's net attributable profit (profit after tax and non-controlling interests) for 1HCY19 decreased by 27.1% from 1HCY18 to approximately US\$10.8 million (1HCY18: US\$14.9 million).

The Group's revenue for 2QCY19 decreased by 4.5% from 2QCY18 to approximately US\$141.6 million (2QCY18: approximately US\$148.3 million). The Group's gross profit for 2QCY19 decreased by 2.2% from 2QCY18 to US\$15.3 million (2QCY18: US\$15.6 million), and gross profit margin was 10.8% (2QCY18: 10.5%). Earnings before interest, tax, depreciation and amortization for the Group ("**EBITDA**") increased by approximately 4.7% to US\$20.0 million (2QCY18: US\$19.1 million). Net attributable profit was US\$6.6 million in 2QCY19 (2QCY18: US\$7.6 million).

In 2QCY19, communication & networking products (including mobile phones) accounted for about 46.2% (2QCY18: 46.1%) of our total PCB sales, while automotive PCB sales accounted for around 18.9% of our total PCB sales (2QCY18: 24.3%). Other products (including computer, consumer electronics and industrial products) accounted for approximately 34.9% (2QCY18: 29.6%) of our total PCB sales. High Density Interconnect ("**HDI**") PCB accounted for approximately 21.4% of total PCB sales in 2QCY19 (2QCY18: approximately 24.4%).

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2019, the Group's net current assets were approximately US\$11.7 million (31 December 2018: approximately US\$7.9 million), making the current ratio 1.05, as compared to 1.03 as at 31 December 2018.

The net working capital cycle was 38 days as at 30 June 2019 (31 December 2018: 36 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 28 days (31 December 2018: 25 days).
- Trade receivables, in terms of debtors turnover days, increased to 119 days (31 December 2018: 107 days).
- Trade payables, in terms of creditors turnover days, increased to 109 days (31 December 2018: 96 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 2019 was approximately 23.3% (31 December 2018: approximately 20.5%). The proportion of short-term and long-term bank borrowings stood at 57%: 43% (31 December 2018: 51%: 49%). The total equity of the Group, as at 30 June 2019, was approximately US\$413.7 million (31 December 2018: approximately US\$409.9 million). As at 30 June 2019, the Group had cash on hand and undrawn loan facilities of approximately US\$20.8 million, and US\$60.0 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 rates between Renminbi and other currencies in which the Group conducts its business.

## HUMAN RESOURCES

As at 30 June 2019, the Group had approximately 8,600 employees (31 December 2018: 8,400). 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 in place an employees' share option scheme 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 Group has made continual investments into the 5G area, and has upgraded its production facilities to expand production capacity and optimise product performance. With the arrival of the new 5G telecommunication era, the Group will strive for more orders from the communication & networking PCB market. The Group will continue to place emphasis on product quality and cost control to continuously enhance the Group's competitiveness. In addition, the industrial building in Guangzhou will be completed in the second half of the year 2019 and will provide the Group with stable rental income.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2019, 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 ( <i>Note</i> )	Beneficial owner	1,547,200	0.83%
Mr. Chang Wing Yiu	Beneficial owner	486,600	0.26%

*Note:* Mr. Cheung Kwok Wing resigned as a non executive Director and the chairman of the Board with effect from 1 August 2019.

(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	1,221,905	0.11%
Ms. Stephanie Cheung Wai Lin ( <i>Note 2</i> )	Beneficial owner/ Interest of spouse	699,000	0.06%
Mr. Chang Wing Yiu ( <i>Note 3</i> )	Beneficial owner/ Interest of spouse	6,587,228	0.60%

*Note 1: Mr. Cheung Kwok Wing resigned as a non-executive Director and the chairman of the Board with effect from 1 August 2019.*

*Note 2: Out of the 699,000 Kingboard Shares, 679,000 and 20,000 Kingboard Shares were held by Ms. Stephanie Cheung Wai Lin and her spouse respectively.*

*Note 3: Out of the 6,587,228 Kingboard Shares, 5,916,488 and 670,740 Kingboard Shares were held by Mr. Chang Wing Yiu and his spouse respectively.*

- (c) *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	1,143,000	0.03%
Mr. Chang Wing Yiu ( <i>Note 2</i> )	Beneficial owner/ Interest of spouse	8,300,000	0.26%
Mr. Kong Tze Wing ( <i>Note 3</i> )	Beneficial owner/ Interest of spouse	1,500	0.00%

*Note 1: Mr. Cheung Kwok Wing resigned as a non-executive Director and the chairman of the Board with effect from 1 August 2019.*

*Note 2: Out of the 8,300,000 KLHL Shares, 7,500,000 and 800,000 KLHL Shares were held by Mr. Chang Wing Yiu and his spouse respectively.*

*Note 3: Out of the 1,500 KLHL Shares, 1,000 and 500 KLHL Shares were held by Mr. Kong and his spouse respectively.*

- (d) *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 1)</i>
Mr. Cheung Kwok Wing ( <i>Note 2</i> )	Beneficial owner	1,904,400
Mr. Chang Wing Yiu	Beneficial owner	423,200

*Note 1: 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.*

*Note 2: Mr. Cheung Kwok Wing resigned as a non-executive Director and the chairman of the Board with effect from 1 August 2019.*

Save as disclosed above, as at 30 June 2019, 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 2019, 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 39.02% 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 2019, 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

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 was 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 Singapore Exchange Securities Trading Limited (**"SGX-ST"**) and The Stock Exchange of Hong Kong (**"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 Scheme by the shareholders of Kingboard in general meeting. The relevant resolutions were passed by shareholders of Kingboard on 28 May 2018 and the Company received in-principle approval from the SGX-ST. The 2018 Scheme was adopted by the Company on 12 September 2018, upon fulfilment of all the conditions the 2018 Scheme. Since its adoption, 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 at either: (1) 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 (2) a discount to the Market Price (as defined earlier), provided that the discount shall not exceed 20% of the Market Price, save that the exercise price must be at least the higher of: (i) the closing price of the shares of the Company as stated in the SEHK's daily quotations sheet on the date of grant; and (ii) the average closing price of the shares of the Company as stated in the SEHK's daily quotations sheets for the five business days immediately preceding the date of grant.

Options granted at the Market Price may be exercised after the first anniversary of the date of grant, and for options granted at a discount to the Market Price, they may be exercised after the second anniversary of the date of grant. Options granted under the 2018 Scheme, whether exercisable at the Market Price or at a discount to the Market Price, expire 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 the date of the 2018 AGM and the date of this report).

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 1HCY19, 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 1HCY19. 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 2QCY19 and 1HCY19 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 ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK ("**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, "**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 the 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 26 April 2019 ("**2019 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 2019 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 ("**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.

After specific enquires 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 1H CY19.

## **SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD**

The Group does not have any material subsequent event to disclose after 1HCY19.

## **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 SGX 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 2QCY19 and 1HCY19 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 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)	
	1HCY19	1HCY18	1HCY19	1HCY18
<b>Purchases of plant and equipment</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	4,762	4,584
	—	—	4,762	4,584
<b>Purchases of goods and services</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	62,503	49,536
Delta Realty Limited	88	40	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	976	1,159
Hong Kong Fibre Glass Company Limited	—	—	13,781	12,756
Huizhou Chung Shun Chemical Co., Ltd.	—	—	559	981
	88	40	77,819	64,432
<b>Provision of goods and services</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	2,350	2,660
Express Electronics Ltd	—	—	136	—
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	7,428	9,362
	—	—	9,914	12,022



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

The Company confirms that it has procured the undertakings required under Rule 720(1) of the SGX Listing Manual from all its directors and executive officers, in the form set out in Appendix 7.7 of the SGX 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 2QCY19 and 1HCY19 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**  
依利安達集團有限公司\*  
**Stephanie Cheung Wai Lin**  
*Chairman*

Hong Kong, 8 August 2019

*As of the date of this report, the Board comprises the following Directors:*

*Executive Directors:–*

Stephanie Cheung Wai Lin (*Chairman*)  
Chang Wing Yiu

*Independent non-executive Directors:–*

Stanley Chung Wai Cheong  
Ong Shen Chieh  
Kong Tze Wing

\* For identification purpose only