

Financial Statement and Dividend Announcement for the quarter ended 31 December 2019

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.

	Q4-19	Q4-18	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q4-19	Q4-18	%
				S\$'000	S\$'000	
Revenue	396,948	441,897	(10.2)	1,367,669	1,402,117	(2.5)
Cost of sales	<u>(341,629)</u>	<u>(363,479)</u>	(6.0)	<u>(1,179,817)</u>	<u>(1,197,923)</u>	(1.5)
Gross profit	55,319	78,418	(29.5)	187,852	204,194	(8.0)
Other items of income						
Interest income	836	1,014	(17.6)	3,990	5,919	(32.6)
Other income	3,245	8,991	(63.9)	10,693	17,535	(39.0)
Other items of expense						
Selling and distribution expenses	(2,940)	(2,294)	28.2	(12,313)	(10,538)	16.8
Administrative expenses	(22,890)	(22,589)	1.3	(78,985)	(73,284)	7.8
Financial costs	(1,492)	(1,730)	(13.8)	(6,761)	(6,655)	1.6
(Impairment losses)/ reversal of impairment losses on financial assets, net	(17)	(115)	(85.2)	99	883	(88.8)
Other expenses	(2,673)	(6,425)	(58.4)	816	(13,888)	n.m.
Share of results of associates	(352)	(101)	248.5	(1,282)	484	n.m.
Share of results of a joint venture	2	-	n.m.	(14)	(164)	(91.5)
Profit before tax	<u>29,038</u>	<u>55,169</u>	(47.4)	<u>104,095</u>	<u>124,486</u>	(16.4)
Income tax expense	<u>(6,632)</u>	<u>(10,395)</u>	(36.2)	<u>(23,785)</u>	<u>(23,564)</u>	0.9
Profit for the period	<u>22,406</u>	<u>44,774</u>	(50.0)	<u>80,310</u>	<u>100,922</u>	(20.4)
Attributable to:						
Owners of the Company	22,406	44,774	(50.0)	80,310	100,948	(20.4)
Non-controlling interests	<u>-</u>	<u>-</u>	n.m.	<u>-</u>	<u>(26)</u>	n.m.
	<u>22,406</u>	<u>44,774</u>	(50.0)	<u>80,310</u>	<u>100,922</u>	(20.4)

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 31 December 2019

	Q4-19	Q4-18	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	22,406	44,774	(50.0)	80,310	100,922	(20.4)
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(1,364)	233	n.m.	(16,456)	(17,170)	(4.2)
Share of other comprehensive income of associates	(69)	(31)	122.6	(439)	(91)	382.4
Share of other comprehensive income of a joint venture	(13)	(10)	30.0	(9)	(19)	(52.6)
Other comprehensive income for the period, net of tax	(1,446)	192	n.m.	(16,904)	(17,280)	(2.2)
Total comprehensive income for the period	20,960	44,966	(53.4)	63,406	83,642	(24.2)
Attributable to:						
Owners of the Company	20,960	44,966	(53.4)	63,406	83,666	(24.2)
Non-controlling interests	-	-	n.m.	-	(24)	n.m.
Total comprehensive income for the period	20,960	44,966	(53.4)	63,406	83,642	(24.2)

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:

	Q4-19	Q4-18	YTD	YTD
	S\$'000	S\$'000	Q4-19	Q4-18
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	18,257	16,969	70,375	68,545
2. Amortisation of deferred capital grants	(212)	(190)	(907)	(778)
3. Amortisation of intangible assets	223	-	223	-
4. Depreciation of investment properties	25	25	103	103
5. Rental income from investment properties	(17)	(16)	(68)	(55)
6. Amortisation of land use rights	62	64	254	262
7. Depreciation of right-of-use assets	3,724	-	14,648	-
8. Operating lease expenses	2,668	5,448	7,070	19,433
9. Impairment losses on property, plant and equipment	440	7,508	369	7,945
10. Losses/ (gains) on disposal of property, plant and equipment, net	353	(3,245)	181	(3,435)
11. Gains on disposal of non-current assets held for sale, net	(2,824)	-	(2,824)	-
12. Property, plant and equipment written off	4	766	28	791
13. Inventory provisions	3,475	5,078	887	1,059
14. Inventories written back	(56)	(100)	(296)	(617)
15. Onerous contract provisions	123	146	123	146
16. Onerous contract charges taken directly to profit or loss	-	-	7	-
17. Impairment losses/ (reversal of impairment losses) on financial assets, net - trade receivables	17	115	(99)	(883)
18. Bad debts written off	-	-	32	3
19. Trade/ other payables waived	(42)	(146)	(111)	(351)
20. Directors' fees	103	100	404	398
21. Staff costs (including directors' remuneration)	117,088	124,669	409,861	412,190
22. Foreign exchange losses/ (gains), net	7,752	1,558	(169)	5,750
23. Fair value (gains)/ losses on derivatives, net	(2,828)	(271)	1,153	2,394
24. Loss on liquidation of a subsidiary, net	-	-	-	404
25. Gain from dilution of interest from a subsidiary to an associate	-	(6,123)	-	(6,123)
26. (Reversal of provisions)/ provisions for warranty costs	(23)	11	(23)	20
27. (Reversal of allowances)/ allowances on non-cancellable purchase commitments	(760)	594	(2,009)	815
28. Insurance claims	(3)	(23)	(80)	(113)

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	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	296,918	293,573	15,892	15,798
Investment properties	184	293	-	-
Intangible assets	34,899	12	12	12
Land use rights	10,330	10,806	-	-
Right-of-use assets	27,225	-	5,252	-
Investment in subsidiaries	-	-	444,312	392,046
Investment in associates	23,458	21,345	503	503
Investment in a joint venture	184	207	-	-
Other investment	7,732	4,968	-	-
Restricted bank deposits	-	495	-	-
Deferred tax assets	25,692	21,925	-	-
	<u>426,622</u>	<u>353,624</u>	<u>465,971</u>	<u>408,359</u>
Current assets				
Inventories	157,724	176,925	4,022	3,794
Trade and other receivables	361,995	395,953	66,582	99,405
Prepaid operating expenses	8,901	10,266	489	250
Derivatives	385	-	-	-
Restricted bank deposits	3,093	1,263	-	-
Cash and cash equivalents	329,592	286,653	5,319	10,325
	<u>861,690</u>	<u>871,060</u>	<u>76,412</u>	<u>113,774</u>
Non-current assets classified as held for sale	3,299	-	-	-
	<u>864,989</u>	<u>871,060</u>	<u>76,412</u>	<u>113,774</u>
Total assets	1,291,611	1,224,684	542,383	522,133
Current liabilities				
Trade and other payables	400,125	356,684	5,754	5,878
Notes payable	560	879	-	-
Contract liabilities	28,510	22,413	113	126
Accrued operating expenses	78,850	80,826	11,196	34,028
Provisions	425	302	-	-
Deferred capital grants	838	758	102	89
Loans and borrowings	122,103	168,252	25,000	38,650
Lease liabilities related to right-of-use assets	10,179	-	63	-
Income tax payable	24,289	21,686	825	3,098
	<u>665,879</u>	<u>651,800</u>	<u>43,053</u>	<u>81,869</u>
Net current assets	199,110	219,260	33,359	31,905
Non-current liabilities				
Other payables	-	-	96,636	103,371
Deferred capital grants	4,494	4,781	68	72
Lease liabilities related to right-of-use assets	15,488	-	5,283	-
Deferred tax liabilities	11,346	4,092	2,566	2,452
	<u>31,328</u>	<u>8,873</u>	<u>104,553</u>	<u>105,895</u>
Total liabilities	697,207	660,673	147,606	187,764
Net assets	<u>594,404</u>	<u>564,011</u>	<u>394,777</u>	<u>334,369</u>

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Equity attributable to owners of the Company				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(61,486)	(65,019)	(61,486)	(65,019)
Accumulated profits	501,093	467,966	329,026	274,088
Other reserves	35,072	41,339	7,512	5,575
Total equity	594,404	564,011	394,777	334,369

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

Bank loans and borrowings

Amount repayable in one year or less, or on demand

As at 31/12/2019		As at 31/12/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	122,103	24	168,228

Lease liabilities related to right-of-use assets

Amount repayable in one year or less, or on demand

As at 31/12/2019	As at 31/12/2018
Secured S\$'000	Secured S\$'000
10,179	-

Amount repayable after one year

As at 31/12/2019	As at 31/12/2018
Secured S\$'000	Secured S\$'000
15,488	-

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.

	Q4-19 S\$'000	Q4-18 S\$'000	YTD Q4-19 S\$'000	YTD Q4-18 S\$'000
Cash flows from operating activities				
Profit before tax	29,038	55,169	104,095	124,486
Adjustments for:				
Depreciation of property, plant and equipment	18,257	16,969	70,375	68,545
Amortisation of deferred capital grants	(212)	(190)	(907)	(778)
Amortisation of intangible assets	223	-	223	-
Amortisation of land use rights	62	64	254	262
Depreciation of investment properties	25	25	103	103
Depreciation of right-of-use assets	3,724	-	14,648	-
Impairment losses on property, plant and equipment	440	7,508	369	7,945
Losses/ (gains) on disposal of property, plant and equipment, net	353	(3,245)	181	(3,435)
Gains on disposal of non-current assets held for sale, net	(2,824)	-	(2,824)	-
Property, plant and equipment written off	4	766	28	791
Inventory provisions	3,475	5,078	887	1,059
Inventories written back	(56)	(100)	(296)	(617)
(Reversal of provisions)/ provisions for warranty costs	(23)	11	(23)	20
Onerous contract provisions	123	146	123	146
Impairment losses/ (reversal of impairment losses) on financial assets - trade receivables, net	17	115	(99)	(883)
Bad debts written off	-	-	32	3
(Reversal of allowances)/ allowances on non-cancellable purchase commitments	(760)	594	(2,009)	815
Trade/ other payables waived	(42)	(146)	(111)	(351)
Equity compensation expenses	2,279	14	3,763	1,179
Financial costs	1,492	1,730	6,761	6,655
Interest income	(836)	(1,014)	(3,990)	(5,919)
Fair value gains on derivatives - unrealised, net	(543)	-	(384)	-
Gain from dilution of interest in a subsidiary	-	(6,123)	-	(6,123)
Inventory adjustment arising from acquisition of subsidiaries	646	-	646	-
Net unrealised exchange differences	2,120	(273)	(791)	723
Loss on liquidation of a subsidiary, net	-	-	-	404
Share of results of associates	352	101	1,282	(484)
Share of results of a joint venture	(2)	-	14	164
Operating cash flows before changes in working capital	57,332	77,199	192,350	194,710
<u>Changes in working capital</u>				
Decrease/ (increase) in inventories	10,584	29,141	16,293	(4,630)
(Increase)/ decrease in trade and other receivables	(10,174)	(42,599)	40,805	59,331
Decrease in notes receivable	-	-	-	7,551
Decrease/ (increase) in prepaid operating expenses	2,758	1,078	1,274	(4,074)
Increase/ (decrease) in trade and other payables and contract liabilities	35,163	7,734	25,291	(55,596)
Increase/ (decrease) in notes payable	162	57	(320)	(698)
Increase/ (decrease) in accrued operating expenses	4,768	10,293	1,361	(7,999)
Decrease/ (increase) in restricted bank deposits	6	-	(1,335)	-
Total changes in working capital	43,267	5,704	83,369	(6,115)
Cash flows generated from operations	100,599	82,903	275,719	188,595
Income taxes paid	(7,021)	(5,768)	(24,873)	(21,165)
Net cash flows generated from operating activities	93,578	77,135	250,846	167,430

	Q4-19 S\$'000	Q4-18 S\$'000	YTD Q4-19 S\$'000	YTD Q4-18 S\$'000
Cash flows from investing activities				
Interest received	962	1,069	4,133	5,733
Purchase of property, plant and equipment (Note a)	(19,037)	(12,851)	(69,411)	(61,192)
Proceeds from disposal of property, plant and equipment	308	9,886	3,792	10,548
Proceeds from disposal of non-current assets held for sale	5,894	-	5,894	-
Acquisition of subsidiaries, net of cash acquired	(35,470)	-	(35,470)	-
Net cash outflow on liquidation of a subsidiary	-	-	-	(118)
Investment in associates	-	(8,787)	(4,038)	(9,618)
Dividend received from an associate	150	150	150	150
Purchase of other investment	-	-	(3,032)	(5,228)
Proceeds from capital grants	581	-	781	-
Net cash flows used in investing activities	(46,612)	(10,533)	(97,201)	(59,725)
Cash flows from financing activities				
Decrease in restricted bank deposits	-	406	-	3,158
Dividends paid on ordinary shares	(6,433)	(8,007)	(38,483)	(40,288)
Purchase of treasury shares	-	(1,978)	(519)	(9,764)
Proceeds from re-issuance of treasury shares	-	-	2,226	1,016
Financial costs paid	(1,400)	(1,678)	(6,792)	(6,621)
Net proceeds/ (repayment) of loans and borrowings	52,945	(3,429)	(45,598)	(39,626)
Repayment of obligations under lease liabilities related to right-of-use assets	(4,354)	-	(15,150)	-
Repayment of obligations under other lease liabilities	-	(19)	(24)	(64)
Net cash flows generated from/ (used in) financing activities	40,758	(14,705)	(104,340)	(92,189)
Net increase in cash and cash equivalents	87,724	51,897	49,305	15,516
Effect of exchange rate changes on cash and cash equivalents	(4,540)	238	(6,366)	(6,777)
Cash and cash equivalents at beginning of period	246,408	234,518	286,653	277,914
Cash and cash equivalents at end of period	329,592	286,653	329,592	286,653

Note to the Consolidated Cash Flow Statement

(a) Purchase of property, plant and equipment

Current period additions	29,554	12,635	86,597	71,921
Less: Payable to creditors	(23,322)	(7,486)	(34,234)	(17,530)
	6,232	5,149	52,363	54,391
Payments for prior period/ year purchases	12,805	7,702	17,048	6,801
Net cash outflow for purchase	19,037	12,851	69,411	61,192

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 12 months ended 31 December 2019

Group	Attributable to owners of the Company				Total equity attributable to owners of the Company
	Share capital	Treasury shares	Other reserves	Accumulated profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2019	119,725	(65,019)	41,339	467,966	564,011
Profit for the period	-	-	-	10,660	10,660
<u>Other comprehensive income</u>					
Share of other comprehensive income of associates	-	-	281	-	281
Share of other comprehensive income of a joint venture	-	-	1	-	1
Foreign currency translation	-	-	8,437	-	8,437
Other comprehensive income for the period, net of tax	-	-	8,719	-	8,719
Total comprehensive income for the period	-	-	8,719	10,660	19,379
<u>Contributions by and distributions to owners</u>					
Employee share award scheme -Equity compensation benefits	-	-	14	-	14
Purchase of treasury shares	-	(519)	-	-	(519)
Treasury shares reissued pursuant to employee share option & award schemes	-	199	81	-	280
Total transactions with owners in their capacity as owners	-	(320)	95	-	(225)
<u>Others</u>					
Transfer from retained earnings to statutory reserve fund	-	-	71	(71)	-
Total others	-	-	71	(71)	-
Closing balance at 31 March 2019	119,725	(65,339)	50,224	478,555	583,165

(i) Consolidated statement of changes in equity for the 12 months ended 31 December 2019 (cont'd)

Group	Attributable to owners of the Company				
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 31 March 2019	119,725	(65,339)	50,224	478,555	583,165
Profit for the period	-	-	-	14,377	14,377
<u>Other comprehensive income</u>					
Share of other comprehensive income of associates	-	-	(468)	-	(468)
Share of other comprehensive income of a joint venture	-	-	(2)	-	(2)
Foreign currency translation	-	-	(13,047)	-	(13,047)
Other comprehensive income for the period, net of tax	-	-	(13,517)	-	(13,517)
Total comprehensive income for the period	-	-	(13,517)	14,377	860
<u>Contributions by and distributions to owners</u>					
Employee share award scheme -Equity compensation benefits	-	-	1,450	-	1,450
Treasury shares reissued pursuant to employee share option & award schemes	-	2,899	(953)	-	1,946
Dividends on ordinary shares	-	-	-	(32,050)	(32,050)
Total transactions with owners in their capacity as owners	-	2,899	497	(32,050)	(28,654)
<u>Others</u>					
Transfer from retained earnings to statutory reserve fund	-	-	7,602	(7,602)	-
Total others	-	-	7,602	(7,602)	-
Closing balance at 30 June 2019	119,725	(62,440)	44,806	453,280	555,371

(i) Consolidated statement of changes in equity for the 12 months ended 31 December 2019 (cont'd)

Attributable to owners of the Company

Group	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 30 June 2019	119,725	(62,440)	44,806	453,280	555,371
Profit for the period	-	-	-	32,867	32,867
<u>Other comprehensive income</u>					
Share of other comprehensive income of associates	-	-	(183)	-	(183)
Share of other comprehensive income of a joint venture	-	-	5	-	5
Foreign currency translation	-	-	(10,482)	-	(10,482)
Other comprehensive income for the period, net of tax	-	-	(10,660)	-	(10,660)
Total comprehensive income for the period	-	-	(10,660)	32,867	22,207
<u>Contributions by and distributions to owners</u>					
Employee share award scheme -Equity compensation benefits	-	-	20	-	20
Total transactions with owners in their capacity as owners	-	-	20	-	20
<u>Others</u>					
Transfer from retained earnings to statutory reserve fund	-	-	1,667	(1,667)	-
Total others	-	-	1,667	(1,667)	-
Closing balance at 30 September 2019	119,725	(62,440)	35,833	484,480	577,598

(i) Consolidated statement of changes in equity for the 12 months ended 31 December 2019 (cont'd)

Attributable to owners of the Company

Group	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to owners of the Company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 30 September 2019	119,725	(62,440)	35,833	484,480	577,598
Profit for the period	-	-	-	22,406	22,406
<u>Other comprehensive income</u>					
Share of other comprehensive income of associates	-	-	(69)	-	(69)
Share of other comprehensive income of a joint venture	-	-	(13)	-	(13)
Foreign currency translation	-	-	(1,364)	-	(1,364)
Other comprehensive income for the period, net of tax	-	-	(1,446)	-	(1,446)
Total comprehensive income for the period	-	-	(1,446)	22,406	20,960
<u>Contributions by and distributions to owners</u>					
Employee share award scheme -Equity compensation benefits	-	-	2,279	-	2,279
Treasury shares reissued pursuant to employee share award scheme	-	954	(954)	-	-
Dividends on ordinary shares	-	-	-	(6,433)	(6,433)
Total transactions with owners in their capacity as owners	-	954	1,325	(6,433)	(4,154)
<u>Others</u>					
Transfer from statutory reserve fund to retained earnings	-	-	(640)	640	-
Total others	-	-	(640)	640	-
Closing balance at 31 December 2019	119,725	(61,486)	35,072	501,093	594,404

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2018

Group	Attributable to owners of the Company						
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2018 - FRS framework	119,725	(56,547)	44,247	421,095	528,520	965	529,485
Effects of the adoption of SFRS(I)	-	-	-	(318)	(318)	-	(318)
Opening balance at 1 January 2018 - SFRS(I) framework	119,725	(56,547)	44,247	420,777	528,202	965	529,167
Profit for the period	-	-	-	10,085	10,085	(11)	10,074
<u>Other comprehensive income</u>							
Share of other comprehensive income of associates	-	-	24	-	24	-	24
Share of other comprehensive income of a joint venture	-	-	4	-	4	-	4
Foreign currency translation	-	-	11,122	-	11,122	16	11,138
Other comprehensive income for the period, net of tax	-	-	11,150	-	11,150	16	11,166
Total comprehensive income for the period	-	-	11,150	10,085	21,235	5	21,240
<u>Contributions by and distributions to owners</u>							
Treasury shares reissued pursuant to employee share option scheme	-	617	369	-	986	-	986
Total transactions with owners in their capacity as owners	-	617	369	-	986	-	986
Closing balance at 31 March 2018	119,725	(55,930)	55,766	430,862	550,423	970	551,393

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2018 (cont'd)

Attributable to owners of the Company

Group	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
Opening balance at 31 March 2018	119,725	(55,930)	55,766	430,862	550,423	970	551,393
Profit for the period	-	-	-	12,294	12,294	(15)	12,279
Share of other comprehensive income of associates	-	-	(1)	-	(1)	-	(1)
Share of other comprehensive income of a joint venture	-	-	(2)	-	(2)	-	(2)
Foreign currency translation	-	-	(7,885)	-	(7,885)	(14)	(7,899)
Other comprehensive income for the period, net of tax	-	-	(7,888)	-	(7,888)	(14)	(7,902)
Total comprehensive income for the period	-	-	(7,888)	12,294	4,406	(29)	4,377
<u>Contributions by and distributions to owners</u>							
Purchase of treasury shares	-	(5,068)	-	-	(5,068)	-	(5,068)
Treasury shares reissued pursuant to employee share option scheme	-	22	8	-	30	-	30
Dividends on ordinary shares	-	-	-	(32,281)	(32,281)	-	(32,281)
Total contributions by and distributions to equity holders	-	(5,046)	8	(32,281)	(37,319)	-	(37,319)
<u>Changes in ownership interests in subsidiaries</u>							
Liquidation of a subsidiary	-	-	-	-	-	(941)	(941)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(941)	(941)
Total transactions with owners in their capacity as owners	-	(5,046)	8	(32,281)	(37,319)	(941)	(38,260)
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	13,557	(13,557)	-	-	-
Total others	-	-	13,557	(13,557)	-	-	-
Closing balance at 30 June 2018	119,725	(60,976)	61,443	397,318	517,510	-	517,510

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2018 (cont'd)

Attributable to owners of the Company

Group	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
Opening balance at 30 June 2018	119,725	(60,976)	61,443	397,318	517,510	-	517,510
Profit for the period	-	-	-	33,795	33,795	-	33,795
Share of other comprehensive income of associates	-	-	(83)	-	(83)	-	(83)
Share of other comprehensive income of a joint venture	-	-	(11)	-	(11)	-	(11)
Foreign currency translation	-	-	(20,642)	-	(20,642)	-	(20,642)
Other comprehensive income for the period, net of tax	-	-	(20,736)	-	(20,736)	-	(20,736)
Total comprehensive income for the period	-	-	(20,736)	33,795	13,059	-	13,059
<u>Contributions by and distributions to owners</u>							
Employee share award scheme -Equity compensation benefits	-	-	1,165	-	1,165	-	1,165
Purchase of treasury shares	-	(2,718)	-	-	(2,718)	-	(2,718)
Treasury shares reissued pursuant to employee share award scheme	-	618	(618)	-	-	-	-
Total transactions with owners in their capacity as owners	-	(2,100)	547	-	(1,553)	-	(1,553)
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	42	(42)	-	-	-
Total others	-	-	42	(42)	-	-	-
Closing balance at 30 September 2018	119,725	(63,076)	41,296	431,071	529,016	-	529,016

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2018 (cont'd)

Attributable to owners of the Company

Group	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
Opening balance at 30 September 2018	119,725	(63,076)	41,296	431,071	529,016	-	529,016
Profit for the period	-	-	-	44,774	44,774	-	44,774
Share of other comprehensive income of associates	-	-	(31)	-	(31)	-	(31)
Share of other comprehensive income of a joint venture	-	-	(10)	-	(10)	-	(10)
Foreign currency translation	-	-	233	-	233	-	233
Other comprehensive income for the period, net of tax	-	-	192	-	192	-	192
Total comprehensive income for the period	-	-	192	44,774	44,966	-	44,966
<u>Contributions by and distributions to owners</u>							
Employee share award scheme -Equity compensation benefits	-	-	14	-	14	-	14
Purchase of treasury shares	-	(1,978)	-	-	(1,978)	-	(1,978)
Treasury shares reissued pursuant to employee share award scheme	-	35	(35)	-	-	-	-
Dividends on ordinary shares	-	-	-	(8,007)	(8,007)	-	(8,007)
Total transactions with owners in their capacity as owners	-	(1,943)	(21)	(8,007)	(9,971)	-	(9,971)
<u>Others</u>							
Expiry of employee share options	-	-	(133)	133	-	-	-
Transfer from retained earnings to statutory reserve fund	-	-	5	(5)	-	-	-
Total others	-	-	(128)	128	-	-	-
Closing balance at 31 December 2018	119,725	(65,019)	41,339	467,966	564,011	-	564,011

(iii) Statement of changes in equity of the Company for the 12 months ended 31 December 2019

Company	Attributable to owners of the Company				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
Opening balance at 1 January 2019	119,725	(65,019)	5,575	274,088	334,369
Profit for the period	-	-	-	75,776	75,776
<u>Contributions by and distributions to owners</u>					
Employee share award scheme	-	-	14	-	14
- Equity compensation benefits	-	(519)	-	-	(519)
Purchase of treasury shares	-	199	81	-	280
Treasury shares reissued pursuant to employee share option & award schemes	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	(320)	95	-	(225)
Closing balance at 31 March 2019	119,725	(65,339)	5,670	349,864	409,920
Loss for the period	-	-	-	(3,199)	(3,199)
<u>Contributions by and distributions to owners</u>					
Employee share option & award schemes	-	-	1,450	-	1,450
- Equity compensation benefits	-	-	-	-	-
Treasury shares reissued pursuant to employee share option scheme	-	2,899	(953)	-	1,946
Dividends on ordinary shares	-	-	-	(32,050)	(32,050)
Total transactions with owners in their capacity as owners	-	2,899	497	(32,050)	(28,654)
Closing balance at 30 June 2019	119,725	(62,440)	6,167	314,615	378,067
Loss for the period	-	-	-	(730)	(730)
<u>Contributions by and distributions to owners</u>					
Employee share award scheme	-	-	20	-	20
- Equity compensation benefits	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	20	-	20
Closing balance at 30 September 2019	119,725	(62,440)	6,187	313,885	377,357
Profit for the period	-	-	-	21,574	21,574
<u>Contributions by and distributions to owners</u>					
Employee share award scheme - Equity compensation benefits	-	-	2,279	-	2,279
Treasury shares reissued pursuant to employee share award scheme	-	954	(954)	-	-
Dividends on ordinary shares	-	-	-	(6,433)	(6,433)
Total transactions with owners in their capacity as owners	-	954	1,325	(6,433)	(4,154)
Closing balance at 31 December 2019	119,725	(61,486)	7,512	329,026	394,777

(iv) Statement of changes in equity of the Company for the 12 months ended 31 December 2018

Company	Attributable to owners of the Company				
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Opening balance at 1 January 2018	119,725	(56,547)	4,805	209,528	277,511
Profit for the period	-	-	-	35,988	35,988
<u>Contributions by and distributions to owners</u>					
Treasury shares reissued pursuant to employee share option scheme	-	617	369	-	986
Total transactions with owners in their capacity as owners	-	617	369	-	986
Closing balance at 31 March 2018	119,725	(55,930)	5,174	245,516	314,485
Profit for the period	-	-	-	70,057	70,057
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(5,068)	-	-	(5,068)
Treasury shares reissued pursuant to employee share option scheme	-	22	8	-	30
Dividends on ordinary shares	-	-	-	(32,281)	(32,281)
Total transactions with owners in their capacity as owners	-	(5,046)	8	(32,281)	(37,319)
Closing balance at 30 June 2018	119,725	(60,976)	5,182	283,292	347,223
Profit for the period	-	-	-	(4,272)	(4,272)
<u>Contributions by and distributions to owners</u>					
Employee share award scheme - Equity compensation benefits	-	-	1,165	-	1,165
Treasury shares reissued pursuant to employee share award scheme	-	618	(618)	-	-
Purchase of treasury shares	-	(2,718)	-	-	(2,718)
Total transactions with owners in their capacity as owners	-	(2,100)	547	-	(1,553)
Closing balance at 30 September 2018	119,725	(63,076)	5,729	279,020	341,398
Profit for the period	-	-	-	2,942	2,942
<u>Contributions by and distributions to owners</u>					
Employee share award scheme - Equity compensation benefits	-	-	14	-	14
Treasury shares reissued pursuant to employee share award scheme	-	35	(35)	-	-
Dividends on ordinary shares	-	-	-	(8,007)	(8,007)
Expiry of employee share options & awards	-	-	(133)	133	-
Purchase of treasury shares	-	(1,978)	-	-	(1,978)
Total transactions with owners in their capacity as owners	-	(1,943)	(154)	(7,874)	(9,971)
Closing balance at 31 December 2018	119,725	(65,019)	5,575	274,088	334,369

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 31 December 2019, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

(a) Hi-P Employee Share Option Scheme 2003

During the quarter ended 31 December 2019, no options have lapsed nor options were exercised.

There were 4,800,323 options outstanding as at 31 December 2019 (31 December 2018: 7,928,188).

(b) Hi-P Employee Share Option Scheme 2014

During the quarter ended 31 December 2019, no options have lapsed nor options were exercised.

There were 471,798 options outstanding as at 31 December 2019 (31 December 2018: 494,582).

In respect of the two employee share option schemes aforementioned, there was an aggregate of 5,272,121 options outstanding as at 31 December 2019 (31 December 2018: 8,422,770).

Share Awards

The Company has made a grant of 3,548,960 share awards pursuant to the Hi-P Employee Share Award Scheme 2018 on 2 December 2019. Out of which, 1,267,485 share awards granted were vested on 2 December 2019; 1,140,736 share awards granted will vest on 31 October 2020; 633,743 share awards granted will vest on 31 October 2021 and 506,996 share awards granted will vest on 31 October 2022.

Under the Hi-P Employee Share Award Scheme 2018, there were 3,913,475 share awards in aggregate remaining to be vested as at 31 December 2019 (31 December 2018: 910,000).

Treasury Shares

During the quarter ended 31 December 2019, the Company has not purchased any share to be held as treasury shares.

The number of treasury shares held by the Company as at 31 December 2019 was 81,710,259 (31 December 2018: 86,505,393), representing 10.14% of the total number of issued shares (excluding treasury shares) (31 December 2018: 10.80%).

Subsidiary Holdings

There were no holdings in Hi-P International Limited by any subsidiary as at 31 December 2019 (31 December 2018: Nil).

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 31 December 2019 was 805,464,741 (31 December 2018: 800,669,607).

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

During the quarter ended 31 December 2019, 1,267,485 treasury shares were transferred to employees upon vesting of share awards.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as there were no holdings in Hi-P International Limited by any subsidiary as at the end of the current financial period reported on.

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 modifications 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 2018.

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.

During the current financial period, the Group adopted the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2019.

The following SFRS(I)s, amendments and interpretations of SFRS(I)s are relevant to the Group:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
SFRS(I) 16 <i>Leases</i>	<i>1 January 2019</i>
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	<i>1 January 2019</i>
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	<i>1 January 2019</i>
Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i>	<i>1 January 2019</i>
Annual Improvements to SFRS(I)s 2015-2017 Cycle	<i>1 January 2019</i>

Except for SFRS(I) 16, the adoption of the above SFRS(I)s did not have any significant impact on the financial statements.

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has applied the modified restrospective approach and does not restate comparative amounts for the year prior to first adoption.

Under the new standard, an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and a liability to make lease payments (i.e. the lease liability) are recognised. Interest expense on the lease liability and the depreciation expense on the right-of-use asset are recognised separately in the income statement.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment losses, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

On the adoption of SFRS(I) 16, the Group has recognised an equal amount of right-of-use assets and lease liabilities of S\$39,569,000 for its leases previously classified as operating leases (excluding short-term leases and leases for which underlying assets are of low value) as at 1 January 2019.

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).

	Q4-19	Q4-18	YTD Q4-19	YTD Q4-18
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	5.6%	10.1%	5.9%	7.2%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	3.8%	7.9%	13.5%	17.9%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	2.79	5.56	10.00	12.54
(b) On a fully diluted basis (cents) *	2.77	5.55	9.94	12.50

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

* For 4Q2018, the financial effect of certain share options issued has been disregarded in the calculation of dilutive earnings per ordinary share as the stock option exercise prices are above the average 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	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	73.80	70.44	49.01	41.76

- 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

FY2019 vs. FY2018

Revenue decreased slightly by S\$34.4 million (2.5%) year-on-year (“yoy”) to S\$1,367.7 million for FY2019. The decrease was mainly due to price pressure and absence of revenue contribution from our flexible printed circuit board (“FPCB”) business unit upon the dilution of interest in Hi-Flex (Suzhou) Electronics Co., Ltd. in late 2018. The decrease was partially offset by the increase in overall sales volume during the year.

Gross profit decreased by S\$16.3 million (8.0%) yoy to S\$187.9 million for FY2019 and gross profit margin decreased slightly from 14.6% for FY2018 to 13.7% for FY2019. The decrease in gross profit margin was mainly due to price pressure, partially offset by the impact from dilution of loss from FPCB business unit.

Net interest expense (financial cost net off with interest income) increased by S\$2.0 million (276.5%) yoy to S\$2.8 million for FY2019. This was mainly due to recognition of interest expense on lease liabilities pursuant to the adoption of SFRS(I) 16 *Leases* (previously captured under operating lease expenses).

Other income decreased by S\$6.8 million (39.0%) yoy to S\$10.7 million for FY2019. The higher other income in FY2018 was mainly due a one-off gain of S\$6.1 million derived from the dilution of interest in Hi-Flex (Suzhou) Electronics Co., Ltd. from a subsidiary to an associate.

Total selling, distribution and administrative expenses increased by S\$7.5 million (8.9%) yoy to S\$91.3 million for FY2019. The increase was mainly due to higher employee share award expenses and annual salary increments.

Other expense generated an income of S\$0.8 million for FY2019, as compared to an expense of S\$13.9 million for FY2018. The improvement was mainly due to (i) a S\$7.6 million yoy decrease in impairment losses on property, plant and equipment and (ii) a S\$7.2 million yoy decrease in net losses arising from foreign exchange differences and hedging contracts.

The Group recorded an income tax expense of S\$23.8 million for FY2019, representing an effective tax rate of 22.8% (FY2018: 18.9%). The lower effective tax rate for FY2018 was mainly due to a one-off gain was tax exempted, while the higher effective tax rate for FY2019 was mainly due to deferred tax liability recognized on temporary differences.

As a result of the above factors, the Group's net profit after tax decreased by S\$20.6 million (20.4%) yoy to S\$80.3 million for FY2019.

4Q2019 vs. 4Q2018

Amid uncertain economic conditions, revenue decreased by S\$44.9 million (10.2%) yoy to S\$396.9 million for 4Q2019 as a result of price pressure and lower sales volume for certain customers in 4Q2019.

Gross profit decreased by S\$23.1 million (29.5%) yoy to S\$55.3 million for 4Q2019 mainly due to (i) the decline in revenue, (ii) increasingly competitive pricing and (iii) less economies of scale where our fixed and semi-variable costs reduced at a slower pace as compared to the decrease in sales. Correspondingly, gross profit margin decreased from 17.7% for 4Q2018 to 13.9% for 4Q2019.

Net interest expense (financial costs net off with interest income) decreased by S\$0.1 million (8.4%) yoy to S\$0.7 million for 4Q2019. The lower net interest expense was mainly due to a higher average net cash position, partially offset by recognition of interest expense on lease liability pursuant to the adoption of SFRS(I) 16 Leases (previously captured under operating lease expenses).

Other income decreased by S\$5.7 million (63.9%) yoy to S\$3.2 million for 4Q2019. The higher other income in 4Q2018 was mainly due a one-off gain of S\$6.1 million derived from the dilution of interest in Hi-Flex (Suzhou) Electronics Co., Ltd. from a subsidiary to an associate.

Total selling, distribution and administrative expenses increased by S\$0.9 million (3.8%) yoy to S\$25.8 million for 4Q2019. The increase was mainly due to (i) employee share award expenses of S\$2.2 million incurred for a grant dated 2 December 2019 (please refer to SGX announcement dated 2 December 2019 for further details) and (ii) annual salary increment. The increase was partially offset by lower bonus provisions which were aligned with the lower profit before tax.

Other expenses decreased by S\$3.8 million (58.4%) yoy to S\$2.7 million for 4Q2019. The decrease was mainly due to (i) a S\$7.8 million yoy decrease in impairment and write off of property, plant and equipment, partially offset by (ii) a S\$3.6 million yoy increase in net losses arising from foreign exchange differences after netting off with gain from hedging contracts, resulting from the depreciation of USD against SGD and RMB.

The Group recorded an income tax expense of S\$6.6 million for 4Q2019, representing an effective tax rate of 22.8% (4Q2018: 18.8%). The lower tax rate for 4Q2018 was mainly due to a one-off gain was tax exempted, while the higher effective tax rate for 4Q2019 was mainly due to certain expense was not tax deductible.

As a result of the above factors, the Group's net profit after tax decreased by S\$22.4 million (50.0%) yoy to S\$22.4 million for 4Q2019.

Balance Sheet Analysis

The Group completed its acquisition of South East Asia Moulding Company Pte. Ltd, (“Seamco”), a manufacturer of high-volume and high-precision engineering plastic components, on 31 October 2019 (please refer to SGX announcement dated 31 October 2019 for further details). Upon completion of the acquisition, the Group recognised identifiable intangible assets (which mainly comprised of contractual customer relationship) and a goodwill of S\$20.1 and S\$15.0 million respectively. The intangible assets are amortised over their estimated useful lives, with a net carrying amount of S\$19.9 million as at 31 December 2019.

Pursuant to the adoption of SFRS(I) 16 *Leases*, the Group recognised right-of-use assets for its leases previously classified as operating leases (excluding short-term leases and leases for which the underlying assets are of low value) with a net carrying amount of S\$27.2 million as at 31 December 2019. Correspondingly, lease liabilities (both current and non-current) related to the right-of-use assets with a net carrying amount of S\$25.7 million was recognized as at 31 December 2019. Please refer to paragraph 5 for further details.

Investment in associates increased by S\$2.2 million (9.9%) from S\$21.3 million as at 31 December 2018 to S\$23.5 million as at 31 December 2019. The increase was mainly due to an investment of RMB20.0 million (equivalent to S\$4.0 million) in the Group’s existing associate, Cino Technology (Shenzhen) Ltd., which resulted in an increase in the Group’s shareholding from 20% to 40%. The increase was partially offset by share of losses in associates.

Other investment increased by S\$2.7 million (55.6%) from S\$5.0 million as at 31 December 2018 to S\$7.7 million as at 31 December 2019. The increase was mainly due to an investment of a 10% shareholding in a private company registered in the PRC. This company is a first tier ODM manufacturer (“ODM”) which manufactures items such as battery packs, battery cells and chargers.

Deferred tax assets increased by S\$3.8 million (17.2%) from S\$21.9 million as at 31 December 2018 to S\$25.7 million as at 31 December 2019 mainly due to the recognition of deferred tax assets on unutilized tax losses.

The Group’s inventories decreased by S\$19.2 million (10.9%) from S\$176.9 million as at 31 December 2018 to S\$157.7 million as at 31 December 2019 mainly due to an improvement in inventory management.

Trade and other receivables decreased by S\$34.0 million (8.6%) from S\$396.0 million as at 31 December 2018 to S\$362.0 million as at 31 December 2019. The decrease was mainly due to (i) a decrease in trade receivables resulting from lower sales for 4Q2019 as compared to 4Q2018 (ii) a decrease in input value added tax resulting from lower purchases and higher tax refunds by the relevant tax authorities.

Non-current assets classified as held for sale of S\$3.3 million represents the lower of the carrying amount and fair value less cost to sell for machines which their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Trade and other payables, notes payable and contract liabilities increased by S\$49.2 million (13.0%) from S\$380.0 million as at 31 December 2018 to S\$429.2 million as at 31 December 2019. The increase was mainly due to a continuous improvement in cash flow management.

Deferred tax liabilities increased by S\$7.2 million (177.3%) from S\$4.1 million as at 31 December 2018 to S\$11.3 million as at 31 December 2019. The increase mainly arose from the acquisition of Seamco and various temporary differences.

Current bank loans and borrowings (excluding lease liabilities related to right-of-use assets) decreased by S\$46.1 million (27.4%) from S\$168.2 million as at 31 December 2018 to S\$122.1 million as at 31 December 2019. Cash and cash equivalents and restricted bank deposits increased by S\$44.3 million (15.4%) from S\$288.4 million as at 31 December 2018 to S\$332.7 million as at 31 December 2019. This resulted in a net cash position of S\$210.6 million (31 December 2018: S\$120.2 million).

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$57.3 million for 4Q2019. Net cash generated from operating activities for 4Q2019 amounted to S\$93.6 million.

Net cash used in investing activities was S\$46.6 million for 4Q2019, mainly due to net cash outflow on acquisition of subsidiaries S\$35.5 million, payments made for the purchase of capital expenditure amounting to S\$19.0 million, partially offset by the proceeds from disposal of non-current assets held for sale of S\$5.9 million.

Net cash generated from financing activities was S\$40.8 million for 4Q2019, mainly due to net proceeds from loans and borrowings amounting to S\$52.9 million, partially offset by dividend paid on ordinary shares of S\$6.4 million and repayment of obligations under lease liabilities related to right-of-use assets amounting to S\$4.4 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 3Q2019 results announcement made on 30 October 2019, the Group guided as follows:

- The Group expects lower revenue and profit for 4Q2019 as compared to 4Q2018
- The Group expects higher revenue and profit for 2H2019 as compared to 1H2019
- The Group expects lower revenue and profit for FY2019 as compared to FY2018

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

(S\$'000)	4Q2019	4Q2018	2H2019	1H2019	FY2019	FY2018
Revenue	396,948	441,897	794,449	573,220	1,367,669	1,402,117
Net profit after tax	22,406	44,774	55,273	25,037	80,310	100,922

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.

Under the direction of local Chinese authorities in response to the outbreak of Covid-19, the Group's factories in China were temporarily closed from 3 to 9 February 2020. Since the outbreak of the Covid-19, the Group has implemented business continuity plans to mitigate the impact and ensure the Group's continuing operation. However, the extent of any financial impact is difficult to ascertain as the situation continues to evolve, causing disruptions across global supply chains.

Despite the challenging market conditions, the Group believes it is serving the right business segments. According to the latest report from the International Data Corporation ("IDC"), following three years of contraction, the worldwide smartphone market is expected to grow 1.5% year-on-year in 2020 with shipment volumes of just over 1.4 billion, fueled by the rise of 5G. IDC expects 190 million 5G smartphones to ship in 2020, accounting for 14% of total smartphones shipped, which far exceeds the first year of 4G shipments (2010) at 1.3%.¹

Within the smart home devices segment, worldwide shipments of smart home devices are forecast to be more than 1.39 billion in 2023 with a five-year compound annual growth rate of 14.4% from 2018 to 2023.²

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

- Diversifying its customer base through the development of new customers and products
- Increasing allocation from existing customers
- Exploring opportunities for mergers and acquisitions that are synergistic to the Group's operations
- Exploring opportunities to expand the Group's manufacturing footprint to non-China regions
- Enhancing capacity utilization and manufacturing yield improvements
- Tightening cost controls
- Increasing automation and artificial intelligence aided processes across the Group
- Implementing effective motivation mechanisms for staff
- Talent development and succession planning

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

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

- The Group expects lower revenue and profit for 1H2020 as compared to 1H2019.
- The Group expects higher revenue and profit for 2H2020 as compared to 1H2020.
- The Group expects higher revenue and lower profit for FY2020 as compared to FY2019.

¹IDC, China's Surge Into 5G Will Push the Worldwide Smartphone Market Back to Growth in 2020, According to IDC, 26 Nov 2019

² IDC, Worldwide Smart Home Devices Forecast to Maintain Steady Growth Through 2023, Says IDC, 23 September 2019

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Name of Dividend : Final Dividend
Dividend Type : Cash
Dividend Rate : 2.0 cent per ordinary share
Tax rate : Exempt from tax (One-tier corporate tax system)
Total amount payable : S\$16.1 million

(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 : Final Dividend
Dividend Type : Cash
Dividend Rate : 4.0 cent per ordinary share
Tax rate : Exempt from tax (One-tier corporate tax system)
Total amount payable : S\$32.05 million

(c) The date the dividend is payable

To be announced later.

(d) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined

To be announced later.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions entered into during the quarter ended 30 September 2019 as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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)
Transaction for Sales of Goods and Services None	N.A.	N.A.

No IPT mandate has been obtained from shareholders.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

By Activities

	PPIM S\$'000	MDF S\$'000	Assembly S\$'000	Eliminations S\$'000	Consolidated S\$'000
2019 December YTD					
Revenue:					
Sales to external customers	864,163	104,655	398,851	-	1,367,669
Intersegmental sales	3,168	75,441	-	(78,609)	-
	<u>867,331</u>	<u>180,096</u>	<u>398,851</u>	<u>(78,609)</u>	<u>1,367,669</u>
Results:					
Profit from operations	84,767	6,293	5,593	-	96,653
Interest income					3,990
Other income					10,693
Financial costs					(6,761)
Other expenses					816
Share of results of associates					(1,282)
Share of results of a joint venture					(14)
Profit before tax					<u>104,095</u>
Income tax expense					<u>(23,785)</u>
Profit, net of tax					<u><u>80,310</u></u>
Other information:					
Depreciation of property, plant and equipment	63,371	4,718	2,286		70,375
Amortization of deferred capital grant	(907)	-	-		(907)
Amortization of intangible asset	223	-	-		223
Depreciation of right-of-use assets	12,338	1,023	1,287		14,648
Amortization of land use rights	254	-	-		254
Depreciation of investment properties	103	-	-		103
Reversal of provision for warranty costs	-	-	(23)		(23)
Inventory provisions/ (reversal of inventory provisions)	2,116	(661)	(568)		887
Inventories written back	(296)	-	-		(296)
Property, plant and equipment written off	23	2	3		28
Impairment loss/ (reversal of impairment loss) on property, plant and equipment	354	18	(3)		369
Reversal of impairment losses on financial assets, net	(99)	-	-		(99)
Bad debts written off	32	-	-		32
Reversal of allowance on non-cancellable purchase commitments	(1,033)	-	(976)		(2,009)
Trade/ other payables waived	(111)	-	-		(111)
Onerous contract provisions	123	-	-		123
Other non-cash items	1,406	(64)	(222)		1,120

By Activities

	PPIM S\$'000	MDF S\$'000	Assembly S\$'000	Eliminations S\$'000	Consolidated S\$'000
2018 December YTD					
Revenue:					
Sales to external customers	943,390	96,463	362,264	-	1,402,117
Intersegmental sales	2,368	83,834	-	(86,202)	-
	<u>945,758</u>	<u>180,297</u>	<u>362,264</u>	<u>(86,202)</u>	<u>1,402,117</u>
Results:					
Profit from operations	111,736	4,146	5,373	-	121,255
Interest income					5,919
Other income					17,535
Financial costs					(6,655)
Other expenses					(13,888)
Share of results of associates					484
Share of results of a joint venture					(164)
Profit before tax					<u>124,486</u>
Income tax expense					(23,564)
Profit, net of tax					<u><u>100,922</u></u>
Other information:					
Depreciation of property, plant and equipment	63,404	4,458	683		68,545
Amortization of deferred capital grant	(772)	(6)	-		(778)
Amortization of land use rights	262	-	-		262
Depreciation of investment properties	103	-	-		103
Provision for warranty costs	-	-	20		20
(Reversal of inventory provisions)/ Inventory provisions	(568)	334	1,293		1,059
Inventories written back	(532)	-	(85)		(617)
Property, plant and equipment written off	769	-	22		791
Impairment loss on property, plant and equipment	7,910	18	17		7,945
Reversal of impairment losses on financial assets	(217)	-	(666)		(883)
Bad debts written off	3	-	-		3
Gain from dilution of interest from a subsidiary to an associate	(6,123)	-	-		(6,123)
Allowance/ (reversal of allowance) on non-cancellable purchase commitments	1,332	-	(517)		815
Trade/ other payables waived	(264)	-	(87)		(351)
Onerous contract provisions	-	-	146		146
Other non-cash items	(1,247)	(127)	(478)		(1,852)

By Geographical Markets

	Segment Revenue	
	2019 S\$'000	2018 S\$'000
Asia	799,009	864,693
Australia	41,090	12,264
Europe	98,073	95,609
United States and other parts of Americas	428,260	428,538
Others	1,237	1,013
	1,367,669	1,402,117

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8.

17. A breakdown of the sales as follows:-

	2019 S\$'000 Group	2018 S\$'000 Group	% Increase/ (decrease) Group
(a) Sales reported for first half year	573,220	583,102	(1.7%)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	25,037	22,353	12.0%
(c) Sales reported for second half year	794,449	819,015	(3.0%)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	55,273	78,569	(29.7%)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total Annual Dividend

	2019 (S\$'000)	2018 (S\$'000)
Ordinary – Interim	6,433	8,007
Ordinary – Final	16,109	32,050
Ordinary – Total	22,542	40,057

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.:-

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yao Hsiao Kuang	73	Brother of Yao Hsiao Tung, Brother-in-law of Wong Huey Fang	<p><u>Position:</u> Senior Director, Supply Chain Management. This position was first held with effect from 26 Dec 2017.</p> <p><u>Duties:</u> He is responsible for executing and supporting the establishment of strategies in Supply Chain Management for the Group, conducting key commodities negotiations, and conducting supplier and site sourcing audits for the Group.</p>	During the year, there is no change to the duties and position held.
Carrie Hung Han-I	49	Niece of Yao Hsiao Tung and niece-in-law of Wong Huey Fang	<p><u>Position:</u> Finance Vice President. This position was first held with effect from 1 Jun 2017.</p> <p><u>Duties:</u> She is responsible for overseeing financial related matters, including</p> <ul style="list-style-type: none"> - Execute finance & treasury strategies - Drive improvement on cost controls - Direct all aspects of tax, accounting, analysis, budget management and daily finance operations. 	During the year, there is no change to the duties and position held.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Yao Chia Juei	44	Niece of Yao Hsiao Tung and niece-in-law of Wong Huey Fang	<p><u>Position:</u> Vice President, Operations, in charge of - Hi-P (Suzhou) Electronics Technology Co., Ltd. ("the Suzhou Mechanical Plant") Hi-P (Suzhou) Electronics Co., Ltd. ("the Suzhou EMS Plant") Hi-P (Nantong) Technology Co., Ltd. ("the Nantong Plant")</p> <p>This position was first held with effect from 1 May 2019.</p> <p><u>Duties:</u> She is responsible for managing and leading all operational related matters of the abovementioned plants, including production, supply chain management, quality process optimization, health & safety compliances, human resource management and administration.</p>	She has been promoted from General Manager to Vice President, Operations with effect from 1 May 2019. Her existing duties have been extended to oversee one additional plant, namely the Nantong Plant.

BY ORDER OF THE BOARD

Mr. Yao Hsiao Tung

Executive Chairman and Chief Executive Officer