

**Financial Statement and Dividend Announcement for the quarter ended 30 September 2016**

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

1(a) Income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

|                                   | <b>Q 3-16</b>    | <b>Q 3-15</b>    | <b>Increase/<br/>(decrease)</b> | <b>YTD</b>       | <b>YTD</b>       | <b>Increase/<br/>(decrease)</b> |
|-----------------------------------|------------------|------------------|---------------------------------|------------------|------------------|---------------------------------|
|                                   | <b>S\$'000</b>   | <b>S\$'000</b>   | <b>%</b>                        | <b>Q 3-16</b>    | <b>Q 3-15</b>    | <b>%</b>                        |
|                                   |                  |                  |                                 | <b>S\$'000</b>   | <b>S\$'000</b>   |                                 |
| <b>Revenue</b>                    | 387,339          | 394,180          | (1.7)                           | 948,291          | 988,637          | (4.1)                           |
| Cost of sales                     | <u>(332,746)</u> | <u>(340,677)</u> | (2.3)                           | <u>(856,239)</u> | <u>(917,688)</u> | (6.7)                           |
| <b>Gross profit</b>               | 54,593           | 53,503           | 2.0                             | 92,052           | 70,949           | 29.7                            |
| <b>Other items of income</b>      |                  |                  |                                 |                  |                  |                                 |
| Interest income                   | 143              | 330              | (56.7)                          | 435              | 2,244            | (80.6)                          |
| Other income                      | 2,203            | 4,636            | (52.5)                          | 15,392           | 9,056            | 70.0                            |
| <b>Other items of expense</b>     |                  |                  |                                 |                  |                  |                                 |
| Selling and distribution expenses | (2,416)          | (3,706)          | (34.8)                          | (7,667)          | (9,199)          | (16.7)                          |
| Administrative expenses           | (18,093)         | (22,247)         | (18.7)                          | (50,531)         | (58,874)         | (14.2)                          |
| Financial costs                   | (870)            | (1,225)          | (29.0)                          | (3,158)          | (3,001)          | 5.2                             |
| Other expenses                    | (912)            | (3,575)          | (74.5)                          | (10,399)         | (4,039)          | 157.5                           |
| Share of results of associates    | <u>66</u>        | <u>167</u>       | (60.5)                          | <u>227</u>       | <u>407</u>       | (44.2)                          |
| <b>Profit before tax</b>          | 34,714           | 27,883           | 24.5                            | 36,351           | 7,543            | 381.9                           |
| Income tax expense                | <u>(4,001)</u>   | <u>(3,558)</u>   | 12.5                            | <u>(10,365)</u>  | <u>(4,984)</u>   | 108.0                           |
| <b>Profit for the period</b>      | <u>30,713</u>    | <u>24,325</u>    | 26.3                            | <u>25,986</u>    | <u>2,559</u>     | 915.5                           |
| <b>Attributable to:</b>           |                  |                  |                                 |                  |                  |                                 |
| Owners of the Company             | 30,715           | 24,324           | 26.3                            | 25,989           | 2,556            | 916.8                           |
| Non-controlling interests         | <u>(2)</u>       | <u>1</u>         | n.m.                            | <u>(3)</u>       | <u>3</u>         | n.m.                            |
|                                   | <u>30,713</u>    | <u>24,325</u>    | 26.3                            | <u>25,986</u>    | <u>2,559</u>     | 915.5                           |

n.m. – Not Meaningful

**Consolidated statement of comprehensive income for the quarter ended 30 September 2016**

|   | Group            |                  |                         | Group                   |                         |                              |
|---|------------------|------------------|-------------------------|-------------------------|-------------------------|------------------------------|
|   | Q3-16<br>S\$'000 | Q3-15<br>S\$'000 | Increase/<br>(decrease) | YTD<br>Q3-16<br>S\$'000 | YTD<br>Q3-15<br>S\$'000 | Increase/<br>(decrease)<br>% |
| <b>Profit for the period</b>  | 30,713           | 24,325           | 26.3                    | 25,986                  | 2,559                   | 915.5                        |
| <b><u>Other comprehensive income</u></b>                                  |                  |                  |                         |                         |                         |                              |
| <b>Items that may be reclassified<br/>subsequently to profit or loss:</b> |                  |                  |                         |                         |                         |                              |
| Foreign currency translation  | 4,631            | 15,251           | (69.6)                  | (30,825)                | 22,145                  | n.m.                         |
| Share of other comprehensive income of<br>an associated company           | (58)             | 26               | n.m.                    | (133)                   | 62                      | n.m.                         |
| Other comprehensive income for<br>the period, net of tax                  | <u>4,573</u>     | <u>15,277</u>    | (70.1)                  | <u>(30,958)</u>         | <u>22,207</u>           | n.m.                         |
| <b>Total comprehensive income for the period</b>                          | <u>35,286</u>    | <u>39,602</u>    | (10.9)                  | <u>(4,972)</u>          | <u>24,766</u>           | n.m.                         |
| <b>Total comprehensive income attributable to:</b>                        |                  |                  |                         |                         |                         |                              |
| Owners of the Company   | 35,280           | 39,567           | (10.8)                  | (4,907)                 | 24,710                  | n.m.                         |
| Non-controlling interests   | <u>6</u>         | <u>35</u>        | (82.9)                  | <u>(65)</u>             | <u>56</u>               | n.m.                         |
|   | <u>35,286</u>    | <u>39,602</u>    | (10.9)                  | <u>(4,972)</u>          | <u>24,766</u>           | n.m.                         |

n.m. – Not Meaningful

Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year are as follows:

|  | <b>Q3-16</b>   | <b>Q3-15</b>   | <b>YTD</b>     | <b>YTD</b>     |
|--|----------------|----------------|----------------|----------------|
|  | <b>S\$'000</b> | <b>S\$'000</b> | <b>Q3-16</b>   | <b>Q3-15</b>   |
|  |                |                | <b>S\$'000</b> | <b>S\$'000</b> |
| 1. Depreciation of property, plant and equipment                               | 20,062         | 26,004         | 62,998         | 71,685         |
| 2. Amortization of deferred capital grant                                      | (118)          | -              | (319)          | -              |
| 3. Amortization of intangible asset  | 30             | 370            | 114            | 1,100          |
| 4. Adjustment to amortization of intangible asset                              | -              | -              | (2,092)        | -              |
| 5. Amortization of land use rights   | 66             | 71             | 201            | 211            |
| 6. Impairment loss on property, plant and equipment                            | 409            | 328            | 1,230          | 529            |
| 7. Net loss/ (gain) on disposal of property, plant and equipment               | 35             | (65)           | 207            | (264)          |
| 8. Property, plant and equipment written off                                   | 19             | 1,206          | 19             | 1,302          |
| 9. Inventory provisions  | 3,462          | 4,972          | 11,516         | 11,196         |
| 10. Inventories (written back)/ written off                                    | (113)          | (112)          | (410)          | 2,875          |
| 11. Impairment loss of/ (write back on) doubtful receivables                   | 14             | 659            | (439)          | 610            |
| 12. Bad debt written off   | 2              | -              | 2              |                |
| 13. Trade/ other payables written off  | (792)          | (29)           | (1,162)        | (60)           |
| 14. Directors' fees  | 90             | 90             | 269            | 269            |
| 15. Staff costs (including directors' remuneration)                            | 94,951         | 113,632        | 245,399        | 272,600        |
| 16. Operating lease expense  | 5,037          | 7,106          | 15,390         | 19,939         |
| 17. Net foreign exchange (gain)/ loss  | (2,019)        | (4,377)        | 8,148          | (5,686)        |
| 18. Net fair value loss on derivatives   | 366            | 6,266          | 1,111          | 5,767          |
| 19. Gain on disposal of investment securities                                  | -              | -              | (10,470)       | -              |
| 20. Provision/ (reversal of provision) for warranty costs                      | 12             | (7)            | 52             | 169            |
| 21. Allowance/ (reversal of allowance) on non-cancellable purchase commitments | 1,539          | (616)          | 1,215          | 945            |
| 22. Insurance claim  | (71)           | (83)           | (71)           | (83)           |
| 23. Net gain on sales of scrap materials                                       | (745)          | (2,047)        | (1,476)        | (4,532)        |

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

|  | Group                |                       | Company              |                       |
|--|----------------------|-----------------------|----------------------|-----------------------|
|  | 30/9/2016<br>S\$'000 | 31/12/2015<br>S\$'000 | 30/9/2016<br>S\$'000 | 31/12/2015<br>S\$'000 |
| <b>Non-current assets</b>                |                      |                       |                      |                       |
| Property, plant and equipment            | 372,360              | 450,599               | 16,009               | 15,940                |
| Intangible assets                        | 118                  | 3,161                 | 12                   | 12                    |
| Land use rights                          | 11,651               | 12,438                | -                    | -                     |
| Investment in subsidiaries               | -                    | -                     | 352,183              | 352,183               |
| Investment in associates                 | 2,571                | 2,476                 | 503                  | 984                   |
| Other receivables                        | -                    | -                     | 64,506               | 76,338                |
| Investment securities                    | -                    | 477                   | -                    | -                     |
| Other long term assets                   | 10                   | 35                    | -                    | -                     |
| Restricted bank deposits                 | 482                  | -                     | -                    | -                     |
| Deferred tax assets                      | 24,874               | 26,325                | -                    | -                     |
|  | <b>412,066</b>       | <b>495,511</b>        | <b>433,213</b>       | <b>445,457</b>        |
| <b>Current assets</b>                    |                      |                       |                      |                       |
| Inventories                              | 172,913              | 242,802               | 4,063                | 6,205                 |
| Trade and other receivables              | 397,336              | 480,163               | 95,024               | 84,277                |
| Prepaid operating expenses               | 7,304                | 9,632                 | 630                  | 426                   |
| Restricted bank deposits                 | 9,212                | -                     | -                    | -                     |
| Cash and cash equivalents                | 82,001               | 126,156               | 5,376                | 7,925                 |
|  | <b>668,766</b>       | <b>858,753</b>        | <b>105,093</b>       | <b>98,833</b>         |
| <b>Total assets</b>                      | <b>1,080,832</b>     | <b>1,354,264</b>      | <b>538,306</b>       | <b>544,290</b>        |
| <b>Current liabilities</b>               |                      |                       |                      |                       |
| Trade and other payables                 | 264,392              | 377,388               | 42,735               | 10,363                |
| Notes payable                            | 2,050                | -                     | -                    | -                     |
| Accrued operating expenses               | 74,613               | 81,518                | 12,558               | 7,686                 |
| Provisions                               | 216                  | 179                   | -                    | -                     |
| Deferred capital grant                   | 471                  | 705                   | -                    | -                     |
| Loans and borrowings                     | 169,523              | 315,362               | 40,270               | 80,675                |
| Income tax payable                       | 11,080               | 12,906                | 2,088                | 2,061                 |
| Derivatives                              | 209                  | 860                   | -                    | -                     |
|  | <b>522,554</b>       | <b>788,918</b>        | <b>97,651</b>        | <b>100,785</b>        |
| <b>Net current assets/ (liabilities)</b> | <b>146,212</b>       | <b>69,835</b>         | <b>7,442</b>         | <b>(1,952)</b>        |
| <b>Non-current liabilities</b>           |                      |                       |                      |                       |
| Deferred capital grant                   | 5,074                | 2,703                 | -                    | -                     |
| Loans and borrowings                     | 97                   | 911                   | 97                   | 140                   |
| Deferred tax liabilities                 | 4,400                | 4,049                 | 2,300                | 1,959                 |
|  | <b>9,571</b>         | <b>7,663</b>          | <b>2,397</b>         | <b>2,099</b>          |
| <b>Total liabilities</b>                 | <b>532,125</b>       | <b>796,581</b>        | <b>100,048</b>       | <b>102,884</b>        |
| <b>Net assets</b>                        | <b>548,707</b>       | <b>557,683</b>        | <b>438,258</b>       | <b>441,406</b>        |

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 30/9/2016      | 31/12/2015     | 30/9/2016      | 31/12/2015     |
|   | S\$'000        | S\$'000        | S\$'000        | S\$'000        |
| <b>Equity attributable to owners of the Company</b> |                |                |                |                |
| Share capital                                       | 119,725        | 119,725        | 119,725        | 119,725        |
| Treasury shares                                     | (53,065)       | (51,512)       | (53,065)       | (51,512)       |
| Accumulated profits                                 | 441,884        | 418,358        | 361,905        | 363,498        |
| Other reserves                                      | 39,191         | 70,075         | 9,693          | 9,695          |
|   | 547,735        | 556,646        | 438,258        | 441,406        |
| Non-controlling interests                           | 972            | 1,037          | -              | -              |
| <b>Total equity</b>                                 | <b>548,707</b> | <b>557,683</b> | <b>438,258</b> | <b>441,406</b> |

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

**Amount repayable within one year or less, or on demand**

| As at 30/9/2016    |                      | As at 31/12/2015   |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| 4,545              | 164,978              | 10,241             | 305,121              |

**Amount repayable after one year**

| As at 30/9/2016    |                      | As at 31/12/2015   |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| 97                 | -                    | 911                | -                    |

Lease obligations of S\$4,642,000 were secured against the respective leased assets.

**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.**

|   | Q3-16<br>S\$'000 | Q3-15<br>S\$'000 | YTD<br>Q3-16<br>S\$'000 | YTD<br>Q3-15<br>S\$'000 |
|---|------------------|------------------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>                                   |                  |                  |                         |                         |
| Profit before tax   | 34,714           | 27,883           | 36,351                  | 7,543                   |
| Adjustments for:  |                  |                  |                         |                         |
| Depreciation of property, plant and equipment                                 | 20,062           | 26,004           | 62,998                  | 71,685                  |
| Amortization of deferred capital grants                                       | (118)            | -                | (319)                   | -                       |
| Amortization of intangible asset  | 30               | 370              | 114                     | 1,100                   |
| Adjustment to amortization of intangible asset                                | -                | -                | (2,092)                 | -                       |
| Amortization of land use rights   | 66               | 71               | 201                     | 211                     |
| Impairment loss on property, plant and equipment                              | 409              | 328              | 1,230                   | 529                     |
| Net loss/ (gain) on disposal of property, plant and equipment                 | 35               | (65)             | 207                     | (264)                   |
| Property, plant and equipment written off                                     | 19               | 1,206            | 19                      | 1,302                   |
| Inventory provisions  | 3,462            | 4,972            | 11,516                  | 11,196                  |
| Inventories (written back)/ written off                                       | (113)            | (112)            | (410)                   | 2,875                   |
| Provision/ (reversal of provision) for warranty costs                         | 12               | (7)              | 44                      | 169                     |
| Impairment loss of/ (write back on) doubtful receivables                      | 14               | 659              | (439)                   | 610                     |
| Bad debts written off   | 2                | -                | 2                       | -                       |
| Allowance/ (reversal of allowance) on non-cancellable purchase commitments    | 1,539            | (616)            | 1,215                   | 945                     |
| Trade/ other payables written off   | (792)            | (29)             | (1,162)                 | (60)                    |
| Equity compensation expense   | 22               | 70               | 117                     | 347                     |
| Financial costs   | 870              | 1,225            | 3,158                   | 3,001                   |
| Interest income   | (143)            | (330)            | (435)                   | (2,244)                 |
| Net fair value (gain)/ loss on derivatives - unrealised                       | (278)            | 682              | (651)                   | (2,025)                 |
| Gain on disposal of investment securities                                     | -                | -                | (10,470)                | -                       |
| Net unrealised exchange difference  | 1,359            | (7,320)          | 4,800                   | (8,893)                 |
| Share of results of associates  | (66)             | (167)            | (227)                   | (407)                   |
| <b>Operating cash flows before changes in working capital</b>                 | <b>61,105</b>    | <b>54,824</b>    | <b>105,767</b>          | <b>87,620</b>           |
| <b>Changes in working capital</b>   |                  |                  |                         |                         |
| Decrease/ (increase) in inventories   | 34,499           | (39,059)         | 45,391                  | (69,062)                |
| (Increase)/ decrease in trade and other receivables                           | (73,642)         | (46,215)         | 71,769                  | (181,199)               |
| Decrease/ (increase) in prepaid operating expenses and other long term assets | 134              | (1,392)          | 1,855                   | (3,550)                 |
| Increase/ (decrease) in trade and other payables                              | 14,419           | (18,313)         | (58,857)                | 31,279                  |
| Increase in notes payable   | 682              | -                | 2,050                   | -                       |
| Increase/ (decrease) in accrued operating expenses                            | 13,505           | 6,027            | (5,051)                 | 13,274                  |
| Total changes in working capital  | (10,403)         | (98,952)         | 57,157                  | (209,258)               |
| <b>Cash flows generated from/ (used in) operations</b>                        | <b>50,702</b>    | <b>(44,128)</b>  | <b>162,924</b>          | <b>(121,638)</b>        |
| Income taxes paid   | (5,531)          | (3,333)          | (11,349)                | (8,328)                 |
| <b>Net cash flows generated from/ (used in) operating activities</b>          | <b>45,171</b>    | <b>(47,461)</b>  | <b>151,575</b>          | <b>(129,966)</b>        |

|  | Q3-16           | Q3-15           | YTD              | YTD              |
|--|-----------------|-----------------|------------------|------------------|
|  | S\$'000         | S\$'000         | Q3-16            | Q3-15            |
|  |                 |                 | S\$'000          | S\$'000          |
| <b>Cash flows from investing activities</b>                          |                 |                 |                  |                  |
| Proceeds from capital grants   | -               | -               | 2,805            | 3,903            |
| Consultancy fee paid for capital grants application                  | -               | -               | -                | (392)            |
| Interest received  | 126             | 1,134           | 427              | 2,824            |
| Proceeds from disposal of property, plant and equipment              | 125             | 212             | 3,059            | 594              |
| Purchase of property, plant and equipment (Note a)                   | (3,979)         | (51,929)        | (48,028)         | (117,867)        |
| Acquisition of intangible asset (Note a)                             | -               | (40)            | -                | (99)             |
| Proceeds from disposal of investment securities                      | -               | -               | 10,925           | -                |
| Purchase of investment securities                                    | -               | -               | -                | (486)            |
| <b>Net cash flows used in investing activities</b>                   | <b>(3,728)</b>  | <b>(50,623)</b> | <b>(30,812)</b>  | <b>(111,523)</b> |
| <b>Cash flows from financing activities</b>                          |                 |                 |                  |                  |
| (Increase)/ decrease in restricted bank deposits                     | (6,395)         | 602             | (9,694)          | 4,958            |
| Dividends paid on ordinary shares                                    | -               | -               | (2,449)          | (8,174)          |
| Purchase of treasury shares  | (1,672)         | -               | (1,672)          | (622)            |
| Interest paid  | (870)           | (1,225)         | (3,158)          | (3,001)          |
| Net (repayment of)/ proceeds from loans and borrowings               | (50,003)        | 73,656          | (137,011)        | 123,814          |
| Repayments of obligations under finance lease                        | (1,286)         | (2,779)         | (6,006)          | (4,312)          |
| <b>Net cash flows (used in)/ generated from financing activities</b> | <b>(60,226)</b> | <b>70,254</b>   | <b>(159,990)</b> | <b>112,663</b>   |
| <b>Net decrease in cash and cash equivalents</b>                     | <b>(18,783)</b> | <b>(27,830)</b> | <b>(39,227)</b>  | <b>(128,826)</b> |
| Effect of exchange rate changes on cash and cash equivalents         | 944             | 5,441           | (4,928)          | 6,902            |
| Cash and cash equivalents at beginning of period                     | 99,840          | 108,611         | 126,156          | 208,146          |
| <b>Cash and cash equivalents at end of period</b>                    | <b>82,001</b>   | <b>86,222</b>   | <b>82,001</b>    | <b>86,222</b>    |

#### Note to the Consolidated Cash Flow Statement

##### (a) Purchase of Property, plant and equipment & intangible asset

|  |         |          |         |          |
|--|---------|----------|---------|----------|
| Current period additions                 | 5,345   | 48,668   | 19,485  | 155,300  |
| Less: Payable to creditors               | (4,783) | (32,760) | (6,312) | (47,907) |
| Acquired by means of finance leases      | -       | 67       | -       | (12,942) |
|  | 562     | 15,975   | 13,173  | 94,451   |
| Payments for prior period/year purchases | 3,417   | 35,994   | 34,855  | 23,515   |
| Net cash outflow for purchase            | 3,979   | 51,969   | 48,028  | 117,966  |



1(d)(i) A statement (for the issuer and the 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.

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2016

| Group   | Attributable to owners of the Company |                 |                |                     |  |                           |              |
|---|---------------------------------------|-----------------|----------------|---------------------|--|---------------------------|--------------|
|   | Share capital                         | Treasury shares | Other reserves | Accumulated profits | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
|   | S\$'000                               | S\$'000         | S\$'000        | S\$'000             | S\$'000  | S\$'000                   | S\$'000      |
| <b>Opening balance at 1 January 2016</b>                              | 119,725                               | (51,512)        | 70,075         | 418,358             | 556,646  | 1,037                     | 557,683      |
| Loss for the period   | -                                     | -               | -              | (12,371)            | (12,371)   | -                         | (12,371)     |
| Share of other comprehensive income of an associated company          | -                                     | -               | (21)           | -                   | (21)   | -                         | (21)         |
| Foreign currency translation  | -                                     | -               | (22,418)       | -                   | (22,418)   | (45)                      | (22,463)     |
| <b>Other comprehensive income for the period, net of tax</b>          | -                                     | -               | (22,439)       | -                   | (22,439)   | (45)                      | (22,484)     |
| <b>Total comprehensive income for the period</b>                      | -                                     | -               | (22,439)       | (12,371)            | (34,810)   | (45)                      | (34,855)     |
| <u>Contributions by and distributions to owners</u>                   |                                       |                 |                |                     |  |                           |              |
| Employee share option and award schemes -Equity compensation benefits | -                                     | -               | 59             | -                   | 59   | -                         | 59           |
| <b>Total transactions with owners in their capacity as owners</b>     | -                                     | -               | 59             | -                   | 59   | -                         | 59           |
| <u>Others</u>   |                                       |                 |                |                     |  |                           |              |
| Transfer from retained earnings to statutory reserve fund             | -                                     | -               | 14             | (14)                | -  | -                         | -            |
| <b>Total others</b>   | -                                     | -               | 14             | (14)                | -  | -                         | -            |
| <b>Closing balance at 31 March 2016</b>                               | 119,725                               | (51,512)        | 47,709         | 405,973             | 521,895  | 992                       | 522,887      |

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2016 (cont'd)

| Group   | Attributable to owners of the Company |                 |                |                     |  |                           |              |
|---|---------------------------------------|-----------------|----------------|---------------------|--|---------------------------|--------------|
|   | Share capital                         | Treasury shares | Other reserves | Accumulated profits | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
|   | S\$'000                               | S\$'000         | S\$'000        | S\$'000             | S\$'000  | S\$'000                   | S\$'000      |
| <b>Opening balance at 31 March 2016</b>                               | 119,725                               | (51,512)        | 47,709         | 405,973             | 521,895  | 992                       | 522,887      |
| Profit for the period   | -                                     | -               | -              | 7,645               | 7,645  | (1)                       | 7,644        |
| Share of other comprehensive income of an associated company          | -                                     | -               | (54)           | -                   | (54)   | -                         | (54)         |
| Foreign currency translation  | -                                     | -               | (12,968)       | -                   | (12,968)   | (25)                      | (12,993)     |
| <b>Other comprehensive income for the period, net of tax</b>          | -                                     | -               | (13,022)       | -                   | (13,022)   | (25)                      | (13,047)     |
| <b>Total comprehensive income for the period</b>                      | -                                     | -               | (13,022)       | 7,645               | (5,377)  | (26)                      | (5,403)      |
| <u>Contributions by and distributions to owners</u>                   |                                       |                 |                |                     |  |                           |              |
| Employee share option and award schemes -Equity compensation benefits | -                                     | -               | 36             | -                   | 36   | -                         | 36           |
| Treasury shares reissued pursuant to employee share award scheme      | -                                     | 118             | (118)          | -                   | -  | -                         | -            |
| Dividends on ordinary shares  | -                                     | -               | -              | (2,449)             | (2,449)  | -                         | (2,449)      |
| <b>Total transactions with owners in their capacity as owners</b>     | -                                     | 118             | (82)           | (2,449)             | (2,413)  | -                         | (2,413)      |
| <b>Closing balance at 30 June 2016</b>                                | 119,725                               | (51,394)        | 34,605         | 411,169             | 514,105  | 966                       | 515,071      |

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2016 (cont'd)

| Group   | Attributable to owners of the Company |                 |                |                     |  |                           |              |
|---|---------------------------------------|-----------------|----------------|---------------------|--|---------------------------|--------------|
|   | Share capital                         | Treasury shares | Other reserves | Accumulated profits | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
|   | S\$'000                               | S\$'000         | S\$'000        | S\$'000             | S\$'000  | S\$'000                   | S\$'000      |
| <b>Opening balance at 30 June 2016</b>                                | 119,725                               | (51,394)        | 34,605         | 411,169             | 514,105  | 966                       | 515,071      |
| Profit for the period   | -                                     | -               | -              | 30,715              | 30,715   | (2)                       | 30,713       |
| Share of other comprehensive income of an associated company          | -                                     | -               | (58)           | -                   | (58)   | -                         | (58)         |
| Foreign currency translation  | -                                     | -               | 4,623          | -                   | 4,623  | 8                         | 4,631        |
| <b>Other comprehensive income for the period, net of tax</b>          | -                                     | -               | 4,565          | -                   | 4,565  | 8                         | 4,573        |
| <b>Total comprehensive income for the period</b>                      | -                                     | -               | 4,565          | 30,715              | 35,280   | 6                         | 35,286       |
| <u>Contributions by and distributions to owners</u>                   |                                       |                 |                |                     |  |                           |              |
| Employee share option and award schemes -Equity compensation benefits | -                                     | -               | 22             | -                   | 22   | -                         | 22           |
| Purchase of treasury shares   | -                                     | (1,672)         | -              | -                   | (1,672)  | -                         | (1,672)      |
| Treasury shares reissued pursuant to employee share award scheme      | -                                     | 1               | (1)            | -                   | -  | -                         | -            |
| <b>Total transactions with owners in their capacity as owners</b>     | -                                     | (1,671)         | 21             | -                   | (1,650)  | -                         | (1,650)      |
| <b>Closing balance at 30 September 2016</b>                           | 119,725                               | (53,065)        | 39,191         | 441,884             | 547,735  | 972                       | 548,707      |

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2015

| <b>Group</b>  | <b>Attributable to owners of the Company</b> |                        |                       |                            |   |                                  |                     |
|---|--|------------------------|-----------------------|----------------------------|---|----------------------------------|---------------------|
|   | <b>Share capital</b>                         | <b>Treasury shares</b> | <b>Other reserves</b> | <b>Accumulated profits</b> | <b>Total equity attributable to equity holders of the Company</b> | <b>Non-controlling interests</b> | <b>Total equity</b> |
|   | <b>S\$'000</b>                               | <b>S\$'000</b>         | <b>S\$'000</b>        | <b>S\$'000</b>             | <b>S\$'000</b>  | <b>S\$'000</b>                   | <b>S\$'000</b>      |
| <b>Opening balance at 1 January 2015</b>                              | 119,725                                      | (51,035)               | 62,650                | 474,579                    | 605,919   | 1,010                            | 606,929             |
| (Loss)/ profit for the period   | -  | -                      | -                     | (13,795)                   | (13,795)  | 1                                | (13,794)            |
| Share of other comprehensive income of an associated company          | -  | -                      | 29                    | -                          | 29  | -                                | 29                  |
| Foreign currency translation  | -  | -                      | 16,981                | -                          | 16,981  | 42                               | 17,023              |
| <b>Other comprehensive income for the period, net of tax</b>          | -  | -                      | 17,010                | -                          | 17,010  | 42                               | 17,052              |
| <b>Total comprehensive income for the period</b>                      | -  | -                      | 17,010                | (13,795)                   | 3,215   | 43                               | 3,258               |
| <u>Contributions by and distributions to owners</u>                   |  |                        |                       |                            |   |                                  |                     |
| Employee share option and award schemes -Equity compensation benefits | -  | -                      | 196                   | -                          | 196   | -                                | 196                 |
| <b>Total transactions with owners in their capacity as owners</b>     | -  | -                      | 196                   | -                          | 196   | -                                | 196                 |
| <u>Others</u>   |  |                        |                       |                            |   |                                  |                     |
| Transfer from retained earnings to statutory reserve fund             | -  | -                      | 9                     | (9)                        | -   | -                                | -                   |
| <b>Total others</b>   | -  | -                      | 9                     | (9)                        | -   | -                                | -                   |
| <b>Closing balance at 31 March 2015</b>                               | 119,725                                      | (51,035)               | 79,865                | 460,775                    | 609,330   | 1,053                            | 610,383             |

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2015 (cont'd)

| Group   | Attributable to owners of the Company |                 |                |                     |  |                           |              |
|---|---------------------------------------|-----------------|----------------|---------------------|--|---------------------------|--------------|
|   | Share capital                         | Treasury shares | Other reserves | Accumulated profits | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
|   | S\$'000                               | S\$'000         | S\$'000        | S\$'000             | S\$'000  | S\$'000                   | S\$'000      |
| <b>Opening balance at 31 March 2015</b>                               | 119,725                               | (51,035)        | 79,865         | 460,775             | 609,330  | 1,053                     | 610,383      |
| (Loss)/ profit for the period   | -                                     | -               | -              | (7,973)             | (7,973)  | 1                         | (7,972)      |
| Share of other comprehensive income of an associated company          | -                                     | -               | 7              | -                   | 7  | -                         | 7            |
| Foreign currency translation  | -                                     | -               | (10,106)       | -                   | (10,106)   | (23)                      | (10,129)     |
| <b>Other comprehensive income for the period, net of tax</b>          | -                                     | -               | (10,099)       | -                   | (10,099)   | (23)                      | (10,122)     |
| <b>Total comprehensive income for the period</b>                      | -                                     | -               | (10,099)       | (7,973)             | (18,072)   | (22)                      | (18,094)     |
| <u>Contributions by and distributions to owners</u>                   |                                       |                 |                |                     |  |                           |              |
| Employee share option and award schemes -Equity compensation benefits | -                                     | -               | 81             | -                   | 81   | -                         | 81           |
| Purchase of treasury shares   | -                                     | (622)           | -              | -                   | (622)  | -                         | (622)        |
| Treasury shares reissued pursuant to employee share award scheme      | -                                     | 143             | (143)          | -                   | -  | -                         | -            |
| Dividends on ordinary shares  | -                                     | -               | -              | (8,174)             | (8,174)  | -                         | (8,174)      |
| <b>Total transactions with owners in their capacity as owners</b>     | -                                     | (479)           | (62)           | (8,174)             | (8,715)  | -                         | (8,715)      |
| <u>Others</u>   |                                       |                 |                |                     |  |                           |              |
| Transfer from retained earnings to statutory reserve fund             | -                                     | -               | 1              | (1)                 | -  | -                         | -            |
| <b>Total others</b>   | -                                     | -               | 1              | (1)                 | -  | -                         | -            |
| <b>Closing balance at 30 June 2015</b>                                | 119,725                               | (51,514)        | 69,705         | 444,627             | 582,543  | 1,031                     | 583,574      |

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2015 (cont'd)

| Group   | Attributable to owners of the Company |                 |                |                     |  |                           |              |
|---|---------------------------------------|-----------------|----------------|---------------------|--|---------------------------|--------------|
|   | Share capital                         | Treasury shares | Other reserves | Accumulated profits | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
|   | S\$'000                               | S\$'000         | S\$'000        | S\$'000             | S\$'000  | S\$'000                   | S\$'000      |
| <b>Opening balance at 30 June 2015</b>                                | 119,725                               | (51,514)        | 69,705         | 444,627             | 582,543  | 1,031                     | 583,574      |
| Profit for the period   | -                                     | -               | -              | 24,324              | 24,324   | 1                         | 24,325       |
| Share of other comprehensive income of an associated company          | -                                     | -               | 26             | -                   | 26   | -                         | 26           |
| Foreign currency translation  | -                                     | -               | 15,217         | -                   | 15,217   | 34                        | 15,251       |
| <b>Other comprehensive income for the period, net of tax</b>          | -                                     | -               | 15,243         | -                   | 15,243   | 34                        | 15,277       |
| <b>Total comprehensive income for the period</b>                      | -                                     | -               | 15,243         | 24,324              | 39,567   | 35                        | 39,602       |
| <u>Contributions by and distributions to owners</u>                   |                                       |                 |                |                     |  |                           |              |
| Employee share option and award schemes -Equity compensation benefits | -                                     | -               | 70             | -                   | 70   | -                         | 70           |
| Treasury shares reissued pursuant to employee share award scheme      | -                                     | 2               | (2)            | -                   | -  | -                         | -            |
| <b>Total transactions with owners in their capacity as owners</b>     | -                                     | 2               | 68             | -                   | 70   | -                         | 70           |
| <b>Closing balance at 30 September 2015</b>                           | 119,725                               | (51,512)        | 85,016         | 468,951             | 622,180  | 1,066                     | 623,246      |

(iii) Statement of changes in equity of the Company for the 9 months ended 30 September 2016

| <b>Company</b>  | <b>Attributable to owners of the Company</b> |                        |                        |                            | <b>Total equity</b> |
|---|--|------------------------|------------------------|----------------------------|---------------------|
|   | <b>Share capital</b>                         | <b>Treasury shares</b> | <b>Capital reserve</b> | <b>Accumulated profits</b> |                     |
|   | <b>S\$'000</b>                               | <b>S\$'000</b>         | <b>S\$'000</b>         | <b>S\$'000</b>             | <b>S\$'000</b>      |
| <b>Opening balance at 1 January 2016</b>                            | 119,725                                      | (51,512)               | 9,695                  | 363,498                    | 441,406             |
| Loss for the period   | -  | -                      | -                      | (1,579)                    | (1,579)             |
| <u>Contributions by and distributions to owners</u>                 |  |                        |                        |                            |                     |
| Employee share option and award schemes                             | -  | -                      | 59                     | -                          | 59                  |
| - Equity compensation benefits                                      | -  | -                      | -                      | -                          | -                   |
| <b>Total transactions with owners in their capacity as owners</b>   | -  | -                      | 59                     | -                          | 59                  |
| <b>Closing balance at 31 March 2016</b>                             | 119,725                                      | (51,512)               | 9,754                  | 361,919                    | 439,886             |
| Profit for the period   | -  | -                      | -                      | 832                        | 832                 |
| <u>Contributions by and distributions to owners</u>                 |  |                        |                        |                            |                     |
| Employee share option & award schemes                               | -  | -                      | 36                     | -                          | 36                  |
| - Equity compensation benefits                                      | -  | -                      | -                      | -                          | -                   |
| Treasury shares reissued pursuant to employee share award scheme    | -  | 118                    | (118)                  | -                          | -                   |
| Dividends on ordinary shares  | -  | -                      | -                      | (2,449)                    | (2,449)             |
| <b>Total transactions with owners in their capacity as owners</b>   | -  | 118                    | (82)                   | (2,449)                    | (2,413)             |
| <b>Closing balance at 30 June 2016</b>                              | 119,725                                      | (51,394)               | 9,672                  | 360,302                    | 438,305             |
| Profit for the period   | -  | -                      | -                      | 1,603                      | 1,603               |
| <u>Contributions by and distributions to owners</u>                 |  |                        |                        |                            |                     |
| Employee share option & award scheme - Equity compensation benefits | -  | -                      | 22                     | -                          | 22                  |
| Treasury shares reissued pursuant to employee share award scheme    | -  | 1                      | (1)                    | -                          | -                   |
| Purchase of treasury shares   | -  | (1,672)                | -                      | -                          | (1,672)             |
| <b>Total transactions with owners in their capacity as owners</b>   | -  | (1,671)                | 21                     | -                          | (1,650)             |
| <b>Closing balance at 30 September 2016</b>                         | 119,725                                      | (53,065)               | 9,693                  | 361,905                    | 438,258             |

(iv) Statement of changes in equity of the Company for the 9 months ended 30 September 2015

| <b>Company</b>   | <b>Attributable to owners of the Company</b> |                        |                        |                            | <b>Total equity</b> |
|--|--|------------------------|------------------------|----------------------------|---------------------|
|  | <b>Share capital</b>                         | <b>Treasury shares</b> | <b>Capital reserve</b> | <b>Accumulated profits</b> |                     |
|  | <b>S\$'000</b>                               | <b>S\$'000</b>         | <b>S\$'000</b>         | <b>S\$'000</b>             | <b>S\$'000</b>      |
| <b>Opening balance at 1 January 2015</b>                               | 119,725                                      | (51,035)               | 9,422                  | 309,387                    | 387,499             |
| Profit for the period  | -  | -                      | -                      | 14,462                     | 14,462              |
| <u>Contributions by and distributions to owners</u>                    |  |                        |                        |                            |                     |
| Employee share option and award schemes - Equity compensation benefits | -  | -                      | 196                    | -                          | 196                 |
| <b>Total transactions with owners in their capacity as owners</b>      | -  | -                      | 196                    | -                          | 196                 |
| <b>Closing balance at 31 March 2015</b>                                | 119,725                                      | (51,035)               | 9,618                  | 323,849                    | 402,157             |
| Profit for the period  | -  | -                      | -                      | 51,323                     | 51,323              |
| <u>Contributions by and distributions to owners</u>                    |  |                        |                        |                            |                     |
| Employee share option & award schemes - Equity compensation benefits   | -  | -                      | 81                     | -                          | 81                  |
| Purchase of treasury shares  | -  | (622)                  | -                      | -                          | (622)               |
| Treasury shares reissued pursuant to employee share award scheme       | -  | 143                    | (143)                  | -                          | -                   |
| Dividends on ordinary shares   | -  | -                      | -                      | (8,174)                    | (8,174)             |
| <b>Total transactions with owners in their capacity as owners</b>      | -  | (479)                  | (62)                   | (8,174)                    | (8,715)             |
| <b>Closing balance at 30 June 2015</b>                                 | 119,725                                      | (51,514)               | 9,556                  | 366,998                    | 444,765             |
| Loss for the period  | -  | -                      | -                      | (4,387)                    | (4,387)             |
| <u>Contributions by and distributions to owners</u>                    |  |                        |                        |                            |                     |
| Employee share option & award scheme - Equity compensation benefits    | -  | -                      | 70                     | -                          | 70                  |
| Treasury shares reissued pursuant to employee share award scheme       | -  | 2                      | (2)                    | -                          | -                   |
| <b>Total transactions with owners in their capacity as owners</b>      | -  | 2                      | 68                     | -                          | 70                  |
| <b>Closing balance at 30 September 2015</b>                            | 119,725                                      | (51,512)               | 9,624                  | 362,611                    | 440,448             |



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

During the quarter ended 30 September 2016, there has been no increase in the issued and paid-up share capital of the Company.

#### Share Options

During the quarter ended 30 September 2016, 169,207 options have lapsed while no option was exercised.

There are 13,569,680 options outstanding as at 30 September 2016 (30 September 2015: 19,084,041).

#### Share Awards

During the quarter ended 30 September 2016, 3,094 awards have lapsed while no award was vested.

There are 70,994 share awards outstanding as at 30 September 2016 (30 September 2015: 271,251).

#### Treasury Shares

During the quarter ended 30 September 2016, the Company has purchased 3,897,200 shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 September 2016 is 74,605,789 (30 September 2015: 70,872,237).

**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 total number of issued ordinary shares excluding treasury shares as at 30 September 2016 was 812,569,211 (31 December 2015: 816,302,763).

**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.**

During the quarter ended 30 September 2016, there were no sales, disposal and/or cancellation of treasury shares.

Previously in the quarter ended 30 June 2016, there were 1,139 treasury shares pending to be transferred to employees for the share awards vested on 12 May 2016. The said transfer is done in July 2016.

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

The figures have not been reviewed or audited by the Company's auditor.

**3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a 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.**

Except as disclosed in paragraph 5 below, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2015.

**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.**

In accordance with its policy, the Group reviews the estimated useful lives of its fixed assets on an ongoing basis. The review indicated that the actual lives of certain machinery and equipment at its manufacturing plants were longer than the estimated useful lives used for depreciation purposes in the Group's financial statements. To better reflect the estimated periods during which these assets will remain in service, the estimated useful lives of certain machinery and equipment that were previously recorded at 5 years were increased to 8 years with effect from 1 January 2016. The effect of this change in estimate has resulted in a decrease in 1Q2016, 2Q2016 and 3Q2016 depreciation expenses by \$4,209,000, \$4,205,000 and \$4,084,000 respectively.

In the current financial period, the Group adopted the new/ revised Financial Reporting Standards ("FRS") that are effective for annual periods beginning on or after 1 January 2016.

The following are the new or amended FRS that are relevant to the Group:

| <i>Description</i>  | <i>Effective for annual periods beginning on or after</i> |
|---|---|
| Improvements to FRSs  |   |
| (a) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>   | 1 January 2016  |
| (b) Amendments to FRS 19 <i>Employee Benefits</i>   | 1 January 2016  |
| Amendments to FRS 1 <i>Disclosure initiative</i>  | 1 January 2016  |
| Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> | 1 January 2016  |

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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

- (a) Based on the weighted average number of ordinary shares on issue; and  
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

|  | Q3-16 | Q3-15 | YTD<br>Q3-16 | YTD<br>Q3-15 |
|--|-------|-------|--------------|--------------|
| Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue                   | 7.9%  | 6.2%  | 2.7%         | 0.3%         |
| Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period | 5.6%  | 3.9%  | 4.7%         | 0.4%         |
| Earning per ordinary share   |       |       |              |              |
| (a) Based on weighted average number of ordinary shares in issue (cents)   | 3.76  | 2.98  | 3.19         | 0.31         |
| (b) On a fully diluted basis (cents)*  | 3.76  | 2.98  | 3.18         | 0.31         |

Earning per share have been computed based on the weighted average number of ordinary shares in issue during the period.

\* The financial effect of share options issued has been disregarded in the calculation of dilutive earnings per ordinary share as the stock option exercise prices are above the market price.

**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 financial period reported on; and  
 (b) immediately preceding financial year :

|  | Group     |            | Company   |            |
|--|-----------|------------|-----------|------------|
|  | 30/9/2016 | 31/12/2015 | 30/9/2016 | 31/12/2015 |
| Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents) | 67.41     | 68.19      | 53.93     | 54.07      |

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Revenue and Profitability Analysis**

In a subdued economic environment, the Group's revenue decreased by S\$6.8 million (1.7%) year-on-year ("yoy") to S\$387.3 million for 3Q2016. Despite the decrease in revenue, gross profit increased by S\$1.1 million (2.0%) yoy to S\$54.6 million for 3Q2016.

Net interest expense decreased by S\$0.2 million (18.8%) yoy to S\$0.7 million for 3Q2016 mainly due to a lower net debt position for 3Q2016.

Other income decreased by S\$2.4 million (52.5%) yoy to S\$2.2 million for 3Q2016. The higher other income for 3Q2015 was mainly consisted of a government incentive grant to the Group's subsidiary in the People's Republic of China ("PRC").

Total selling, distribution and administrative expenses decreased by S\$5.4 million (21.0%) yoy to S\$20.5 million for 3Q2016 mainly attributed to the Group's focus on tightening cost controls.

Other expenses decreased by S\$2.7 million (74.5%) yoy to S\$0.9 million for 3Q2016. The decrease was mainly due to a gain of S\$1.6 million derived from the foreign exchange gain and fair value loss on derivatives for 3Q2016, as compared to a loss of S\$1.9 million for 3Q2015.

The Group recorded an income tax expense of S\$4.0 million for 3Q2016. This represented a relatively low effective tax rate of 11.5% which was mainly attributed to the utilisation of previous unused tax losses.

As a result of the above factors, the Group achieved a net profit after tax of S\$30.7 million for 3Q2016.

## **Balance Sheet Analysis**

The net book value of property, plant and equipment decreased by S\$78.2 million (17.4%) from S\$450.6 million as at 31 December 2015 to S\$372.4 million as at 30 September 2016 mainly due to depreciation of S\$63.0 million, translation loss of S\$30.2 million and disposal of S\$3.3 million. The decrease was partially offset by additions of S\$19.5 million.

The net book value of intangible assets decreased by S\$3.1 million (96.3%) from S\$3.2 million as at 31 December 2015 to S\$0.1 million as at 30 September 2016 mainly due to an adjustment to licensed rights which the Group is no longer obligated to pay for due to a change in contract terms.

Investment of S\$0.5 million in a startup company, comprising 4.44% of the total shareholding of the company, was disposed of for an aggregate consideration of RMB52.6 million (equivalent to approximately S\$11.0 million). Accordingly, the Group recorded a pre-tax gain of S\$10.5 million for 2Q2016.

Inventories decreased by S\$69.9 million (28.8%) from S\$242.8 million as at 31 December 2015 to S\$172.9 million as at 30 September 2016 mainly due to improved inventory management.

Trade and other receivables decreased by S\$82.9 million (17.2%) from S\$480.2 million as at 31 December 2015 to S\$397.3 million as at 30 September 2016. The decrease was mainly due to a decrease in trade receivables attributed to the Group's tighter controls and a decrease in input VAT.

Prepaid operating expenses decreased by S\$2.3 million (24.2%) from S\$9.6 million as at 31 December 2015 to S\$7.3 million as at 30 September 2016 mainly due to a decrease in prepayment for purchase of property, plant and equipment.

Current and non-current bank deposits totaling S\$9.7 million were earmarked as at 30 September 2016 for purposes of custom clearance, issuance of notes payable and letter of credit.

Notes payable, trade and other payables decreased by S\$111.0 million (29.4%) from S\$377.4 million as at 31 December 2015 to S\$266.4 million as at 30 September 2016. This was mainly due to fewer purchases attributed to better inventory management, and payments made to the fixed assets creditors during the nine months ended 30 September 2016.

Accrued operating expenses decreased by S\$6.9 million (8.5%) from S\$81.5 million as at 31 December 2015 to S\$74.6 million as at 30 September 2016. The decrease was mainly due to decrease in accrual for licensed rights which the Group is no longer obligated to pay for resulting from a change in contract terms, and decrease in accrual for non-cancellable purchase commitments. The decrease was partially offset by higher accrual for bonuses which was aligned with the higher profits for the nine months ended 30 September 2016.

Current and non-current deferred capital grant increased by S\$2.1 million (62.7%) from S\$3.4 million as at 31 December 2015 to S\$5.5 million as at 30 September 2016 mainly due to a government grant received by a subsidiary in the PRC, partially offset by the amortisation of grants.

Current and non-current loans and borrowings decreased by S\$146.7 million (46.4%) from S\$316.3 million as at 31 December 2015 to S\$169.6 million as at 30 September 2016. The decrease was mainly due to the net repayment of loans and borrowings contributed by positive cash flows generated from operating activities.

Cash and cash equivalents and restricted bank deposits decreased by S\$34.5 million (27.3%) from S\$126.2 million as at 31 December 2015 to S\$91.7 million as at 30 September 2016. Debt was S\$169.6 million, resulting in a net debt position of S\$77.9 million (31 December 2015: net debt S\$190.1 million). Consequently, the Group's net gearing ratio improved from 34.2% as at 31 December 2015 to 14.2% as at 30 September 2016.

### **Cash Flows Analysis**

Net cash generated from operating activities before working capital changes was S\$61.1 million for 3Q2016. Net cash generated from operating activities for 3Q2016 amounted to S\$45.2 million.

Net cash used in investing activities was S\$3.7 million for 3Q2016, mainly due to payment made for the purchase of capital expenditure amounting to S\$4.0 million.

Net cash used in financing activities was S\$60.2 million for 3Q2016, mainly due to the net repayment of loans and borrowings amounting to S\$50.0 million, increase in restricted bank deposits of S\$6.4 million, purchase of treasury shares of S\$1.7 million and repayment of obligations under finance lease of S\$1.3 million

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

In the Group's 2Q2016 results announcement made on 4 August 2016, the Group guided as follows:

- The Group expects lower revenue and profit in 3Q2016 as compared to 3Q2015.

Subsequently in our business update on 19 October 2016, the Group guided for a higher profit in 3Q2016 as compared to 3Q2015 instead.

In line with our guidance, the results achieved are summarized below:

| (S\$'000)            | <b>3Q2016</b> | <b>3Q2015</b> |
|----------------------|---------------|---------------|
| Revenue              | 387,339       | 394,180       |
| Net profit after tax | 30,713        | 24,325        |

**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.**

According to the International Data Corporation (IDC), worldwide smartphone shipments are expected to reach 1.46 billion units with a year-on-year growth rate of 1.6% for 2016. Although growth remains positive, part of the slowdown is attributed to the decline expected in developed regions in 2016, while emerging markets continue with positive growth. Consumer preference for larger screens is expected to continue and the growing interest in augmented and virtual reality (AR/VR) will only drive that forward as phablets (5.5 inches and larger) go from roughly one quarter of the smartphone market to one third by 2020<sup>1</sup>.

In a separate study, the IDC also forecasts the worldwide shipments of wearable devices to reach 101.9 million units by the end of 2016, representing 29.0% growth over 2015. In addition, the market for wearable devices will experience a compound annual growth rate of 20.3%, culminating in 213.6 million units shipped in 2020<sup>2</sup>.

Taking into account the industry outlook for the smartphone and consumer electronics markets and to overcome the industry and business challenges, the Group maintains its focus on:

- Intensifying business development efforts to diversify the Group's customer base
- Improving operational efficiency and tightening cost controls in order to adopt a leaner business model
- Enhancing capacity utilisation across all manufacturing sites

The Group continues to strive for sustainable growth and to be one of the top contract manufacturers in Asia, by providing a one-stop dedicated solution to fulfill its customers' needs – from product development, component manufacturing to complete product assembly.

Barring any unforeseen circumstances, the Group wishes to guide its performance as follows:

- The Group expects lower revenue in 4Q2016 as compared to 4Q2015. The Group expects to be profitable in 4Q2016.
- The Group expects higher revenue in 2H2016 as compared to 1H2016. The Group expects to be profitable in 2H2016.
- The Group expects lower revenue in FY2016 as compared to FY2015. The Group expects to be profitable in FY2016.

**11. Dividend**

**(a) Current Financial Period Reported on**

Any dividend recommended for the current financial period reported on?

|                      |   |   |
|----------------------|---|---|
| Name of Dividend     | : | Interim Dividend                                |
| Dividend Type        | : | Cash  |
| Dividend Rate        | : | 0.4 cents per ordinary share                    |
| Tax rate             | : | Exempt from tax (One-tier corporate tax system) |
| Total amount payable | : | S\$3.250 million                                |

<sup>1</sup> IDC, Flat Smartphone Growth Projected for 2016 as Mature Markets Veer into Declines, 1 September 2016

<sup>2</sup> IDC, IDC Forecasts Wearables Shipments to Reach 213.6 Million Units Worldwide in 2020 with Watches and Wristbands Driving Volume While Clothing and Eyewear Gain Traction, 15 June 2016

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend : Interim Dividend  
Dividend Type : Cash  
Dividend Rate : 0.3 cents per ordinary share  
Tax rate : Exempt from tax (One-tier corporate tax system)  
Total amount payable : S\$2.449 million

**(c) Date payable**

To be announced later.

**(d) Books closure date**

To be announced later.

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

Not applicable.

**13. Aggregate value of interested persons transactions entered into during the quarter ended 30 September 2016**

| Name of interested person | Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders mandate pursuant to rule 920) | Aggregate value of all interested person transactions conducted under the shareholders mandate pursuant to rule 920 (excluding transactions less than \$100,000) |
|---------------------------|--|--|
| N.A                       | N.A  | N.A  |

**14. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of SGX-ST Listing Manual**

Pursuant to Listing Rule 720(1), the Company has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual.

**Confirmation by the Board**

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, to the best of its knowledge, nothing has come to its attention which may render the financial statements for the period ended 30<sup>th</sup> September 2016 to be false or misleading in any material aspect.

---

Yao Hsiao Tung  
Executive Chairman  
Chief Executive Officer

---

Gerald Lim Thien Su  
Director