



Financial Statement Announcement for the third quarter ended 30 Sep 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) (i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated income statement for third quarter ended 30 Sep 2019. These figures have not been audited or reviewed.

(In Singapore dollars)	Jul - Sep 2019 \$'000	Jul - Sep 2018 \$'000	+ / (-) %	Jan - Sep 2019 \$'000	Jan - Sep 2018 \$'000	+ / (-) %
Revenue	183,800	191,760	(4.2)	506,440	542,600	(6.7)
Cost of sales	<u>(160,837)</u>	<u>(168,254)</u>	(4.4)	<u>(450,639)</u>	<u>(474,642)</u>	(5.1)
Gross profit	22,963	23,506	(2.3)	55,801	67,958	(17.9)
Other items of income						
Interest income	167	117	42.7	397	343	15.7
Other income	1,832	3,070	(40.3)	4,593	9,984	(54.0)
Other items of expense						
Marketing and distribution	(3,832)	(3,837)	(0.1)	(10,835)	(10,745)	0.8
Administrative expenses	(10,647)	(10,764)	(1.1)	(30,912)	(31,716)	(2.5)
Other operating expenses	(1,576)	(954)	65.2	(5,207)	(8,588)	(39.4)
Reversal of impairment loss on financial assets	-	22	(100.0)	-	12	(100.0)
Finance costs	(1,356)	(1,105)	22.7	(3,940)	(3,226)	22.1
Share of results of joint venture	257	140	83.6	670	1,002	(33.1)
Profit before tax	7,808	10,195	(23.4)	10,567	25,024	(57.8)
Income tax expense	(2,234)	(2,672)	(16.4)	(5,285)	(5,824)	(9.3)
Profit for the period	5,574	7,523	(25.9)	5,282	19,200	(72.5)
Profit attributable to:						
Owners of the Company	<u>5,574</u>	<u>7,523</u>	(25.9)	<u>5,282</u>	<u>19,200</u>	(72.5)

Consolidated statement of comprehensive income for third quarter ended 30 Sep 2019. These figures have not been audited or reviewed.

Profit for the period	5,574	7,523	(25.9)	5,282	19,200	(72.5)
Other comprehensive income						
Foreign currency translation	(63)	(9,610)	(99.3)	(2,748)	(2,067)	n.m
Share of foreign currency translation of joint venture	(47)	(147)	(68.0)	(80)	(108)	(25.9)
Other comprehensive income for the period, net of tax	(110)	(9,757)	(98.9)	(2,828)	(2,175)	n.m
Total comprehensive income for the period	5,464	(2,234)	n.m	2,454	17,025	(85.6)
Attributable to:						
Owners of the Company	<u>5,464</u>	<u>(2,234)</u>	n.m	<u>2,454</u>	<u>17,025</u>	(85.6)

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the statement of income for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

Profit before tax is stated after (charging) / crediting:-

	Jul - Sep 2019 \$'000	Jul - Sep 2018 \$'000	+ / (-) %	Jan - Sep 2019 \$'000	Jan - Sep 2018 \$'000	+ / (-) %
Depreciation of property, plant and equipment	(6,710)	(6,825)	(1.7)	(20,810)	(21,795)	(4.5)
Depreciation of right-of-use assets	(2,311)	-	n.m.	(5,625)	-	n.m.
Allowance for impairment on property, plant and equipment	-	-	-	(491)	-	n.m.
Property, plant and equipment written off	(12)	(47)	(74.5)	(23)	(70)	(67.1)
Net gain/(loss) on disposal of property, plant and equipment	27	(32)	n.m.	194	(132)	n.m.
Net (allowance)/write back for inventories obsolescence	(604)	282	n.m.	(664)	438	n.m.
Net reversal of impairment loss/(impairment loss) on capitalised contract costs	130	(185)	n.m.	96	(783)	n.m.
Net reversal of impairment loss on trade receivables	-	22	n.m.	-	12	n.m.
Amortisation of intangible assets	(385)	(378)	1.9	(1,149)	(1,129)	1.8
Reversal of provision for onerous contract	82	81	1.2	246	242	1.7
Net foreign exchange gain/(loss)	400	2,250	(82.2)	(141)	420	n.m.

1(b)(i)

A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

(In Singapore dollars)

As at	Group			Company		
	30.09.2019 \$'000	31.12.2018 \$'000	+ / (-) %	30.09.2019 \$'000	31.12.2018 \$'000	+ / (-) %
Non-current assets						
Property, plant and equipment	173,290	190,435	(9.0)	17,182	11,015	56.0
Right-of-use assets	41,583	-	n.m.	4,602	-	n.m.
Intangible assets	12,941	14,087	(8.1)	-	-	n.m.
Other investments	1,539	1,539	-	-	-	n.m.
Investment in subsidiaries	-	-	n.m.	366,215	365,862	0.1
Investment in joint venture	6,916	6,659	3.9	-	-	n.m.
Prepayments	116	137	(15.3)	116	137	(15.3)
Other receivables	-	-	n.m.	377	374	0.8
Deferred tax assets	2,516	2,707	(7.1)	-	-	n.m.
	238,901	215,564	10.8	388,492	377,388	2.9
Current assets						
Inventories	119,729	114,911	4.2	8,974	7,545	18.9
Contract assets	41,078	41,744	(1.6)	3,712	3,620	2.5
Prepayments	3,379	4,955	(31.8)	88	661	(86.7)
Trade and other receivables	238,047	248,510	(4.2)	74,831	62,428	19.9
Cash and short term deposits	92,288	88,746	4.0	2,894	3,148	(8.1)
	494,521	498,866	(0.9)	90,499	77,402	16.9
Less: Current liabilities						
Trade and other payables	183,530	173,072	6.0	78,105	69,244	12.8
Contract liabilities	36,914	37,047	(0.4)	7,973	8,404	(5.1)
Loans and borrowings	72,541	86,264	(15.9)	33,450	44,296	(24.5)
Lease liabilities	7,640	-	n.m.	1,212	-	n.m.
Tax payable	4,453	4,042	10.2	-	-	n.m.
	305,078	300,425	1.5	120,740	121,944	(1.0)
Net current assets / (liabilities)	189,443	198,441	(4.5)	(30,241)	(44,542)	(32.1)
Less: Non-current liabilities						
Other liabilities	1,619	1,752	(7.6)	-	-	n.m.
Loans and borrowings	32,914	23,458	40.3	4,400	547	n.m.
Lease liabilities	17,368	-	n.m.	3,435	-	n.m.
Deferred tax liabilities	7,066	7,480	(5.5)	-	-	n.m.
	58,967	32,690	80.4	7,835	547	n.m.
Net assets	369,377	381,315	(3.1)	350,416	332,299	5.5
Equity attributable to owners of the Company						
Share capital	302,096	302,096	-	302,096	302,096	-
Reserves	67,281	79,219	(15.1)	48,320	30,203	60.0
Total equity	369,377	381,315	(3.1)	350,416	332,299	5.5

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

Amount repayable in one year or less, or on demand

	As at 30.09.2019		As at 31.12.2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Loans and borrowings	1,553	70,988	1,591	84,673
Lease liabilities ⁽¹⁾	-	7,640	-	-

Amount repayable after one year

	As at 30.09.2019		As at 31.12.2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Loans and borrowings	-	32,914	-	23,458
Lease liabilities ⁽¹⁾	-	17,368	-	-

Details of any collateral

Collateral for secured borrowings is as follows:

- Sunningdale Innovative Technology (Tianjin) Co Ltd's loan of \$1.6 million (31.12.2018: \$1.6 million) is secured by cash and bank balances of the same amount of other subsidiary companies.

⁽¹⁾ On adoption of SFRS(I) 16, the lease liabilities of \$7.6 million (31.12.2018: \$nil) and \$17.4 million (31.12.2018: \$nil) as at 30 September 2019 were included in unsecured borrowings for amount repayable in one year or less or on demand and amount repayable after one year respectively.

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

Consolidated statement of cash flows for third quarter ended 30 Sep 2019

(In Singapore dollars)	Jul - Sep 2019 \$'000	Jul - Sep 2018 \$'000	Jan - Sep 2019 \$'000	Jan - Sep 2018 \$'000
Cash flows from operating activities:				
Profit before tax	7,808	10,195	10,567	25,024
Adjustments for:				
Depreciation of property, plant and equipment	6,710	6,825	20,810	21,795
Depreciation of right-of-use assets	2,311	-	5,625	-
Allowance for impairment on property, plant and equipment	-	-	491	-
Property, plant and equipment written off	12	47	23	70
Net (gain)/loss on disposal of property, plant and equipment	(27)	32	(194)	132
Net allowance/(write back) for inventories obsolescence	604	(282)	664	(438)
Net (reversal of impairment loss)/impairment loss on capitalised contract costs	(130)	185	(96)	783
Net reversal of impairment loss on trade receivables	-	(22)	-	(12)
Amortisation of intangible assets	385	378	1,149	1,129
Reversal of provision for onerous contract	(82)	(81)	(246)	(242)
Share of results of joint venture	(257)	(140)	(670)	(1,002)
Provision for retrenchment costs	174	-	670	-
Grant of equity-settled share awards to employees	270	298	860	896
Interest expense	1,356	1,105	3,940	3,226
Interest income	(167)	(117)	(397)	(343)
Currency realignment	453	(3,905)	(566)	2,833
Operating cashflows before changes in working capital	19,420	14,518	42,630	53,851
Increase in inventories	(385)	(5,911)	(4,358)	(12,036)
Decrease in prepayments	993	607	1,596	339
Increase in trade and other receivables and contract assets	(11,840)	(830)	(18,069)	(9,855)
Increase/(decrease) in trade and other payables and contract liabilities	7,402	2,420	15,258	(5,926)
Retrenchment costs	(154)	(468)	(4,468)	(809)
Cash flows from operations	15,436	10,336	32,589	25,564
Interest paid	(1,356)	(1,105)	(3,940)	(3,226)
Interest received	167	117	397	343
Income tax paid	(2,167)	(2,332)	(5,092)	(4,587)
Net cash flows from operating activities	12,080	7,016	23,954	18,094
Cash flows from investing activities:				
Purchase of property, plant and equipment	(10,395)	(4,572)	(23,955)	(27,551)
Net proceeds from disposal of property, plant and equipment	454	30	28,502	167
Dividend income from joint venture	-	367	325	750
Acquisition of subsidiary, net of cash acquired	-	287	-	287
Net cash flows (used in)/from investing activities	(9,941)	(3,888)	4,872	(26,347)
Cash flows from financing activities:				
Proceeds from loans and borrowings	18,038	13,508	25,970	27,339
Repayment of loans and borrowings	(13,142)	(8,705)	(29,667)	(21,048)
Payment of lease liabilities	(1,783)	-	(4,993)	-
Dividends paid to shareholders	(5,720)	(5,676)	(15,252)	(14,190)
Net cash flows used in financing activities	(2,607)	(873)	(23,942)	(7,899)
Net (decrease)/increase in cash and cash equivalents	(468)	2,255	4,884	(16,152)
Cash and cash equivalents at beginning of period	91,127	85,909	86,484	102,951
Effects of exchange rate changes on cash and cash equivalent	(337)	(2,417)	(1,046)	(1,052)
Cash and cash equivalents at end of period	90,322	85,747	90,322	85,747
Note:				
	30.09.2019	31.12.2018	30.09.2018	31.12.2017
Cash and cash at bank	92,288	88,746	87,691	105,281
Less: Bank overdraft	(306)	(571)	(354)	(693)
Less: Bank balances pledged	(1,660)	(1,691)	(1,590)	(1,637)
Cash and cash equivalents	90,322	86,484	85,747	102,951
	30.06.2019	30.06.2018		
Cash and cash at bank	93,455	88,333		
Less: Bank overdraft	(648)	(769)		
Less: Bank balances pledged	(1,680)	(1,655)		
Cash and cash equivalents	91,127	85,909		

1(d)(i)

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity for third quarter ended 30 Sep 2019

(In Singapore dollars)

Group	Attributable to owners of the Company				
	Share Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve \$'000	Other Reserve \$'000	Total \$'000
Balance at 01.01.2018	301,015	52,661	(1,632)	14,080	366,124
Profit for the period	-	1,940	-	-	1,940
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	6,034	323	6,357
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	299	299
Balance at 31.03.2018	301,015	54,601	4,402	14,702	374,720
Profit for the period	-	9,737	-	-	9,737
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(166)	1,391	1,225
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to	-	-	-	299	299
Dividends paid	-	(8,514)	-	-	(8,514)
Balance at 30.06.2018	301,015	55,824	4,236	16,392	377,467
Profit for the period	-	7,522	-	-	7,522
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(9,193)	(564)	(9,757)
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to	-	-	-	298	298
Transfer to statutory reserve	-	(239)	-	239	-
Dividends paid	-	(5,676)	-	-	(5,676)
Balance at 30.09.2018	301,015	57,431	(4,957)	16,365	369,854
Balance at 01.01.2019	302,096	67,497	(4,279)	16,001	381,315
Profit for the period	-	793	-	-	793
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	1,736	183	1,919
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to employees	-	-	-	295	295
Transfer to statutory reserve	-	(276)	-	276	-
Balance at 31.03.2019	302,096	68,014	(2,543)	16,755	384,322
Profit for the period	-	(1,085)	-	-	(1,085)
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(4,302)	(335)	(4,637)
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to	-	-	-	295	295
Dividends paid	-	(9,532)	-	-	(9,532)
Balance at 30.06.2019	302,096	57,397	(6,845)	16,715	369,363
Profit for the period	-	5,574	-	-	5,574
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	96	(206)	(110)
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share awards to	-	-	-	270	270
Transfer to statutory reserve	-	(120)	-	120	-
Dividends paid	-	(5,720)	-	-	(5,720)
Balance at 30.09.2019	302,096	57,131	(6,749)	16,899	369,377

1(d)(i) (In Singapore dollars)
(Cont'd)

Company	Attributable to owners of the Company			
	Share Capital	Retained Earnings	Other Reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 01.01.2018	301,015	17,522	1,301	319,838
Profit for the period	-	398	-	398
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	299	299
Balance at 31.03.2018	301,015	17,920	1,600	320,535
Profit for the period	-	3,041	-	3,041
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	299	299
Dividends paid	-	(8,514)	-	(8,514)
Balance at 30.06.2018	301,015	12,447	1,899	315,361
Profit for the period	-	17,770	-	17,770
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to	-	-	298	298
Dividends paid	-	(5,676)	-	(5,676)
Balance at 30.09.2018	301,015	24,541	2,197	327,753
Balance at 01.01.2019	302,096	28,873	1,330	332,299
Profit for the period	-	14,070	-	14,070
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	295	295
Balance at 31.03.2019	302,096	42,943	1,625	346,664
Profit for the period	-	9,741	-	9,741
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to employees	-	-	295	295
Dividends paid	-	(9,532)	-	(9,532)
Balance at 30.06.2019	302,096	43,152	1,920	347,168
Profit for the period	-	8,698	-	8,698
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share awards to	-	-	270	270
Dividends paid	-	(5,720)	-	(5,720)
Balance at 30.09.2019	302,096	46,130	2,190	350,416

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued and fully paid	Ordinary Share
Balance as at 31.12.2018	190,646,836
Balance as at 30.09.2019	190,646,836

As at 30.09.2019, the share capital of the Company comprised 190,646,836 ordinary shares.

The number of shares that may be issued on conversion of share awards as at 30.09.2019 was 2,891,500 (31.12.2018: 2,938,500) shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company does not have treasury shares as at 30.09.2019 (31.12.2018 : nil)

1(d)(iv) **A Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30.09.2019

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures are not audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31.12.2018, except all the new and revised standards which are effective for annual financial periods beginning on or after 01.01.2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group applied SFRS(I) 16 retrospectively and had not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirement of SFRS(I) 1-17. On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities of \$20,630,000 respectively for its leases previously classified as operating leases and reclassified land use right of \$2,784,000 from property, plant and equipment to right-of-use assets as of 1 January 2019.

Other than the effect of the matter as described above, the adoption of the new and revised standards did not have any material effect on the financial performance or position of the Group.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	3rd Qtr 2019	3rd Qtr 2018	9 mths ended 30.09.2019	9 mths ended 30.09.2018
Earnings per ordinary share (EPS) for the period based on net profit attributable to				
(a) on weighted average number of ordinary shares (cents)	2.92	3.98	2.77	10.15
(b) on a fully diluted basis (cents)	2.88	3.90	2.73	9.96

Earnings per ordinary share is calculated on the Group profit for the financial periods attributable to the shareholders of the Company divided by the weighted average number of ordinary share of 190,646,836 (3Q2018: 189,205,336) for third quarter ended 30.09.2019.

Earnings per ordinary share (diluted basis) is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the period under review and adjusted to include all potential dilutive ordinary shares up to 30.09.2019. The adjusted weighted average number of ordinary shares is 193,581,199 (3Q2018: 192,706,836) for third quarter ended 30.09.2019 and 193,581,032 (9M2018: 192,706,836) nine months ended 30.09.2019.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	At 30.09.2019	At 31.12.2018	At 30.09.2019	At 31.12.2018
Net asset value per ordinary share				
Net asset value per ordinary share based on existing issued share capital as at the end of period (\$)	1.94	2.00	1.84	1.74

	Group		Company	
	At 30.09.2019	At 31.12.2018	At 30.09.2019	At 31.12.2018
Net tangible asset value per ordinary share				
Net tangible asset value per ordinary share based on existing issued share capital as at the end of period (\$)	1.87	1.93	1.84	1.74

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

CONSOLIDATED INCOME STATEMENT

July - September ("3Q19")

The Group's revenue decreased 4.2% year-on-year ("yoy") from \$191.8 million for 3Q18 to \$183.8 million for 3Q19. This decrease was attributed to a decline in revenue from each of the Group's business segments.

Revenue from the Group's Automotive segment decreased 3.0% yoy to \$64.1 million. This was mainly due to a decrease in orders from customers as a result of weakening demand across global automotive markets and certain projects reaching end-of-life, partially offset by new projects launched.

Revenue from the Group's Consumer/IT segment declined 6.2% yoy to \$73.9 million. This was due to the deliberate exit of business from one customer in February 2019 and a decrease in demand due to weak market sentiment. The decline in revenue within the Consumer/IT segment was partially offset by new business from new customers.

Revenue from the Mould Fabrication segment declined 3.0% yoy to \$31.4 million. This was due to a decrease in demand from customers in the Automotive and Consumer/IT industries, partially offset by an increase in orders from existing and new customers from Healthcare industries.

	Jul - Sep 2019	Jul - Sep 2018	Inc/(Dec) %
	\$'000	\$'000	
Automotive	64,100	66,058	(3.0)
Consumer/IT	73,860	78,737	(6.2)
Healthcare	14,418	14,581	(1.1)
Mould Fabrication	31,422	32,384	(3.0)
	<u>183,800</u>	<u>191,760</u>	(4.2)

The Group's gross profit decreased 2.3% yoy from \$23.5 million for 3Q18 to \$23.0 million for 3Q19. Gross profit margin improved marginally from 12.3% for 3Q18 to 12.5% for 3Q19. This was mainly due to tightening cost controls and the completion of the relocation of the Group's parts operations from one plant in Shanghai to Chuzhou.

The decrease in other income was mainly due to the Group reporting a foreign exchange gain of \$0.4 million for 3Q19 as compared to \$2.3 million for 3Q18.

The increase in other expenses was due to onerous rental* of \$0.2 million (3Q18: nil) and retrenchment costs amounting to \$0.2 million (3Q18: nil).

The increase in finance costs was due to accounting for finance costs on lease liabilities of \$0.3 million following the adoption of SFRS(I) 16.

The Group reported a net profit of \$5.6 million for 3Q19 compared to a net profit of \$7.5 million for 3Q18. Excluding the impact from net foreign exchange gain, retrenchment costs, onerous rent, net (gain)/loss on the disposal of property, plant and equipment ("PPE") and finance costs on lease liabilities, net profit would have been \$5.6 million for 3Q19 compared with a net profit of \$5.3 million for 3Q18, representing a 4.9% yoy increase.

	Jul - Sep 2019	Jul - Sep 2018	Inc/(Dec) %
	\$'000	\$'000	
Profit for the period reported	5,574	7,523	(25.9)
Adjustments:			
Net foreign exchange gain	(400)	(2,250)	(82.2)
Retrenchment costs	174	-	n.m.
Onerous rental *	243	-	n.m.
Net (gain)/loss on disposal of PPE	(27)	32	n.m.
Adjusted profit for the period reported	<u>5,564</u>	<u>5,305</u>	4.9

*Onerous rent refers to rent paid at the Group's operations in Shanghai and Thailand despite the shifting of operations from these locations. The Group was required to pay rent at these vacant premises during 3Q19 as the rental agreements will expire at a later date.

8 **CONSOLIDATED BALANCE SHEET**
(cont'd)

The Group's PPE amounted to \$173.3 million as at 30 September 2019 as compared to \$190.4 million as at 31 December 2018. PPE was stated net of depreciation charges of \$20.8 million (9M18: \$21.8 million), partially offset by currency realignment, reclassification of land use rights to right-of-use assets and additions of \$23.4 million (9M18: \$28.4 million). During the quarter, the Group had purchased a building for \$5.7 million in Singapore to consolidate external renting warehouses inhouse and to expand the Group's manufacturing capacity in Singapore.

Upon the adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities as of 1 January 2019.

The Group maintained a cash balance of \$92.3 million as at 30 September 2019 (31 December 2018: \$88.7 million). This resulted in a net debt position of \$13.2 million (31 December 2018: net debt position of \$21.0 million) after accounting for loans and borrowings amounting to \$105.5 million (31 December 2018: \$109.7 million). The decrease in net debt was mainly due to the collection of proceeds from the disposal of property and cash generated from operations. This was partially offset by the payment of PPE, and payment of dividends and retrenchment costs.

CONSOLIDATED CASHFLOW STATEMENT

July - September ("3Q19")

Net cash flows from operating activities amounted to \$12.1 million for 3Q19 as compared to \$7.0 million for 3Q18. Net cash flows used in investing activities amounted to \$9.9 million for 3Q19 as compared to \$3.9 million for 3Q18 mainly due to payments for the purchase of PPE.

Net cash flows used in financing activities amounted to \$2.6 million for 3Q19 as compared to \$0.9 million for 3Q18.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not Applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group faces headwinds in the form of rising labour costs, utility costs, price pressure and negative market sentiment amid global trade tensions. In addition, the Group continues to be impacted by a slowdown across global automotive markets, especially in China and India.

Mass production at the Group's latest manufacturing facility in Penang has begun. Moving forward, the Group expects utilisation at this new Penang facility to gradually improve. Similarly, the Group has completed the relocation of its parts operations from one plant in Shanghai to Chuzhou in 3Q2019.

The Group continues to monitor the slowdown in the global automotive market closely while aggressively pursuing new projects. Similarly, the Consumer/IT segment has become challenging due to slowing demand from customers. In the Healthcare segment, the Group remains positive as it has secured new projects from new and existing customers.

Looking ahead, the Group will focus on tightening cost controls, enhancing capacity utilisation and aggressively pursuing new projects. While remaining vigilant of the headwinds, the Group is confident in its resilient business model as the long-term sustainability of its operations remain on track.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

Not Applicable

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	3Q2019 \$'000	3Q2019 \$'000
Innovalues Precision Sdn Bhd		
Sales of parts	12	-
Agilent Technologies Sales (Malaysia) Sdn Bhd		
Purchase of Services	<u>3</u>	<u>-</u>
Total	<u><u>15</u></u>	<u><u>-</u></u>

BY ORDER OF THE BOARD

KHOO BOO HOR

Executive Director &
Chief Executive Officer

6 November 2019

14 CONFIRMATION BY THE BOARD

We, KOH BOON HWEE and KHOO BOO HOR, being two directors of Sunningdale Tech Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the third quarter 2019 to be false or misleading.

On behalf of the board of directors

KOH BOON HWEE
Non-Executive Chairman

KHOO BOO HOR
Executive Director &
Chief Executive Officer

15 Issuer to confirm that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1)

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1).