

Financial Statement and Dividend Announcement for the quarter ended 30 September 2017

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.

	Q 3-17	Q 3-16	Increase/ (decrease)	YTD	YTD	Increase/ (decrease)
	S\$'000	S\$'000	%	Q 3-17	Q 3-16	%
				S\$'000	S\$'000	
Revenue	411,336	387,339	6.2	935,048	948,291	(1.4)
Cost of sales	<u>(343,267)</u>	<u>(332,746)</u>	3.2	<u>(799,350)</u>	<u>(856,239)</u>	(6.6)
Gross profit	68,069	54,593	24.7	135,698	92,052	47.4
Other items of income						
Interest income	1,202	143	740.6	2,651	435	509.4
Other income	3,077	2,203	39.7	6,592	15,392	(57.2)
Other items of expense						
Selling and distribution expenses	(2,593)	(2,416)	7.3	(7,980)	(7,667)	4.1
Administrative expenses	(16,683)	(18,093)	(7.8)	(47,932)	(50,531)	(5.1)
Financial costs	(1,361)	(870)	56.4	(2,539)	(3,158)	(19.6)
Other expenses	(4,999)	(912)	448.1	(10,274)	(10,399)	(1.2)
Share of results of an associate	(200)	66	n.m.	(50)	227	n.m.
Share of results of a joint venture	<u>36</u>	<u>-</u>	n.m.	<u>14</u>	<u>-</u>	n.m.
Profit before tax	46,548	34,714	34.1	76,180	36,351	109.6
Income tax expense	<u>(8,180)</u>	<u>(4,001)</u>	104.4	<u>(14,315)</u>	<u>(10,365)</u>	38.1
Profit for the period	<u>38,368</u>	<u>30,713</u>	24.9	<u>61,865</u>	<u>25,986</u>	138.1
Attributable to:						
Owners of the Company	38,370	30,715	24.9	61,871	25,989	138.1
Non-controlling interests	<u>(2)</u>	<u>(2)</u>	0.0	<u>(6)</u>	<u>(3)</u>	100.0
	<u>38,368</u>	<u>30,713</u>	24.9	<u>61,865</u>	<u>25,986</u>	138.1

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 30 September 2017

	Group			Group		
	Q3-17 S\$'000	Q3-16 S\$'000	Increase/ (decrease)	YTD Q3-17 S\$'000	YTD Q3-16 S\$'000	Increase/ (decrease) %
Profit for the period	38,368	30,713	24.9	61,865	25,986	138.1
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	3,496	4,631	(24.5)	(1,878)	(30,825)	(93.9)
Share of other comprehensive income of an associated company	(16)	(58)	(72.4)	(44)	(133)	(66.9)
Share of other comprehensive income of a joint venture	2	-	n.m.	(7)	-	n.m.
Other comprehensive income for the period, net of tax	<u>3,482</u>	<u>4,573</u>	(23.9)	<u>(1,929)</u>	<u>(30,958)</u>	(93.8)
Total comprehensive income for the period	<u>41,850</u>	<u>35,286</u>	18.6	<u>59,936</u>	<u>(4,972)</u>	n.m.
Total comprehensive income attributable to:						
Owners of the Company	41,846	35,280	18.6	59,958	(4,907)	n.m.
Non-controlling interests	<u>4</u>	<u>6</u>	(33.3)	<u>(22)</u>	<u>(65)</u>	(66.2)
	<u>41,850</u>	<u>35,286</u>	18.6	<u>59,936</u>	<u>(4,972)</u>	n.m.

n.m. – Not Meaningful

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

	Q3-17	Q3-16	YTD	YTD
	S\$'000	S\$'000	Q3-17	Q3-16
			S\$'000	S\$'000
1. Depreciation of property, plant and equipment	17,555	20,062	55,164	62,998
2. Amortization of deferred capital grant	(172)	(118)	(442)	(319)
3. Amortization of intangible asset	8	30	60	114
4. Adjustment to amortization of intangible asset	-	-	-	(2,092)
5. Amortization of land use rights	65	66	196	201
6. (Reversal of impairment loss)/ impairment loss on property, plant and equipment	(389)	409	(489)	1,230
7. Net (gain)/loss on disposal of property, plant and equipment	(45)	35	(221)	207
8. Property, plant and equipment written off	17	19	83	19
9. Inventory provisions	2,073	3,462	4,784	11,516
10. Inventories written back	(138)	(113)	(375)	(410)
11. (Write back)/ impairment loss on doubtful receivables	(482)	14	(513)	(439)
12. Bad debt written off	-	2	-	2
13. Trade/ other payables waived	(68)	(792)	(949)	(1,162)
14. Directors' fees	90	90	269	269
15. Staff costs (including directors' remuneration)	120,724	94,951	280,923	245,399
16. Operating lease expense	4,893	5,037	14,555	15,390
17. Net foreign exchange loss/ (gain)	3,993	(2,019)	11,461	8,148
18. Net fair value loss/ (gain) on derivatives	524	366	(1,266)	1,111
19. Gain on disposal of investment securities	-	-	-	(10,470)
20. Provision for warranty costs	10	12	16	52
21. (Reversal of allowance)/ allowance on non-cancellable purchase commitments	(28)	1,539	(1,928)	1,215
22. Insurance claim	(28)	(71)	(216)	(71)

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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	325,211	359,598	16,385	16,015
Intangible assets	29	89	12	12
Land use rights	11,375	11,721	-	-
Investment in subsidiaries	-	-	380,535	359,594
Investment in an associate	2,430	2,524	503	503
Investment in a joint venture	448	#	-	-
Other receivables	-	-	46,586	67,456
Other long term assets	-	2	-	-
Restricted bank deposits	506	483	-	-
Deferred tax assets	24,136	21,617	-	-
	364,135	396,034	444,021	443,580
Current assets				
Inventories	195,663	142,918	3,691	4,541
Trade and other receivables	358,910	361,845	82,745	83,844
Notes receivable	14,104	-	-	-
Prepaid operating expenses	6,870	9,080	555	607
Restricted bank deposits	2,276	9,251	-	-
Cash and cash equivalents	294,126	110,927	5,985	6,458
	871,949	634,021	92,976	95,450
Total assets	1,236,084	1,030,055	536,997	539,030
Current liabilities				
Trade and other payables	395,344	244,755	10,756	11,162
Notes payable	1,361	2,909	-	-
Accrued operating expenses	70,807	85,484	21,825	19,350
Provisions	36	38	-	-
Deferred capital grant	688	478	-	-
Loans and borrowings	259,996	95,502	25,058	24,638
Income tax payable	14,419	11,872	1,227	2,374
Derivatives	658	254	389	-
	743,309	441,292	59,255	57,524
Net current assets	128,640	192,729	33,721	37,926
Non-current liabilities				
Other payables	-	-	173,000	46,805
Deferred capital grant	5,704	5,032	-	-
Loans and borrowings	44	82	44	82
Deferred tax liabilities	4,211	4,428	2,529	2,329
	9,959	9,542	175,573	49,216
Total liabilities	753,268	450,834	234,828	106,740
Net assets	482,816	579,221	302,169	432,290

Amount less than S\$1,000

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	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	(55,932)	(55,701)	(55,932)	(55,701)
Accumulated profits	372,448	467,129	228,249	358,554
Other reserves	45,612	47,083	10,127	9,712
	<u>481,853</u>	<u>578,236</u>	<u>302,169</u>	<u>432,290</u>
Non-controlling interests	963	985	-	-
Total equity	<u>482,816</u>	<u>579,221</u>	<u>302,169</u>	<u>432,290</u>

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

Amount repayable within one year or less, or on demand

As at 30/9/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
58	259,938	2,097	93,405

Amount repayable after one year

As at 30/9/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
44	-	82	-

Lease obligations of S\$102,000 were secured against the respective leased assets.

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

	Q3-17	Q3-16	YTD	YTD
	S\$'000	S\$'000	Q3-17	Q3-16
			S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	46,548	34,714	76,180	36,351
Adjustments for:				
Depreciation of property, plant and equipment	17,555	20,062	55,164	62,998
Amortization of deferred capital grants	(172)	(118)	(442)	(319)
Amortization of intangible asset	8	30	60	114
Adjustment to amortization of intangible asset	-	-	-	(2,092)
Amortization of land use rights	65	66	196	201
(Reversal of impairment loss)/ impairment loss on property, plant and equipment	(389)	409	(489)	1,230
Net (gain)/ loss on disposal of property, plant and equipment	(45)	35	(221)	207
Property, plant and equipment written off	17	19	83	19
Inventory provisions	2,073	3,462	4,784	11,516
Inventories written back	(138)	(113)	(375)	(410)
Provision for warranty costs	10	12	16	44
(Write back)/ impairment loss on doubtful receivables	(482)	14	(513)	(439)
Bad debts written off	-	2	-	2
(Reversal of allowance)/ allowance on non-cancellable purchase commitments	(28)	1,539	(1,928)	1,215
Trade/ other payables waived	(68)	(792)	(949)	(1,162)
Equity compensation expense	-	22	27	117
Financial costs	1,361	870	2,539	3,158
Interest income	(1,202)	(143)	(2,651)	(435)
Net fair value loss/ (gain) on derivatives - unrealised	658	(278)	404	(651)
Gain on disposal of investment securities	-	-	-	(10,470)
Net unrealised exchange difference	1,727	1,359	2,715	4,800
Share of results of an associate	200	(66)	50	(227)
Share of results of a joint venture	(36)	-	(14)	-
Operating cash flows before changes in working capital	67,662	61,105	134,636	105,767
Changes in working capital				
(Increase)/ decrease in inventories	(42,202)	34,499	(60,422)	45,391
(Increase)/ decrease in trade and other receivables	(106,851)	(73,642)	1,040	71,769
Increase in notes receivable	(14,104)	-	(14,104)	-
(Increase)/ decrease in prepaid operating expenses and other long term assets	(1,358)	134	2,013	1,855
Increase/ (decrease) in trade and other payables	130,012	14,419	157,124	(58,857)
Increase/ (decrease) in notes payable	419	682	(1,548)	2,050
Increase/ (decrease) in accrued operating expenses	10,618	13,505	(11,863)	(5,051)
Total changes in working capital	(23,466)	(10,403)	72,240	57,157
Cash flows generated from operations	44,196	50,702	206,876	162,924
Income taxes paid	(7,161)	(5,531)	(14,070)	(11,349)
Net cash flows generated from operating activities	37,035	45,171	192,806	151,575

	Q3-17 S\$'000	Q3-16 S\$'000	YTD Q3-17 S\$'000	YTD Q3-16 S\$'000
Cash flows from investing activities				
Proceeds from capital grants	-	-	1,525	2,805
Consultancy fee paid for capital grants application	-	-	(122)	-
Interest received	1,239	126	2,298	427
Proceeds from disposal of property, plant and equipment	461	125	1,090	3,059
Purchase of property, plant and equipment (Note a)	(5,275)	(3,979)	(24,901)	(48,028)
Proceeds from disposal of investment securities	-	-	-	10,925
Investment in joint venture	-	-	(485)	-
Net cash flows used in investing activities	(3,575)	(3,728)	(20,595)	(30,812)
Cash flows from financing activities				
(Increase)/ decrease in restricted bank deposits	(447)	(6,395)	6,952	(9,694)
Dividends paid on ordinary shares	(153,298)	-	(156,525)	(2,449)
Purchase of treasury shares	(177)	(1,672)	(1,847)	(1,672)
Proceeds from re-issuance of treasury shares	1,627	-	2,004	-
Interest paid	(1,361)	(870)	(2,544)	(3,158)
Net proceeds from/ (repayment of) loans and borrowings	161,355	(50,003)	166,533	(137,011)
Repayments of obligations under finance lease	(10)	(1,286)	(2,037)	(6,006)
Net cash flows generated from/ (used in) financing activities	7,689	(60,226)	12,536	(159,990)
Net increase/ (decrease) in cash and cash equivalents	41,149	(18,783)	184,747	(39,227)
Effect of exchange rate changes on cash and cash equivalents	71	944	(1,548)	(4,928)
Cash and cash equivalents at beginning of period	252,906	99,840	110,927	126,156
Cash and cash equivalents at end of period	294,126	82,001	294,126	82,001

Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment

Current period additions	4,550	5,345	23,389	19,485
Less: Payable to creditors	(3,059)	(4,783)	(4,625)	(6,312)
	1,491	562	18,764	13,173
Payments for prior period/year purchases	3,784	3,417	6,137	34,855
Net cash outflow for purchase	5,275	3,979	24,901	48,028

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 2017

Group	Attributable to owners of the Company						
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2017	119,725	(55,701)	47,083	467,129	578,236	985	579,221
Profit for the period	-	-	-	8,402	8,402	(2)	8,400
Share of other comprehensive income of an associated company	-	-	13	-	13	-	13
Foreign currency translation	-	-	(7,474)	-	(7,474)	(24)	(7,498)
Other comprehensive income for the period, net of tax	-	-	(7,461)	-	(7,461)	(24)	(7,485)
Total comprehensive income for the period	-	-	(7,461)	8,402	941	(26)	915
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	20	-	20	-	20
Total transactions with owners in their capacity as owners	-	-	20	-	20	-	20
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	27	(27)	-	-	-
Total others	-	-	27	(27)	-	-	-
Closing balance at 31 March 2017	119,725	(55,701)	39,669	475,504	579,197	959	580,156

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2017 (cont'd)

Group	Attributable to owners of the Company						
	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 31 March 2017	119,725	(55,701)	39,669	475,504	579,197	959	580,156
Profit for the period	-	-	-	15,099	15,099	(2)	15,097
Share of other comprehensive income of an associated company	-	-	(41)	-	(41)	-	(41)
Share of other comprehensive income of a joint venture	-	-	(9)	-	(9)	-	(9)
Foreign currency translation	-	-	2,122	-	2,122	2	2,124
Other comprehensive income for the period, net of tax	-	-	2,072	-	2,072	2	2,074
Total comprehensive income for the period	-	-	2,072	15,099	17,171	-	17,171
Contributions by and distributions to owners							
Employee share option and award schemes -Equity compensation benefits	-	-	7	-	7	-	7
Purchase of treasury shares	-	(1,847)	-	-	(1,847)	-	(1,847)
Treasury shares reissued pursuant to employee share option & award schemes	-	405	(28)	-	377	-	377
Dividends on ordinary shares	-	-	-	(3,227)	(3,227)	-	(3,227)
Total transactions with owners in their capacity as owners	-	(1,442)	(21)	(3,227)	(4,690)	-	(4,690)
Closing balance at 30 June 2017	119,725	(57,143)	41,720	487,376	591,678	959	592,637

(i) Consolidated statement of changes in equity for the 9 months ended 30 September 2017 (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 2017	119,725	(57,143)	41,720	487,376	591,678	959	592,637
Profit for the period	-	-	-	38,370	38,370	(2)	38,368
Share of other comprehensive income of an associated company	-	-	(16)	-	(16)	-	(16)
Share of other comprehensive income of a joint venture	-	-	2	-	2	-	2
Foreign currency translation	-	-	3,490	-	3,490	6	3,496
Other comprehensive income for the period, net of tax	-	-	3,476	-	3,476	6	3,482
Total comprehensive income for the period	-	-	3,476	38,370	41,846	4	41,850
Contributions by and distributions to owners							
Treasury shares reissued pursuant to employee share option scheme	-	1,211	416	-	1,627	-	1,627
Dividends on ordinary shares	-	-	-	(153,298)	(153,298)	-	(153,298)
Total transactions with owners in their capacity as owners	-	1,211	416	(153,298)	(151,671)	-	(151,671)
Closing balance at 30 September 2017	119,725	(55,932)	45,612	372,448	481,853	963	482,816

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

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

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

Attributable to owners of the Company

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

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

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

(iii) Statement of changes in equity of the Company for the 9 months ended 30 September 2017

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 2017	119,725	(55,701)	9,712	358,554	432,290
Profit for the period	-	-	-	12,238	12,238
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes - Equity compensation benefits	-	-	20	-	20
Total transactions with owners in their capacity as owners	-	-	20	-	20
Closing balance at 31 March 2017	119,725	(55,701)	9,732	370,792	444,548
Profit for the period	-	-	-	17,056	17,056
<u>Contributions by and distributions to owners</u>					
Employee share option & award schemes - Equity compensation benefits	-	-	7	-	7
Purchase of treasury shares	-	(1,847)	-	-	(1,847)
Treasury shares reissued pursuant to employee share option & award schemes	-	405	(28)	-	377
Dividends on ordinary shares	-	-	-	(3,227)	(3,227)
Total transactions with owners in their capacity as owners	-	(1,442)	(21)	(3,227)	(4,690)
Closing balance at 30 June 2017	119,725	(57,143)	9,711	384,621	456,914
Loss for the period	-	-	-	(3,074)	(3,074)
<u>Contributions by and distributions to owners</u>					
Treasury shares reissued pursuant to employee share option scheme	-	1,211	416	-	1,627
Dividends on ordinary shares	-	-	-	(153,298)	(153,298)
Total transactions with owners in their capacity as owners	-	1,211	416	(153,298)	(151,671)
Closing balance at 30 September 2017	119,725	(55,932)	10,127	228,249	302,169

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

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

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

During the quarter ended 30 September 2017, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

During the quarter ended 30 September 2017, 95 options have lapsed while 1,727,268 options were exercised.

There are 10,773,076 options outstanding as at 30 September 2017 (30 September 2016: 13,569,680).

Share Awards

During the quarter ended 30 September 2017, there has been no movement for share awards.

There are no more share awards outstanding as at 30 September 2017 (30 September 2016: 70,994).

Treasury Shares

During the quarter ended 30 September 2017, the Company has not purchased any shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 September 2017 is 79,767,579 (30 September 2016: 74,605,789).

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 2017 was 807,407,421 (31 December 2016: 807,406,511).

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

During the quarter ended 30 September 2017, 1,727,268 treasury shares were transferred to employees upon exercise of share options.

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 2016.

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

In the current financial period, the Group adopted the new/ revised Financial Reporting Standards ("FRS") that are effective for annual periods beginning on or after 1 January 2017.

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017

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

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

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

	Q3-17	Q3-16	YTD Q3-17	YTD Q3-16
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	9.3%	7.9%	6.6%	2.7%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	8.0%	5.6%	12.8%	4.7%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	4.76	3.76	7.67	3.19
(b) On a fully diluted basis (cents)*	4.74	3.76	7.64	3.18

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

* For 3Q2016, the financial effect of share options issued has been disregarded in the calculation of dilutive earnings per ordinary share as the stock option exercise prices are above the 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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	59.68	71.62	37.42	53.54

- 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

3Q2017 vs. 3Q2016

The Group's revenue increased by S\$24.0 million (6.2%) year-on-year ("yoy") to S\$411.3 million for 3Q2017. Gross profit increased by S\$13.5 million (24.7%) yoy to S\$68.1 million for 3Q2017 mainly contributed by the increase in revenue, change in product mix, continuous improvement in operational efficiency (better capacity utilization, manufacturing yield improvement and effective cost controls) which was partially offset by higher direct labour costs incurred during production ramp-up and an increase in minimum wages imposed by the applicable local governmental authorities in the PRC. Correspondingly, gross profit margin expanded from 14.1% for 3Q2016 to 16.5% for 3Q2017.

Net interest expense (interest income netted off with financial costs) decreased by S\$0.6 million (78.1%) yoy to S\$0.2 million for 3Q2017, as the Group improved from a net debt position for 3Q2016 to a net cash position for 3Q2017. The decrease was partially offset by higher interest expense on factoring of account receivables and advanced notes receivable from customer.

Other income increased by S\$0.9 million (39.7%) yoy to S\$3.1 million for 3Q2017 mainly due to higher net gain generated from sales of scrap materials.

Total selling, distribution and administrative expenses decreased by S\$1.2 million (6.0%) yoy to S\$19.3 million for 3Q2017 mainly contributed by a reversal of impairment loss for doubtful receivables upon collection of the debt and a decrease in legal fees.

Other expenses increased by S\$4.1 million (448.1%) yoy to S\$5.0 million for 3Q2017. The increase was mainly due to a loss of S\$4.5 million derived from net foreign exchange loss and fair value loss on derivatives resulting from the depreciation of USD against SGD and RMB for 3Q2017, as compared to a gain of S\$1.6 million for 3Q2016. The increase was partially offset by lower allowance on non-cancellable purchase commitments for 3Q2017.

The Group shared a loss of S\$0.2 million from an associated company for 3Q2017 which was mainly attributed to an adjustment on project costs for prior periods.

The Group recorded an income tax expense of S\$8.2 million for 3Q2017, representing an effective tax rate of 17.6%.

As a result of the above factors, the Group's net profit after tax increased by S\$7.7 million (24.9%) yoy to S\$38.4 million for 3Q2017.

Balance Sheet Analysis

The net book value of property, plant and equipment decreased by S\$34.4 million (9.6%) from S\$359.6 million as at 31 December 2016 to S\$325.2 million as at 30 September 2017 mainly due to depreciation amounting S\$55.2 million and translation loss of S\$2.2 million. The decrease was partially offset by additions amounting S\$23.4 million.

The investment in a joint venture of S\$0.4 million as at 30 September 2017 represents the carrying amount of the Group's investment in a jointly controlled entity, RH Packaging Group Limited. This joint venture was incorporated in Hong Kong and is in the business of providing packaging solutions to the consumer electronics industry.

Deferred tax assets increased by S\$2.5 million (11.7%) from S\$21.6 million as at 31 December 2016 to S\$24.1 million as at 30 September 2017 mainly due to the recognition of deferred tax assets on provisions.

Inventories increased by S\$52.8 million (36.9%) from S\$142.9 million as at 31 December 2016 to S\$195.7 million as at 30 September 2017 mainly due to a buildup of inventory for 4Q2017, where sales for 4Q2017 are expected to be higher than 1Q2017.

Notes receivable, trade and other receivables increased by S\$11.2 million (3.1%) from S\$361.8 million as at 31 December 2016 to S\$373.0 million as at 30 September 2017 mainly due to an increase in notes receivable resulting from the higher sales in 3Q2017 as compared to 4Q2016.

Prepaid operating expenses decreased by S\$2.2 million (24.3%) from S\$9.1 million as at 31 December 2016 to S\$6.9 million as at 30 September 2017 mainly due to a decrease in prepayments for the purchase of property, plant and equipment.

Current and non-current bank deposits totaling S\$2.8 million were restricted in its use as at 30 September 2017. These were mainly held for customs clearance purposes.

Notes payable, trade and other payables increased by S\$149.0 million (60.2%) from S\$247.7 million as at 31 December 2016 to S\$396.7 million as at 30 September 2017. This was mainly due to an increase in purchases resulting from the higher sales for 3Q2017 and inventory buildup for 4Q2017.

Accrued operating expenses decreased by S\$14.7 million (17.2%) from S\$85.5 million as at 31 December 2016 to S\$70.8 million as at 30 September 2017 mainly due to a decrease in accruals for non-cancellable purchase commitments.

Current and non-current loans and borrowings increased by S\$164.4 million (172.1%) from S\$95.6 million as at 31 December 2016 to S\$260.0 million as at 30 September 2017. Cash and cash equivalents and restricted bank deposits increased by S\$176.2 million (146.1%) from S\$120.7 million as at 31 December 2016 to S\$296.9 million as at 30 September 2017. This resulted in a net cash position of S\$36.9 million (31 December 2016: S\$25.1 million).

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$67.7 million for 3Q2017. Net cash generated from operating activities for 3Q2017 amounted S\$37.0 million.

Net cash used in investing activities was S\$3.6 million for 3Q2017, mainly due to net cash outflows for the purchase of capital expenditure amounting S\$5.3 million.

Net cash generated from financing activities was S\$7.7 million for 3Q2017, mainly due to the net drawdown of loans and borrowings amounting S\$161.4 million, offset by dividend payment of S\$153.3 million.

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

In the Group's 2Q2017 results announcement made on 3 Aug 2017, the Group guided as follows:

- The Group expects similar revenue and profit for 3Q2017 as compared to 3Q2016.

Subsequently in our business update on 25 September 2017, the Group informed that it expects higher revenue and profit for 3Q2017 instead of similar revenue and profit as previously guided.

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

(S\$'000)	3Q2017	3Q2016
Revenue	411,336	387,339
Net profit after tax	38,368	30,713

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.

In a recent study by the International Data Corporation (“IDC”), the worldwide smartphone market will reach a total of 1.5 billion units shipped in 2017, up 1.7% from the 1.47 billion units shipped in 2016. From there, shipments will reach 1.73 billion units in 2021, the final year of our forecast period, resulting in a CAGR of 3.3%. The IDC also expects average selling prices of smartphones to increase over 7% in 2017 as premium smartphones flourish in various markets¹.

The IDC also expects global spending on the Internet of Things (“IoT”) to grow 16.7% in 2017 reaching just over \$800 billion in total expenditure². Similarly, the IDC expects growth in the worldwide wearables market to continue, forecasting 16.6% yoy growth in 2017³.

In a separate report by Gartner, worldwide shipments of PCs, tablets and smartphones are predicted to exceed 2.35 billion units in 2018, an increase of 2.0 percent from 2017. This would be the highest year-over-year growth since 2015⁴.

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

- Enhancing capacity utilisation and driving manufacturing yield improvement
- Increasing automation across all manufacturing locations
- Tightening cost controls and improving operational efficiency to adopt a leaner business model
- Intensifying business development efforts to further diversify the Group’s customer base
- Exploring growth opportunities that are synergistic to the Group’s operations

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

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

- The Group expects higher revenue and profit for 4Q2017 as compared to 4Q2016.
- The Group expects higher revenue and profit for 4Q2017 as compared to 3Q2017.
- The Group expects higher revenue and profit for 2H2017 as compared to 1H2017.
- The Group expects higher revenue and profit for FY2017 as compared to FY2016.

¹ IDC, Worldwide Smartphone Forecast Update, 2017–2021: September 2017

² IDC, Worldwide Spending on the Internet of Things Forecast to Reach Nearly \$1.4 Trillion in 2021, June 2017

³ IDC, Growth in Wearables Shows No Signs of Wearing Out with Double-Digit Gains Forecast Through 2021, September 2017

⁴ Gartner, Gartner Says Worldwide Device Shipments Will Increase 2 Percent in 2018, Reaching Highest Year-Over-Year Growth Since 2015, October 2017

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	:	2.0 cents per ordinary share
Tax rate	:	Exempt from tax (One-tier corporate tax system)
Total amount payable	:	S\$16.148 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	:	0.4 cents per ordinary share
Tax rate	:	Exempt from tax (One-tier corporate tax system)
Total amount payable	:	S\$3.250 million

(c) Date payable

4 December 2017.

(d) Books closure date

22 November 2017, 5:00p.m. (For more details on Books Closure Date, please refer to accompanying SGX-net announcement on Cash Dividend/Distribution dated 6 November 2017).

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

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 30 September 2017

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 receipt of indemnification of an obligation guaranteed for Eagle Ventures Limited*	\$750,000	N.A.

* No general mandate has been obtained from shareholders for interested persons transactions with this entity.

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

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

Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, to the best of its knowledge, nothing has come to its attention which may render the financial statements for the period ended 30th September 2017 to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director