

**Financial Statement and Dividend Announcement for the quarter ended 31 March 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.**

	<b>Q 1-17</b>	<b>Q 1-16</b>	<b>Increase/ (decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	244,190	275,583	(11.4)
Cost of sales	(210,746)	(258,860)	(18.6)
<b>Gross profit</b>	33,444	16,723	100.0
<b>Other items of income</b>			
Interest income	370	172	115.1
Other income	1,262	1,616	(21.9)
<b>Other items of expense</b>			
Selling and distribution expenses	(2,796)	(2,743)	1.9
Administrative expenses	(16,352)	(16,862)	(3.0)
Financial costs	(511)	(1,308)	(60.9)
Other expenses	(3,628)	(8,030)	(54.8)
Share of results of an associate	121	90	34.4
Share of results of a joint venture	(37)	-	100.0
<b>Profit/ (loss) before tax</b>	11,873	(10,342)	n.m.
Income tax expense	(3,473)	(2,029)	71.2
<b>Profit/ (loss) for the period</b>	<b>8,400</b>	<b>(12,371)</b>	n.m.
<b>Attributable to:</b>			
Owners of the Company	8,402	(12,371)	n.m.
Non-controlling interests	(2)	-	100.0
	<b>8,400</b>	<b>(12,371)</b>	n.m.

n.m. – Not Meaningful

**Consolidated statement of comprehensive income for the quarter ended 31 March 2017**

	Group		Increase/ (decrease)
	Q1-17 S\$'000	Q1-16 S\$'000	
<b>Profit/ (loss) for the period</b>	8,400	(12,371)	n.m.
<b><u>Other comprehensive income</u></b>			
<b>Items that may be reclassified     subsequently to profit or loss:</b>			
Foreign currency translation	(7,498)	(22,463)	(66.6)
Share of other comprehensive income of an associated company	13	(21)	n.m.
Other comprehensive income for the period, net of tax	<u>(7,485)</u>	<u>(22,484)</u>	(66.7)
<b>Total comprehensive income for the period</b>	<u>915</u>	<u>(34,855)</u>	n.m.
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	941	(34,810)	n.m.
Non-controlling interests	<u>(26)</u>	<u>(45)</u>	(42.2)
	<u>915</u>	<u>(34,855)</u>	n.m.

n.m. – Not Meaningful

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

	<b>Q1-17</b>	<b>Q1-16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
1. Depreciation of property, plant and equipment	19,232	22,188
2. Amortization of deferred capital grant	(117)	(187)
3. Amortization of intangible asset	29	56
4. Amortization of land use rights	66	69
5. (Reversal of impairment loss)/ impairment loss on property, plant and equipment	(68)	167
6. Net (gain)/loss on disposal of property, plant and equipment	(51)	331
7. Property, plant and equipment written off	33	1
8. Inventory provisions	1,524	5,989
9. Inventories written back	(87)	(156)
10. Write back on doubtful receivables	(25)	(35)
11. Trade/ other payables waived	(176)	(216)
12. Directors' fees	89	89
13. Staff costs (including directors' remuneration)	73,642	75,305
14. Operating lease expense	5,056	5,283
15. Net foreign exchange loss	5,155	6,915
16. Net fair value (gain)/ loss on derivatives	(1,360)	698
17. Provision for warranty costs	-	9
18. Reversal of allowance on non-cancellable purchase commitments	(1,750)	(136)
19. Insurance claim	(144)	-
20. Net gain on sales of scrap materials	(674)	(413)

**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	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	344,257	359,598	16,210	16,015
Intangible assets	59	89	12	12
Land use rights	11,436	11,721	-	-
Investment in subsidiaries	-	-	359,594	359,594
Investment in an associate	2,658	2,524	503	503
Investment in a joint venture	448	#	-	-
Other receivables	-	-	65,377	67,456
Other long term assets	-	2	-	-
Restricted bank deposits	483	483	-	-
Deferred tax assets	21,617	21,617	-	-
	<b>380,958</b>	<b>396,034</b>	<b>441,696</b>	<b>443,580</b>
<b>Current assets</b>				
Inventories	127,848	142,918	4,228	4,541
Trade and other receivables	235,021	361,845	83,288	83,844
Notes receivable	2	-	-	-
Prepaid operating expenses	5,325	9,080	769	607
Restricted bank deposits	4,877	9,251	-	-
Cash and cash equivalents	179,974	110,927	4,710	6,458
	<b>553,047</b>	<b>634,021</b>	<b>92,995</b>	<b>95,450</b>
<b>Total assets</b>	<b>934,005</b>	<b>1,030,055</b>	<b>534,691</b>	<b>539,030</b>
<b>Current liabilities</b>				
Trade and other payables	203,281	244,755	11,394	11,162
Notes payable	2,032	2,909	-	-
Accrued operating expenses	59,995	85,484	9,310	19,350
Provisions	30	38	-	-
Deferred capital grant	466	478	-	-
Loans and borrowings	65,867	95,502	58	24,638
Income tax payable	12,964	11,872	3,047	2,374
Derivatives	-	254	-	-
	<b>344,635</b>	<b>441,292</b>	<b>23,809</b>	<b>57,524</b>
<b>Net current assets</b>	<b>208,412</b>	<b>192,729</b>	<b>69,186</b>	<b>37,926</b>
<b>Non-current liabilities</b>				
Other payables	-	-	63,866	46,805
Deferred capital grant	4,794	5,032	-	-
Loans and borrowings	68	82	68	82
Deferred tax liabilities	4,352	4,428	2,400	2,329
	<b>9,214</b>	<b>9,542</b>	<b>66,334</b>	<b>49,216</b>
<b>Total liabilities</b>	<b>353,849</b>	<b>450,834</b>	<b>90,143</b>	<b>106,740</b>
<b>Net assets</b>	<b>580,156</b>	<b>579,221</b>	<b>444,548</b>	<b>432,290</b>

	Group		Company	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Equity attributable to owners of the Company</b>				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(55,701)	(55,701)	(55,701)	(55,701)
Accumulated profits	475,504	467,129	370,792	358,554
Other reserves	39,669	47,083	9,732	9,712
	579,197	578,236	444,548	432,290
Non-controlling interests	959	985	-	-
<b>Total equity</b>	<b>580,156</b>	<b>579,221</b>	<b>444,548</b>	<b>432,290</b>

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

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

As at 31/3/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
473	65,394	2,097	93,405

**Amount repayable after one year**

As at 31/3/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
68	-	82	-

Lease obligations of S\$541,000 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.**

	<b>Q1-17</b>	<b>Q1-16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	11,873	(10,342)
Adjustments for:		
Depreciation of property, plant and equipment	19,232	22,188
Amortization of deferred capital grants	(117)	(187)
Amortization of intangible asset	29	56
Amortization of land use rights	66	69
(Reversal of impairment loss)/ impairment loss on property, plant and equipment	(68)	167
Net (gain)/ loss on disposal of property, plant and equipment	(51)	331
Property, plant and equipment written off	33	1
Inventory provisions	1,524	5,989
Inventories written back	(87)	(156)
Provision for warranty costs	-	9
Write back on doubtful receivables	(25)	(35)
Reversal of allowance on non-cancellable purchase commitments	(1,750)	(136)
Trade/ other payables waived	(176)	(216)
Equity compensation expense	20	59
Financial costs	511	1,308
Interest income	(370)	(172)
Net fair value gain on derivatives - unrealised	(254)	(250)
Net unrealised exchange difference	(46)	(3,477)
Share of results of an associate	(121)	(90)
Share of results of a joint venture	37	-
<b>Operating cash flows before changes in working capital</b>	<b>30,260</b>	<b>15,116</b>
<u>Changes in working capital</u>		
Decrease in inventories	10,383	17,811
Decrease in trade and other receivables	123,563	147,468
Increase in notes receivable	(2)	-
Decrease/ (increase) in prepaid operating expenses and other long term assets	3,546	(2,008)
Decrease in trade and other payables	(37,452)	(70,798)
(Decrease)/ increase in notes payable	(827)	836
Decrease in accrued operating expenses	(22,630)	(14,651)
Total changes in working capital	76,581	78,658
<b>Cash flows generated from operations</b>	<b>106,841</b>	<b>93,774</b>
Income taxes paid	(2,539)	(902)
<b>Net cash flows generated from operating activities</b>	<b>104,302</b>	<b>92,872</b>

	Q1-17 S\$'000	Q1-16 S\$'000
<b>Cash flows from investing activities</b>		
Proceeds from capital grants	-	2,805
Interest received	187	181
Proceeds from disposal of property, plant and equipment	162	924
Purchase of property, plant and equipment (Note a)	(7,296)	(34,476)
Investment in joint venture	(485)	-
<b>Net cash flows used in investing activities</b>	<b>(7,432)</b>	<b>(30,566)</b>
<b>Cash flows from financing activities</b>		
Decrease/ (increase) in restricted bank deposits	4,374	(2,658)
Interest paid	(511)	(1,308)
Net repayment of loans and borrowings	(28,011)	(51,195)
Repayments of obligations under finance lease	(1,603)	(2,652)
<b>Net cash flows used in financing activities</b>	<b>(25,751)</b>	<b>(57,813)</b>
<b>Net increase in cash and cash equivalents</b>	<b>71,119</b>	<b>4,493</b>
Effect of exchange rate changes on cash and cash equivalents	(2,072)	(3,625)
Cash and cash equivalents at beginning of period	110,927	126,156
<b>Cash and cash equivalents at end of period</b>	<b>179,974</b>	<b>127,024</b>

#### Note to the Consolidated Cash Flow Statement

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

Current period additions	8,590	8,975
Less: Payable to creditors	(4,011)	(4,346)
	4,579	4,629
Payments for prior period/year purchases	2,717	29,847
<b>Net cash outflow for purchase</b>	<b>7,296</b>	<b>34,476</b>



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 3 months ended 31 March 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
<b>Opening balance at 1 January 2017</b>	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)
<b>Other comprehensive income for the period, net of tax</b>	-	-	(7,461)	-	(7,461)	(24)	(7,485)
<b>Total comprehensive income for the period</b>	-	-	(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
<b>Total transactions with owners in their capacity as owners</b>	-	-	20	-	20	-	20
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	27	(27)	-	-	-
<b>Total others</b>	-	-	27	(27)	-	-	-
<b>Closing balance at 31 March 2017</b>	119,725	(55,701)	39,669	475,504	579,197	959	580,156

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2016

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

(iii) Statement of changes in equity of the Company for the 3 months ended 31 March 2017

Company	<u>Attributable to owners of the Company</u>				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
<b>Opening balance at 1 January 2017</b>	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
<b>Total transactions with owners in their capacity as owners</b>	-	-	20	-	20
<b>Closing balance at 31 March 2017</b>	<u>119,725</u>	<u>(55,701)</u>	<u>9,732</u>	<u>370,792</u>	<u>444,548</u>

(iv) Statement of changes in equity of the Company for the 3 months ended 31 March 2016

Company	<u>Attributable to owners of the Company</u>				Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	
<b>Opening balance at 1 January 2016</b>	119,725	(51,512)	9,695	363,498	441,406
Loss for the period	-	-	-	(1,579)	(1,579)
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes - Equity compensation benefits	-	-	59	-	59
<b>Total transactions with owners in their capacity as owners</b>	-	-	59	-	59
<b>Closing balance at 31 March 2016</b>	<u>119,725</u>	<u>(51,512)</u>	<u>9,754</u>	<u>361,919</u>	<u>439,886</u>

**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 31 March 2017, there has been no increase in the issued and paid-up share capital of the Company.

#### Share Options

During the quarter ended 31 March 2017, 69,205 options have lapsed while no option was exercised.

There are 13,250,570 options outstanding as at 31 March 2017 (31 March 2016: 16,906,327).

#### Share Awards

During the quarter ended 31 March 2017, no awards have lapsed nor vested.

There are 62,774 share awards outstanding as at 31 March 2017 (31 March 2016: 238,323).

#### Treasury Shares

During the quarter ended 31 March 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 31 March 2017 is 79,768,489 (31 March 2016: 70,872,237).

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

The total number of issued ordinary shares excluding treasury shares as at 31 March 2017 was 807,406,511 (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 31 March 2017, there were no sales, disposal, cancellation and/or use of treasury shares.

**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).

	Q1-17	Q1-16
Operating profit/ (loss) after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	3.4%	(4.5%)
Operating profit/ (loss) after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	1.5%	(2.4%)
Earnings/ (loss) per ordinary share		
(a) Based on weighted average number of ordinary shares in issue (cents)	1.04	(1.52)
(b) On a fully diluted basis (cents)*	1.04	(1.52)

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

\* The financial effect of share options issued has been disregarded in the calculation of dilutive earnings per ordinary share as the stock option exercise prices are above the average market price. For 1Q2016, the financial effect of share awards has also been disregarded in the calculation of diluted loss per share as they are anti-dilutive.

**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	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	71.74	71.62	55.06	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**

1Q2017 vs. 1Q2016

The Group's revenue decreased by S\$31.4 million (11.4%) year-on-year ("yoy") to S\$244.2 million for 1Q2017 mainly due to less high component content assembly products for 1Q2017 as compared to 1Q2016.

Despite the S\$31.4 million decrease in revenue, gross profit increased by S\$16.7 million (100.0%) yoy to S\$33.4 million for 1Q2017 while gross profit margin increased from 6.1% for 1Q2016 to 13.7% for 1Q2017. The improvement was mainly attributed to (i) better product mix with lower sales of high component content assembly products for 1Q2017, (ii) improved operational efficiency and cost management, and (iii) lower inventory provision and scrap expenses.

Net interest expense decreased by S\$1.0 million (87.6%) yoy to S\$0.1 million for 1Q2017 as the Group improved from a net debt position for 1Q2016 to a net cash position for 1Q2017. The decrease was partially offset by higher interest expense on factoring of an account receivable.

Other income decreased by S\$0.4 million (21.9%) yoy to S\$1.3 million for 1Q2017 mainly due to less government incentive for 1Q2017 as compared to 1Q2016.

Other expenses decreased by S\$4.4 million (54.8%) yoy to S\$3.6 million for 1Q2017 mainly due to lower net loss arising from net foreign exchange differences and fair value loss on hedging contracts.

The Group recorded an income tax expense of S\$3.5 million for 1Q2017, representing an effective tax rate of 29.3%. This was the result of taxes imposed on profitable entities, and certain deferred tax assets not being recognised.

As a result of the above factors, the Group recorded a net profit of S\$8.4 million for 1Q2017 (1Q2016: net loss of S\$12.4 million).

## **Balance Sheet Analysis**

The net book value of property, plant and equipment decreased by S\$15.3 million (4.3%) from S\$359.6 million as at 31 December 2016 to S\$344.3 million as at 31 March 2017 mainly due to depreciation of S\$19.2 million and translation loss of S\$4.6 million. The decrease was partially offset by additions amounting to S\$8.6 million.

Investment in a joint venture of S\$0.4 million as at 31 March 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.

Inventories decreased by S\$15.1 million (10.5%) from S\$142.9 million as at 31 December 2016 to S\$127.8 million as at 31 March 2017 mainly due to continuous improvement in inventory management.

Trade and other receivables decreased by S\$126.8 million (35.0%) from S\$361.8 million as at 31 December 2016 to S\$235.0 million as at 31 March 2017 mainly due to a decrease in trade receivables resulting from lower sales in 1Q2017 as compared to 4Q2016.

Prepaid operating expenses decreased by S\$3.8 million (41.4%) from S\$9.1 million as at 31 December 2016 to S\$5.3 million as at 31 March 2017 mainly due to a decrease in prepayments for the purchase of property, plant and equipment.

Current and non-current bank deposits totaling to S\$5.4 million were restricted in its use as at 31 March 2017. They were mainly held for the purposes of customs clearance, issuance of bank guarantee, notes payable and letter of credit.

Notes payable, trade and other payables decreased by S\$42.4 million (17.1%) from S\$247.7 million as at 31 December 2016 to S\$205.3 million as at 31 March 2017. This was mainly due to fewer purchases resulting from lower sales in 1Q2017 as compared to 4Q2016 and better inventory management.

Accrued operating expenses decreased by S\$25.5 million (29.8%) from S\$85.5 million as at 31 December 2016 to S\$60.0 million as at 31 March 2017 mainly due to a decrease in accruals for bonuses upon payout, and lower accruals for employment related costs resulting from lower headcount in March 2017 as compared to December 2016.

Current and non-current loans and borrowings decreased by S\$29.7 million (31.0%) from S\$95.6 million as at 31 December 2016 to S\$65.9 million as at 31 March 2017. The decrease was mainly due to the net repayment of loans and borrowings contributed by positive cash flows generated from operating activities.

Cash and cash equivalents and restricted bank deposits increased by S\$64.6 million (53.6%) from S\$120.7 million as at 31 December 2016 to S\$185.3 million as at 31 March 2017. Debt was S\$65.9 million, resulting in a net cash position of S\$119.4 million (31 December 2016: S\$25.1 million).

## **Cash Flows Analysis**

Net cash generated from operating activities before working capital changes was S\$30.3 million for 1Q2017. Net cash generated from operating activities for 1Q2017 amounted to S\$104.3 million.

Net cash used in investing activities was S\$7.4 million for 1Q2017, mainly due to net cash outflows for the purchase of capital expenditure amounting to S\$7.3 million.

Net cash used in financing activities was S\$25.8 million for 1Q2017, mainly due to the net repayment of loans and borrowings amounting to S\$28.0 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 4Q2016 results announcement made on 23 February 2017, the Group guided as follows:

- The Group expects lower revenue in 1Q2017 as compared to 1Q2016. The Group expects to breakeven in 1Q2017.

Subsequently in our business update on 14 April 2017, the Group informed that it expects to be profitable in 1Q2017 instead of breakeven as previously guided.

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

(S\$'000)	1Q2017	1Q2016
Revenue	244,190	275,583
Net profit/ (loss) after tax	8,400	(12,371)

**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 independent research firm International Data Corporation ("IDC"), the worldwide smartphone market will reach a total of 1.53 billion units shipped in 2017, up 4.2% from the 1.47 billion units shipped in 2016<sup>1</sup>. From there, shipments will reach 1.77 billion units in 2021, the final year of their forecast period, resulting in a compound annual growth rate ("CAGR") of 3.7%. The report also highlights that shipments will increase in 2017 and 2018 due to the plethora of new phone releases from major brands during this period.

In another study by the IDC, after a slowdown in 2016, the overall wearables market is expected to return to strong growth<sup>2</sup>. New vendors, emerging form factors, and an expanded number of retail outlets will drive worldwide wearable device shipments from 102.4 million in 2016 to 237.5 million in 2021, a five-year CAGR of 18.3%.

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

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

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

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

- The Group expects lower revenue for 2Q2017 as compared to 2Q2016 but profit to be comparable.
- The Group expects higher revenue and profit for 2H2017 as compared to 1H2017.
- The Group expects similar revenue but higher profit for FY2017 as compared to FY2016.

<sup>1</sup> IDC, Worldwide Smartphone Forecast, 2017–2021, Mar 2017

<sup>2</sup> IDC, Wristwear Dominates the Wearables Market While Clothing and Earwear Have Market-Beating Growth by 2021, March 2017

**11. Dividend**

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

Any dividend recommended for the current financial period reported on?

No.

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

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**13. Aggregate value of interested persons transactions entered into during the quarter ended 31 March 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)
<b>Transaction for Sales of Goods and Services</b> VSN Mobil, Inc.	N.A.	\$4,849,918

**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 31<sup>st</sup> March 2017 to be false or misleading in any material aspect.

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Yao Hsiao Tung  
Executive Chairman  
Chief Executive Officer

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Gerald Lim Thien Su  
Director