

Financial Statement and Dividend Announcement for the quarter ended 30 September 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.

	Q3-19	Q3-18	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q3-19	Q3-18	%
				S\$'000	S\$'000	
Revenue	397,501	377,118	5.4	970,721	960,220	1.1
Cost of sales	<u>(340,991)</u>	<u>(318,838)</u>	6.9	<u>(838,188)</u>	<u>(834,444)</u>	0.4
Gross profit	56,510	58,280	(3.0)	132,533	125,776	5.4
Other items of income						
Interest income	879	1,472	(40.3)	3,154	4,905	(35.7)
Other income	2,743	2,177	26.0	7,448	8,544	(12.8)
Other items of expense						
Selling and distribution expenses	(3,229)	(2,895)	11.5	(9,373)	(8,245)	13.7
Administrative expenses	(21,250)	(19,142)	11.0	(56,095)	(50,694)	10.7
Financial costs	(1,641)	(2,047)	(19.8)	(5,269)	(4,925)	7.0
Reversal of impairment losses/ (impairment losses) on financial assets, net	56	(11)	n.m.	116	998	(88.4)
Other expenses	6,492	2,843	128.4	3,489	(7,463)	n.m.
Share of results of associates	306	667	(54.1)	(930)	585	n.m.
Share of results of a joint venture	(11)	(174)	(93.7)	(16)	(164)	(90.2)
Profit before tax	<u>40,855</u>	<u>41,170</u>	(0.8)	<u>75,057</u>	<u>69,317</u>	8.3
Income tax expense	<u>(7,988)</u>	<u>(7,375)</u>	8.3	<u>(17,153)</u>	<u>(13,169)</u>	30.3
Profit for the period	<u>32,867</u>	<u>33,795</u>	(2.7)	<u>57,904</u>	<u>56,148</u>	3.1
Attributable to:						
Owners of the Company	32,867	33,795	(2.7)	57,904	56,174	3.1
Non-controlling interests	<u>-</u>	<u>-</u>	n.m.	<u>-</u>	<u>(26)</u>	(100.0)
	<u>32,867</u>	<u>33,795</u>	(2.7)	<u>57,904</u>	<u>56,148</u>	3.1

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 September 2019

	Q3-19	Q3-18	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q3-19	Q3-18	%
				S\$'000	S\$'000	
Profit for the period	32,867	33,795	(2.7)	57,904	56,148	3.1
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(10,482)	(20,642)	(49.2)	(15,092)	(17,403)	(13.3)
Share of other comprehensive income of associates	(183)	(83)	120.5	(370)	(60)	516.7
Share of other comprehensive income of a joint venture	5	(11)	n.m.	4	(9)	n.m.
Other comprehensive income for the period, net of tax	<u>(10,660)</u>	<u>(20,736)</u>	(48.6)	<u>(15,458)</u>	<u>(17,472)</u>	(11.5)
Total comprehensive income for the period	<u>22,207</u>	<u>13,059</u>	70.1	<u>42,446</u>	<u>38,676</u>	9.7
Attributable to:						
Owners of the Company	22,207	13,059	70.1	42,446	38,700	9.7
Non-controlling interests	-	-	n.m.	-	(24)	(100.0)
Total comprehensive income for the period	<u>22,207</u>	<u>13,059</u>	70.1	<u>42,446</u>	<u>38,676</u>	9.7

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:

	Q3-19	Q3-18	YTD	YTD
	S\$'000	S\$'000	Q3-19	Q3-18
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	17,349	17,307	52,118	51,576
2. Amortisation of deferred capital grants	(204)	(191)	(695)	(588)
3. Depreciation of investment properties	26	26	78	78
4. Rental income from investment properties	(17)	(17)	(51)	(39)
5. Amortisation of land use rights	63	64	192	198
6. Depreciation of right-of-use assets	3,626	-	10,924	-
7. Operating lease expenses	2,220	4,694	4,402	13,985
8. (Reversal of impairment loss)/ impairment loss on property, plant and equipment	(47)	166	(71)	437
9. Loss/ (gain) on disposal of property, plant and equipment, net	25	(196)	(172)	(190)
10. Property, plant and equipment written off	3	2	24	25
11. Inventory provisions/ (reversal of inventory provisions)	781	1,957	(2,588)	(4,019)
12. Inventories written back	(45)	(109)	(240)	(517)
13. Onerous contract provisions	-	-	7	-
14. (Reversal of impairment losses)/ impairment losses on financial assets, net - trade receivables	(56)	12	(116)	(998)
15. Bad debts written off	-	1	32	3
16. Trade/ other payables waived	(57)	(140)	(69)	(205)
17. Directors' fees	101	101	301	298
18. Staff costs (including directors' remuneration)	125,523	119,137	292,773	287,521
19. Foreign exchange (gain)/ loss, net	(10,551)	(4,013)	(7,921)	4,192
20. Fair value loss on derivatives, net	3,906	1,274	3,981	2,665
21. Loss on liquidation of a subsidiary, net	-	-	-	404
22. Provision for warranty costs	-	4	-	9
23. (Reversal of allowance)/ allowance on non-cancellable purchase commitments	(561)	24	(1,249)	221
24. Insurance claim	(29)	(79)	(77)	(90)

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	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	282,085	293,573	15,868	15,798
Investment properties	210	293	-	-
Intangible assets	12	12	12	12
Land use rights	10,409	10,806	-	-
Right-of-use assets	28,773	-	5,292	-
Investment in subsidiaries	-	-	443,540	392,046
Investment in associates	23,879	21,345	503	503
Investment in a joint venture	194	207	-	-
Other investment	7,748	4,968	-	-
Restricted bank deposits	-	495	-	-
Deferred tax assets	25,987	21,925	-	-
	<u>379,297</u>	<u>353,624</u>	<u>465,215</u>	<u>408,359</u>
Current assets				
Inventories	169,823	176,925	3,859	3,794
Trade and other receivables	341,766	395,953	62,666	99,405
Prepaid operating expenses	11,614	10,266	354	250
Restricted bank deposits	3,099	1,263	-	-
Cash and cash equivalents	246,408	286,653	7,647	10,325
	<u>772,710</u>	<u>871,060</u>	<u>74,526</u>	<u>113,774</u>
Non-current assets classified as held for sale	6,371	-	-	-
	<u>779,081</u>	<u>871,060</u>	<u>74,526</u>	<u>113,774</u>
Total assets	1,158,378	1,224,684	539,741	522,133
Current liabilities				
Trade and other payables	351,340	356,684	6,323	5,878
Notes payable	398	879	-	-
Contract liabilities	20,493	22,413	123	126
Accrued operating expenses	75,322	80,826	24,953	34,028
Provisions	54	302	-	-
Deferred capital grants	763	758	111	89
Loans and borrowings	69,724	168,252	25,000	38,650
Lease liabilities related to right-of-use assets	10,583	-	64	-
Income tax payable	25,753	21,686	1,304	3,098
Derivatives	158	-	-	-
	<u>554,588</u>	<u>651,800</u>	<u>57,878</u>	<u>81,869</u>
Net current assets	224,493	219,260	16,648	31,905
Non-current liabilities				
Other payables	-	-	96,704	103,371
Deferred capital grants	4,159	4,781	57	72
Lease liabilities related to right-of-use assets	18,330	-	5,298	-
Deferred tax liabilities	3,703	4,092	2,447	2,452
	<u>26,192</u>	<u>8,873</u>	<u>104,506</u>	<u>105,895</u>
Total liabilities	580,780	660,673	162,384	187,764
Net assets	<u>577,598</u>	<u>564,011</u>	<u>377,357</u>	<u>334,369</u>

	Group		Company	
	30/9/2019	31/12/2018	30/9/2019	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	(62,440)	(65,019)	(62,440)	(65,019)
Accumulated profits	484,480	467,966	313,885	274,088
Other reserves	35,833	41,339	6,187	5,575
Total equity	577,598	564,011	377,357	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 30/9/2019		As at 31/12/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	69,724	24	168,228

Lease liabilities related to right-of-use assets

Amount repayable in one year or less, or on demand

As at 30/9/2019	As at 31/12/2018
Secured S\$'000	Secured S\$'000
10,583	-

Amount repayable after one year

As at 30/9/2019	As at 31/12/2018
Secured S\$'000	Secured S\$'000
18,330	-

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.

	Q3-19	Q3-18	YTD	YTD
	S\$'000	S\$'000	Q3-19	Q3-18
			S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	40,855	41,170	75,057	69,317
Adjustments for:				
Depreciation of property, plant and equipment	17,349	17,307	52,118	51,576
Amortisation of deferred capital grants	(204)	(191)	(695)	(588)
Depreciation of investment properties	26	26	78	78
Amortisation of land use rights	63	64	192	198
Depreciation of right-of-use assets	3,626	-	10,924	-
(Reversal of impairment loss)/ impairment loss on property, plant and equipment	(47)	166	(71)	437
Net loss/ (gain) on disposal of property, plant and equipment	25	(196)	(172)	(190)
Property, plant and equipment written off	3	2	24	25
Inventory provisions/ (reversal of inventory provisions)	781	1,957	(2,588)	(4,019)
Inventories written back	(45)	(109)	(240)	(517)
Provision for warranty costs	-	4	-	9
Net (reversal of impairment losses)/ impairment losses on financial assets - trade receivables	(56)	12	(116)	(998)
Bad debts written off	-	1	32	3
(Reversal of allowance)/ allowance on non-cancellable purchase commitments	(561)	24	(1,249)	221
Trade/ other payables waived	(57)	(140)	(69)	(205)
Equity compensation expense	20	1,165	1,484	1,165
Financial costs	1,641	2,047	5,269	4,925
Interest income	(879)	(1,472)	(3,154)	(4,905)
Net fair value loss/ (gain) on derivatives - unrealised	157	(205)	159	-
Net unrealised exchange difference	(2,490)	(4,180)	(2,911)	996
Net loss on liquidation of a subsidiary	-	-	-	404
Share of results of associates	(306)	(667)	930	(585)
Share of results of a joint venture	11	174	16	164
Operating cash flows before changes in working capital	59,912	56,959	135,018	117,511
Changes in working capital				
(Increase)/ decrease in inventories	(25,890)	(36,409)	5,709	(33,771)
(Increase)/ decrease in trade and other receivables	(72,259)	(49,996)	50,979	101,930
Decrease in notes receivable	-	340	-	7,551
(Increase)/ decrease in prepaid operating expenses	(650)	1,970	(1,484)	(5,152)
Increase/ (decrease) in trade and other payables and contract liabilities	79,121	59,002	(9,872)	(63,330)
Increase/ (decrease) in notes payable	161	(154)	(482)	(755)
Increase/ (decrease) in accrued operating expenses	15,925	8,666	(3,407)	(18,292)
Total changes in working capital	(3,592)	(16,581)	41,443	(11,819)
Cash flows generated from operations	56,320	40,378	176,461	105,692
Income taxes paid	(4,979)	(3,558)	(17,852)	(15,397)
Net cash flows generated from operating activities	51,341	36,820	158,609	90,295

	Q3-19	Q3-18	YTD	YTD
	S\$'000	S\$'000	Q3-19	Q3-18
			S\$'000	S\$'000
Cash flows from investing activities				
Interest received	572	1,306	3,171	4,664
Purchase of property, plant and equipment (Note a)	(17,478)	(22,256)	(50,374)	(48,341)
Proceeds from disposal of property, plant and equipment	2,618	207	3,484	662
Net cash outflow on liquidation of a subsidiary	-	-	-	(118)
Investment in an associate	-	-	(4,038)	(831)
Purchase of other investment	-	-	(3,032)	(5,228)
Proceeds from capital grants	-	-	200	-
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Net cash flows used in investing activities	(14,288)	(20,743)	(50,589)	(49,192)
Cash flows from financing activities				
Decrease/ (increase) in restricted bank deposits	53	162	(1,341)	2,752
Dividends paid on ordinary shares	-	-	(32,050)	(32,281)
Purchase of treasury shares	-	(2,718)	(519)	(7,786)
Proceeds from re-issuance of treasury shares	-	-	2,226	1,016
Financial costs paid	(1,684)	(2,154)	(5,392)	(4,943)
Net repayment of loans and borrowings	(33,111)	(22,473)	(98,543)	(36,197)
Repayment of obligations under lease liabilities related to right-of-use assets	(3,780)	-	(10,796)	-
Repayment of obligations under other lease liabilities	-	(15)	(24)	(45)
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Net cash flows used in financing activities	(38,522)	(27,198)	(146,439)	(77,484)
Net decrease in cash and cash equivalents	(1,469)	(11,121)	(38,419)	(36,381)
Effect of exchange rate changes on cash and cash equivalents	(1,005)	(9,800)	(1,826)	(7,015)
Cash and cash equivalents at beginning of period	248,882	255,439	286,653	277,914
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Cash and cash equivalents at end of period	246,408	234,518	246,408	234,518

Note to the Consolidated Cash Flow Statement

(a) Purchase of property, plant and equipment

Current period additions	25,880	27,891	57,043	59,286
Less: Payable to creditors	(17,240)	(12,665)	(23,678)	(17,498)
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Payments for prior period/ year purchases	8,640	15,226	33,365	41,788
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Net cash outflow for purchase	17,478	22,256	50,374	48,341

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 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 9 months ended 30 September 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 9 months ended 30 September 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

(ii) Consolidated statement of changes in equity for the 9 months ended 30 September 2018

Attributable to owners of the Company

Group	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 9 months ended 30 September 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 9 months ended 30 September 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

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

(iv) Statement of changes in equity of the Company for the 9 months ended 30 September 2018

Attributable to owners of the Company

<u>Company</u>	<u>Share capital</u> <u>S\$'000</u>	<u>Treasury shares</u> <u>S\$'000</u>	<u>Capital reserve</u> <u>S\$'000</u>	<u>Accumulated profits</u> <u>S\$'000</u>	<u>Total equity</u> <u>S\$'000</u>
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

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 30 September 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 30 September 2019, no options have lapsed nor options were exercised.

There were 4,800,323 options outstanding as at 30 September 2019 (30 September 2018: 7,928,241).

(b) Hi-P Employee Share Option Scheme 2014

During the quarter ended 30 September 2019, no options have lapsed nor options were exercised.

There were 471,798 options outstanding as at 30 September 2019 (30 September 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 30 September 2019 (30 September 2018: 8,422,823).

Share Awards

During the quarter ended 30 September 2019, no share awards were vested but 48,000 share awards were forfeited.

There were 1,632,000 share awards remaining to be vested as at 30 September 2019 (30 September 2018: 910,000).

Treasury Shares

During the quarter ended 30 September 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 30 September 2019 was 82,977,744 (30 September 2018: 84,179,193), representing 10.32% of the total number of issued shares (excluding treasury shares) (30 September 2018: 10.48%).

Subsidiary Holdings

There were no holdings in Hi-P International Limited by any subsidiary as at 30 September 2019 (30 September 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 30 September 2019 was 804,197,256 (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 30 September 2019, there were no sales, transfers, cancellation and/or use of treasury shares.

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 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 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 loss, 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).

	Q3-19	Q3-18	YTD Q3-19	YTD Q3-18
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	8.3%	9.0%	6.0%	5.8%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	5.7%	6.4%	10.0%	10.6%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	4.10	4.19	7.22	6.97
(b) On a fully diluted basis (cents)	4.08	4.18	7.19	6.94

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

* For 3Q2018, 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	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
Net Asset Value per ordinary share based on issued share capital at the end of the period (in cents)	71.82	70.44	46.92	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

3Q2019 vs. 3Q2018

The Group's revenue increased by S\$20.4 million (5.4%) year-on-year ("yoy") to S\$397.5 million for 3Q2019. Conversely, the Group's gross profit decreased marginally by S\$1.8 million (3.0%) yoy to S\$56.5 million for 3Q2019. Correspondingly, gross profit margin declined from 15.5% for 3Q2018 to 14.2% for 3Q2019. The decline in gross profit margin was mainly due to (i) price pressure, ii) higher labor content arising from more complex manufacturing processes and more stringent quality controls required by customers for certain products and (iii) higher tooling amortization costs.

Net interest expense (financial costs net off with interest income) increased by S\$0.2 million (32.5%) yoy to S\$0.8 million for 3Q2019. This was mainly due to recognition of interest expense on lease liabilities pursuant to the adoption of SFRS (I) 16 *Leases*.

Other income increased by S\$0.6 million (26.0%) yoy to S\$2.7 million for 3Q2019 mainly due to rental income generated from the rental of office and plant to one of our associated companies.

Total selling, distribution and administrative expenses increased by S\$2.4 million (11.1%) yoy to S\$24.5 million for 3Q2019 mainly due to (i) higher staff costs resulting from annual salary increments and (ii) higher consultation and other professional fees incurred to improve operational efficiency and for merger and acquisition purposes.

Other expenses generated an income of S\$6.5 million for 3Q2019, as compared to an income of S\$2.8 million for 3Q2018. The increase was mainly due to a net gain of S\$6.6 million derived from foreign exchange gains partially offset by fair value loss on hedging contracts which resulted mainly from the appreciation of USD against the RMB and SGD, as compared to a net gain of S\$2.7 million for 3Q2018.

The Group recorded an income tax expense of S\$8.0 million for 3Q2019, representing an effective tax rate of 19.6% (3Q2018: 17.9%). The lower effective tax rate for 3Q2018 was mainly due to the utilization of unused tax losses.

As a result of the factors mentioned, the Group recorded a net profit after tax of S\$32.9 million for 3Q2019 (3Q2018: S\$33.8 million).

Balance Sheet Analysis

The net book value of property, plant and equipment (“PPE”) decreased by S\$11.5 million (3.9%) from S\$293.6 million as at 31 December 2018 to S\$282.1 million as at 30 September 2019. This was mainly due to depreciation of PPE which amounted to S\$52.1 million, reclassification of S\$6.4 million from PPE to non-current assets classified as held for sale as its carrying amount will be recovered principally through a sale transaction rather than through continuing use, translation losses of S\$6.8 million, disposal of S\$3.3 million, partially offset by addition of S\$57.0 million.

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\$28.8 million as at 30 September 2019. Correspondingly, lease liabilities (both current and non-current) related to the right-of-use assets with a net carrying amount of S\$28.9 million was recognized as at 30 September 2019. Please refer to paragraph 5 for further details.

Investment in associates increased by S\$2.6 million (11.9%) from S\$21.3 million as at 31 December 2018 to S\$23.9 million as at 30 September 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 loss in associates.

Other investment increased by S\$2.7 million (56.0%) from S\$5.0 million as at 31 December 2018 to S\$7.7 million as at 30 September 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\$4.1 million (18.5%) from S\$21.9 million as at 31 December 2018 to S\$26.0 million as at 30 September 2019 mainly due to the recognition of deferred tax assets on unutilized tax losses.

Trade and other receivables decreased by S\$54.2 million (13.7%) from S\$396.0 million as at 31 December 2018 to S\$341.8 million as at 30 September 2019. This was mainly due to (i) a decrease in trade receivables resulting from lower sales for 3Q2019 as compared to 4Q2018 and (ii) a decrease in input value added tax resulting from tax refunds by the relevant tax authority.

Non-current assets classified as held for sale of S\$6.4 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 decreased by S\$7.8 million (2.0%) from S\$380.0 million as at 31 December 2018 to S\$372.2 million as at 30 September 2019. The decrease was mainly due to lower purchases in 3Q2019 resulting from lower sales for 3Q2019 as compared to 4Q2018.

Accrued operating expenses decreased by S\$5.5 million (6.8%) from S\$80.8 million as at 31 December 2018 to S\$75.3 million as at 30 September 2019. The decrease was mainly due to a nine month bonus accrual as at 30 September 2019 as compared to a twelve months bonus accrual as at 31 December 2018.

Current bank loans and borrowings (excluding lease liabilities related to right-of-use assets) decreased by S\$98.5 million (58.6%) from S\$168.2 million as at 31 December 2018 to S\$69.7 million as at 30 September 2019. Cash and cash equivalents and restricted bank deposits decreased by S\$38.9 million (13.5%) from S\$288.4 million as at 31 December 2018 to S\$249.5 million as at 30 September 2019. This resulted in a net cash position of S\$179.8 million (31 December 2018: S\$120.2 million).

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$59.9 million for 3Q2019. Net cash generated from operating activities for 3Q2019 amounted to S\$51.3 million.

Net cash used in investing activities was S\$14.3 million for 3Q2019, mainly due to payments made for the purchase of capital expenditure amounting to S\$17.5 million offset by the proceeds from disposal of property, plant and equipment of S\$2.6 million.

Net cash used in financing activities was S\$38.5 million for 3Q2019, mainly due to net repayments of loans and borrowings amounting to S\$33.1 million and repayment of obligations under lease liabilities related to right-of-use assets amounting to S\$3.8 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 2Q2019 results announcement made on 1 Aug 2019, the Group guided as follows:

- The Group expects higher revenue and similar profit for 3Q2019 as compared to 3Q2018

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

(S\$'000)	3Q2019	3Q2018
Revenue	397,501	377,118
Net profit after tax	32,867	33,795

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 forecasted to show signs of a market recovery in the second half of 2019 and into 2020, pushing smartphone shipment growth back into positive territory. IDC expects shipment growth to reach 1.6% in 2020.¹

Within the smart home devices segment, the worldwide market for smart home devices is expected to grow 23.5% year over year in 2019 to nearly 815 million device shipments, according to the IDC Worldwide Quarterly Smart Home Device Tracker. Worldwide shipments are forecast to be more than 1.39 billion in 2023 with a five-year compound annual growth rate (CAGR) of 14.4%.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 other geographical regions
- Enhancing capacity utilization, improving production automation, computerization of system flows and diversification of process abilities
- Tightening cost controls

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 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

¹ IDC, Smartphone Challenges Continue in 2019, But 5G and Emerging Markets Will Bring Growth Back to the Market in 2020, According to IDC, 9 September 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	:	Interim Dividend
Dividend Type	:	Cash
Dividend Rate	:	0.8 cent per ordinary share
Tax rate	:	Exempt from tax (One-tier corporate tax system)
Total amount payable	:	S\$6.4 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	:	Interim Dividend
Dividend Type	:	Cash
Dividend Rate	:	1.0 cent per ordinary share
Tax rate	:	Exempt from tax (One-tier corporate tax system)
Total amount payable	:	S\$8.0 million

(c) The date the dividend is payable

18 November 2019.

(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

7 November 2019, 5:00 p.m. (For more details on Book Closure Date, please refer to accompanying SGX-net announcement on Cash Dividend/Distribution dated 30 October 2019).

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.

Negative confirmation pursuant to Rule 705(5) 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 September 2019 to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director