

**Financial Statement and Dividend Announcement for the quarter ended 30 June 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 2-17 S\$'000	Q 2-16 S\$'000	Increase/ (decrease) %	YTD Q 2-17 S\$'000	YTD Q 2-16 S\$'000	Increase/ (decrease) %
<b>Revenue</b>	279,522	285,368	(2.0)	523,712	560,951	(6.6)
Cost of sales	(245,337)	(264,633)	(7.3)	(456,083)	(523,493)	(12.9)
<b>Gross profit</b>	34,185	20,735	64.9	67,629	37,458	80.5
<b>Other items of income</b>						
Interest income	1,079	120	799.2	1,449	292	396.2
Other income	2,253	11,573	(80.5)	3,515	13,189	(73.3)
<b>Other items of expense</b>						
Selling and distribution expenses	(2,591)	(2,508)	3.3	(5,387)	(5,251)	2.6
Administrative expenses	(14,897)	(15,575)	(4.4)	(31,249)	(32,437)	(3.7)
Financial costs	(667)	(980)	(31.9)	(1,178)	(2,288)	(48.5)
Other expenses	(1,647)	(1,457)	13.0	(5,275)	(9,487)	(44.4)
Share of results of an associate	29	71	(59.2)	150	161	(6.8)
Share of results of a joint venture	15	-	n.m.	(22)	-	n.m.
<b>Profit before tax</b>	17,759	11,979	48.3	29,632	1,637	1,710.1
Income tax expense	(2,662)	(4,335)	(38.6)	(6,135)	(6,365)	(3.6)
<b>Profit/ (loss) for the period</b>	15,097	7,644	97.5	23,497	(4,728)	n.m.
<b>Attributable to:</b>						
Owners of the Company	15,099	7,645	97.5	23,501	(4,727)	n.m.
Non-controlling interests	(2)	(1)	100.0	(4)	(1)	300.0
	15,097	7,644	97.5	23,497	(4,728)	n.m.

n.m. – Not Meaningful

**Consolidated statement of comprehensive income for the quarter ended 30 June 2017**

	Group			Group		
	Q2-17 S\$'000	Q2-16 S\$'000	Increase/ (decrease)	YTD Q2-17 S\$'000	YTD Q2-16 S\$'000	Increase/ (decrease) %
<b>Profit/ (loss) for the period</b>	15,097	7,644	97.5	23,497	(4,728)	n.m.
<b><u>Other comprehensive income</u></b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation	2,124	(12,993)	n.m.	(5,374)	(35,456)	(84.8)
Share of other comprehensive income of an associated company	(41)	(54)	(24.1)	(28)	(75)	(62.7)
Share of other comprehensive income of a joint venture	(9)	-	n.m.	(9)	-	n.m.
Other comprehensive income for the period, net of tax	<u>2,074</u>	<u>(13,047)</u>	n.m.	<u>(5,411)</u>	<u>(35,531)</u>	(84.8)
<b>Total comprehensive income for the period</b>	<u>17,171</u>	<u>(5,403)</u>	n.m.	<u>18,086</u>	<u>(40,259)</u>	n.m.
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	17,171	(5,377)	n.m.	18,112	(40,188)	n.m.
Non-controlling interests	<u>-</u>	<u>(26)</u>	(100.0)	<u>(26)</u>	<u>(71)</u>	(63.4)
	<u>17,171</u>	<u>(5,403)</u>	n.m.	<u>18,086</u>	<u>(40,259)</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>Q2-17</b>	<b>Q2-16</b>	<b>YTD</b>	<b>YTD</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>Q2-17</b>	<b>Q2-16</b>
			<b>S\$'000</b>	<b>S\$'000</b>
1. Depreciation of property, plant and equipment	18,377	20,748	37,609	42,936
2. Amortization of deferred capital grant	(153)	(14)	(270)	(201)
3. Amortization of intangible asset	23	28	52	84
4. Adjustment to amortization of intangible asset	-	(2,092)	-	(2,092)
5. Amortization of land use rights	65	66	131	135
6. (Reversal of impairment loss)/ impairment loss on property, plant and equipment	(32)	654	(100)	821
7. Net (gain)/loss on disposal of property, plant and equipment	(125)	(159)	(176)	172
8. Property, plant and equipment written off/ (written back)	33	(1)	66	-
9. Inventory provisions	1,187	2,065	2,711	8,054
10. Inventories written back	(150)	(141)	(237)	(297)
11. Write back on doubtful receivables	(6)	(418)	(31)	(453)
12. Trade/ other payables waived	(705)	(154)	(881)	(370)
13. Directors' fees	90	90	179	179
14. Staff costs (including directors' remuneration)	86,557	75,143	160,199	150,448
15. Operating lease expense	4,606	5,070	9,662	10,353
16. Net foreign exchange loss	2,313	3,252	7,468	10,167
17. Net fair value (gain)/ loss on derivatives	(430)	47	(1,790)	745
18. Gain on disposal of investment securities	-	(10,470)	-	(10,470)
19. Provision for warranty costs	6	31	6	40
20. Reversal of allowance on non-cancellable purchase commitments	(150)	(188)	(1,900)	(324)
21. Insurance claim	(44)	-	(188)	-

**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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	336,387	359,598	16,104	16,015
Intangible assets	37	89	12	12
Land use rights	11,388	11,721	-	-
Investment in subsidiaries	-	-	380,535	359,594
Investment in an associate	2,646	2,524	503	503
Investment in a joint venture	411	#	-	-
Other receivables	-	-	64,755	67,456
Other long term assets	-	2	-	-
Restricted bank deposits	496	483	-	-
Deferred tax assets	25,705	21,617	-	-
	<u>377,070</u>	<u>396,034</u>	<u>461,909</u>	<u>443,580</u>
<b>Current assets</b>				
Inventories	155,409	142,918	4,258	4,541
Trade and other receivables	251,409	361,845	79,191	83,844
Prepaid operating expenses	5,492	9,080	786	607
Restricted bank deposits	1,839	9,251	-	-
Cash and cash equivalents	252,906	110,927	9,150	6,458
	<u>667,055</u>	<u>634,021</u>	<u>93,385</u>	<u>95,450</u>
<b>Total assets</b>	<b>1,044,125</b>	<b>1,030,055</b>	<b>555,294</b>	<b>539,030</b>
<b>Current liabilities</b>				
Trade and other payables	265,573	244,755	10,081	11,162
Notes payable	880	2,909	-	-
Accrued operating expenses	60,327	85,484	12,493	19,350
Provisions	27	38	-	-
Deferred capital grant	684	478	-	-
Loans and borrowings	98,641	95,502	58	24,638
Income tax payable	15,234	11,872	2,209	2,374
Derivatives	-	254	-	-
	<u>441,366</u>	<u>441,292</u>	<u>24,841</u>	<u>57,524</u>
<b>Net current assets</b>	<b>225,689</b>	<b>192,729</b>	<b>68,544</b>	<b>37,926</b>
<b>Non-current liabilities</b>				
Other payables	-	-	71,013	46,805
Deferred capital grant	5,842	5,032	-	-
Loans and borrowings	53	82	53	82
Deferred tax liabilities	4,227	4,428	2,473	2,329
	<u>10,122</u>	<u>9,542</u>	<u>73,539</u>	<u>49,216</u>
<b>Total liabilities</b>	<b>451,488</b>	<b>450,834</b>	<b>98,380</b>	<b>106,740</b>
<b>Net assets</b>	<b>592,637</b>	<b>579,221</b>	<b>456,914</b>	<b>432,290</b>

# Amount less than S\$1,000

	Group		Company	
	30/6/2017	31/12/2016	30/6/2017	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	(57,143)	(55,701)	(57,143)	(55,701)
Accumulated profits	487,376	467,129	384,621	358,554
Other reserves	41,720	47,083	9,711	9,712
	<u>591,678</u>	<u>578,236</u>	<u>456,914</u>	<u>432,290</u>
Non-controlling interests	959	985	-	-
<b>Total equity</b>	<b><u>592,637</u></b>	<b><u>579,221</u></b>	<b><u>456,914</u></b>	<b><u>432,290</u></b>

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

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

As at 30/6/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
58	98,583	2,097	93,405

**Amount repayable after one year**

As at 30/6/2017		As at 31/12/2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
53	-	82	-

Lease obligations of S\$111,000 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>Q2-17</b>	<b>Q2-16</b>	<b>YTD</b>	<b>YTD</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>Q2-17</b>	<b>Q2-16</b>
			<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	17,759	11,979	29,632	1,637
Adjustments for:				
Depreciation of property, plant and equipment	18,377	20,748	37,609	42,936
Amortization of deferred capital grants	(153)	(14)	(270)	(201)
Amortization of intangible asset	23	28	52	84
Adjustment to amortization of intangible asset	-	(2,092)	-	(2,092)
Amortization of land use rights	65	66	131	135
(Reversal of impairment loss)/ impairment loss on property, plant and equipment	(32)	654	(100)	821
Net (gain)/ loss on disposal of property, plant and equipment	(125)	(159)	(176)	172
Property, plant and equipment written off/ (written back)	33	(1)	66	-
Inventory provisions	1,187	2,065	2,711	8,054
Inventories written back	(150)	(141)	(237)	(297)
Provision for warranty costs	6	23	6	32
Write back on doubtful receivables	(6)	(418)	(31)	(453)
Reversal of allowance on non-cancellable purchase commitments	(150)	(188)	(1,900)	(324)
Trade/ other payables waived	(705)	(154)	(881)	(370)
Equity compensation expense	7	36	27	95
Financial costs	667	980	1,178	2,288
Interest income	(1,079)	(120)	(1,449)	(292)
Net fair value gain on derivatives - unrealised	-	(123)	(254)	(373)
Gain on disposal of investment securities	-	(10,470)	-	(10,470)
Net unrealised exchange difference	1,034	6,918	988	3,441
Share of results of an associate	(29)	(71)	(150)	(161)
Share of results of a joint venture	(15)	-	22	-
<b>Operating cash flows before changes in working capital</b>	<b>36,714</b>	<b>29,546</b>	<b>66,974</b>	<b>44,662</b>
<b>Changes in working capital</b>				
(Increase)/ decrease in inventories	(28,603)	(6,919)	(18,220)	10,892
(Increase)/ decrease in trade and other receivables	(15,672)	(2,057)	107,891	145,411
Decrease in notes receivable	2	-	-	-
(Increase)/ decrease in prepaid operating expenses and other long term assets	(175)	3,729	3,371	1,721
Increase/ (decrease) in trade and other payables	64,564	(2,478)	27,112	(73,276)
(Decrease)/ increase in notes payable	(1,140)	532	(1,967)	1,368
Increase/ (decrease) in accrued operating expenses	149	(3,905)	(22,481)	(18,556)
Total changes in working capital	19,125	(11,098)	95,706	67,560
<b>Cash flows generated from operations</b>	<b>55,839</b>	<b>18,448</b>	<b>162,680</b>	<b>112,222</b>
Income taxes paid	(4,370)	(4,916)	(6,909)	(5,818)
<b>Net cash flows generated from operating activities</b>	<b>51,469</b>	<b>13,532</b>	<b>155,771</b>	<b>106,404</b>

	Q2-17 S\$'000	Q2-16 S\$'000	YTD Q2-17 S\$'000	YTD Q2-16 S\$'000
<b>Cash flows from investing activities</b>				
Proceeds from capital grants	1,525	-	1,525	2,805
Consultancy fee paid for capital grants application	(122)	-	(122)	-
Interest received	872	120	1,059	301
Proceeds from disposal of property, plant and equipment	467	2,010	629	2,934
Purchase of property, plant and equipment (Note a)	(12,330)	(9,573)	(19,626)	(44,049)
Proceeds from disposal of investment securities	-	10,925	-	10,925
Investment in joint venture	-	-	(485)	-
<b>Net cash flows (used in)/ generated from investing activities</b>	<b>(9,588)</b>	<b>3,482</b>	<b>(17,020)</b>	<b>(27,084)</b>
<b>Cash flows from financing activities</b>				
Decrease/ (increase) in restricted bank deposits	3,025	(641)	7,399	(3,299)
Dividends paid on ordinary shares	(3,227)	(2,449)	(3,227)	(2,449)
Purchase of treasury shares	(1,670)	-	(1,670)	-
Proceeds from re-issuance of treasury shares	377	-	377	-
Interest paid	(672)	(980)	(1,183)	(2,288)
Net proceeds from/ (repayment of) loans and borrowings	33,189	(35,813)	5,178	(87,008)
Repayments of obligations under finance lease	(424)	(2,068)	(2,027)	(4,720)
<b>Net cash flows generated from/ (used in) financing activities</b>	<b>30,598</b>	<b>(41,951)</b>	<b>4,847</b>	<b>(99,764)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>72,479</b>	<b>(24,937)</b>	<b>143,598</b>	<b>(20,444)</b>
Effect of exchange rate changes on cash and cash equivalents	453	(2,247)	(1,619)	(5,872)
Cash and cash equivalents at beginning of period	179,974	127,024	110,927	126,156
<b>Cash and cash equivalents at end of period</b>	<b>252,906</b>	<b>99,840</b>	<b>252,906</b>	<b>99,840</b>

#### Note to the Consolidated Cash Flow Statement

##### (a) Purchase of Property, plant and equipment

Current period additions	10,249	5,165	18,839	14,140
Less: Payable to creditors	(4,023)	(764)	(5,227)	(3,685)
	6,226	4,401	13,612	10,455
Payments for prior period/year purchases	6,104	5,172	6,014	33,594
<b>Net cash outflow for purchase</b>	<b>12,330</b>	<b>9,573</b>	<b>19,626</b>	<b>44,049</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 6 months ended 30 June 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

(i) Consolidated statement of changes in equity for the 6 months ended 30 June 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
<b>Opening balance at 31 March 2017</b>	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
<b>Other comprehensive income for the period, net of tax</b>	-	-	2,072	-	2,072	2	2,074
<b>Total comprehensive income for the period</b>	-	-	2,072	15,099	17,171	-	17,171
<u>Contributions by and distributions to owners</u>							
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)
<b>Total transactions with owners in their capacity as owners</b>	-	(1,442)	(21)	(3,227)	(4,690)	-	(4,690)
<b>Closing balance at 30 June 2017</b>	119,725	(57,143)	41,720	487,376	591,678	959	592,637

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 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

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2016 (cont'd)

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

(iii) Statement of changes in equity of the Company for the 6 months ended 30 June 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	
<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>	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)
<b>Total transactions with owners in their capacity as owners</b>	-	(1,442)	(21)	(3,227)	(4,690)
<b>Closing balance at 30 June 2017</b>	119,725	(57,143)	9,711	384,621	456,914

(iv) Statement of changes in equity of the Company for the 6 months ended 30 June 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	
<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>	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)
<b>Total transactions with owners in their capacity as owners</b>	-	118	(82)	(2,449)	(2,413)
<b>Closing balance at 30 June 2016</b>	119,725	(51,394)	9,672	360,302	438,305

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

#### Share Options

During the quarter ended 30 June 2017, 232,655 options have lapsed while 517,476 options were exercised.

There are 12,500,439 options outstanding as at 30 June 2017 (30 June 2016: 13,738,887).

#### Share Awards

During the quarter ended 30 June 2017, 1,308 awards have lapsed while 61,466 awards were vested.

There are no more share awards outstanding as at 30 June 2017 (30 June 2016: 74,088).

#### Treasury Shares

During the quarter ended 30 June 2017, the Company has purchased 2,305,300 shares to be held as treasury shares.

The number of treasury shares held by the Company as at 30 June 2017 is 81,494,847 (30 June 2016: 70,709,728).

**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 June 2017 was 805,680,153 (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 June 2017, 517,476 treasury shares were transferred to employees upon exercise of share options while 61,466 treasury shares were transferred to employees upon vesting of share awards.

**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).

	Q2-17	Q2-16	YTD Q2-17	YTD Q2-16
Operating profit/ (loss) after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	5.4%	2.7%	4.5%	(0.8%)
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	2.6%	1.5%	4.0%	(0.9%)
Earnings/ (loss) per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	1.87	0.94	2.91	(0.58)
(b) On a fully diluted basis (cents)*	1.87	0.94	2.91	(0.58)

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

\* For 2Q2016, 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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	73.44	71.62	56.71	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**

2Q2017 vs. 2Q2016

The Group's revenue decreased by S\$5.8 million (2.0%) year-on-year ("yoy") to S\$279.5 million for 2Q2017. Despite the decline in revenue, gross profit increased by S\$13.5 million (64.9%) yoy to S\$34.2 million for 2Q2017. Gross profit margin increased from 7.3% for 2Q2016 to 12.2% for 2Q2017 mainly due to less high component content assembly products coupled with improved operational efficiency. This was partially offset by higher labor costs attributed to the preparation for 2H2017 ramp up.

The Group generated net interest income (interest income netted off with financial costs) of S\$0.4 million for 2Q2017, compared to an expense of S\$0.9 million for 2Q2016, as the Group improved from a net debt position for 2Q2016 to a net cash position for 2Q2017.

Other income decreased by S\$9.3 million (80.5%) yoy to S\$2.3 million for 2Q2017. The higher other income for 2Q2016 was mainly due a pre-tax gain of S\$10.5 million from the disposal of an investment in a startup company.

The Group recorded an income tax expense of S\$2.7 million for 2Q2017, representing an effective tax rate of 15.0%. The relatively low effective tax rate for 2Q2017 was mainly due to the utilisation of unused tax losses where deferred tax assets were not recognised in 1Q2017 and prior years. The effective tax rate for 1H2017 was 20.7%.

As a result of the above factors, the Group recorded a net profit of S\$15.1 million for 2Q2017 (2Q2016: S\$7.6 million).

## **Balance Sheet Analysis**

The net book value of property, plant and equipment decreased by S\$23.2 million (6.5%) from S\$359.6 million as at 31 December 2016 to S\$336.4 million as at 30 June 2017 mainly due to depreciation of S\$37.6 million and translation loss of S\$4.1 million. The decrease was partially offset by additions amounting to S\$18.8 million.

Investment in a joint venture of S\$0.4 million as at 30 June 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\$4.1 million (18.9%) from S\$21.6 million as at 31 December 2016 to S\$25.7 million as at 30 June 2017 mainly due to recognition of deferred tax assets on unutilised tax losses.

Inventories increased by S\$12.5 million (8.7%) from S\$142.9 million as at 31 December 2016 to S\$155.4 million as at 30 June 2017 mainly due to a buildup of inventory for 2H2017, where sales for 2H2017 are expected to be higher than 1H2017.

Trade and other receivables decreased by S\$110.4 million (30.5%) from S\$361.8 million as at 31 December 2016 to S\$251.4 million as at 30 June 2017 mainly due to a decrease in trade receivables resulting from lower sales in 2Q2017 as compared to 4Q2016.

Prepaid operating expenses decreased by S\$3.6 million (39.5%) from S\$9.1 million as at 31 December 2016 to S\$5.5 million as at 30 June 2017 mainly due to a decrease in prepayments for the purchase of property, plant and equipment.

Current and non-current bank deposits totaling S\$2.3 million were restricted in its use as at 30 June 2017, mainly held for customs clearance purposes.

Notes payable, trade and other payables increased by S\$18.8 million (7.6%) from S\$247.7 million as at 31 December 2016 to S\$266.5 million as at 30 June 2017. This was mainly due to increased purchases resulting from the buildup of inventory for 2H2017.

Accrued operating expenses decreased by S\$25.2 million (29.4%) from S\$85.5 million as at 31 December 2016 to S\$60.3 million as at 30 June 2017 mainly due to a decrease in accruals for bonuses upon payout and lower accruals for non-cancellable purchase commitments.

Current and non-current loans and borrowings increased by S\$3.1 million (3.3%) from S\$95.6 million as at 31 December 2016 to S\$98.7 million as at 30 June 2017. Cash and cash equivalents and restricted bank deposits increased by S\$134.5 million (111.5%) from S\$120.7 million as at 31 December 2016 to S\$255.2 million as at 30 June 2017. This resulted in a net cash position of S\$156.5 million (31 December 2016: S\$25.1 million).

### **Cash Flows Analysis**

Net cash generated from operating activities before working capital changes was S\$36.7 million for 2Q2017. Net cash generated from operating activities for 2Q2017 amounted S\$51.5 million.

Net cash used in investing activities was S\$9.6 million for 2Q2017, mainly due to net cash outflows for the purchase of capital expenditure amounting S\$12.3 million.

Net cash generated from financing activities was S\$30.6 million for 2Q2017, mainly due to the net drawdown of loans and borrowings amounting S\$33.2 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 1Q2017 results announcement made on 4 May 2017, the Group guided as follows:

- The Group expects lower revenue in 2Q2017 as compared to 2Q2016 but profit to be comparable.

Subsequently in our business update on 14 July 2017, the Group announced that it expects higher profit for 2Q2017 as compared to 2Q2016, while revenue to be comparable with 2Q2016.

In line with our business update, the Group recorded a higher profit for 2Q2017 with an increase of 97.5% yoy. Revenue was comparable to 2Q2016 with a marginally decrease of 2.0% yoy. The results achieved are summarised below:

(S\$'000)	<b>2Q2017</b>	<b>2Q2016</b>
Revenue	279,522	285,368
Net profit after tax	15,097	7,644

**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 research conducted by the International Data Corporation (“IDC”), global smartphone shipments are expected to increase by 3.0% in 2017 to 1.52 billion units, higher than the 2.5% growth achieved in 2016. This growth will be driven by the release of highly expected new phone launches in 2017. Subsequently, the IDC expects global smartphone shipments to rise 4.5% in 2018, increasing steadily to reach 1.745 billion units shipped by 2021<sup>1</sup>.

In a separate study, IDC forecasts worldwide spending on the Internet of Things (“IoT”) to grow 16.7% in 2017 reaching just over \$800 billion in total expenditure. By 2021, global IoT spending is expected to total nearly \$1.4 trillion as organisations continue to invest in the hardware, software, services, and connectivity that enable the IoT<sup>2</sup>.

Similarly, IDC forecasts the vendors in the worldwide wearables market to increase 20.4% in 2017 to a total of 125.5 million wearable devices shipments<sup>3</sup>.

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

- Tightening cost controls and improving operational efficiency to adopt a leaner business model.
- Intensifying business development efforts to diversify the Group’s customer base.
- Enhancing capacity utilisation across all manufacturing sites while controlling capital expenditure.
- Succession planning to ensure the long-term sustainability of 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 similar revenue and profit for 3Q2017 as compared to 3Q2016.
- 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.

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

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

<sup>3</sup> IDC, Worldwide Wearables Market to Nearly Double by 2021, According to IDC, June 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 : 19.0 cents per ordinary share  
Tax rate : Exempt from tax (One-tier corporate tax system)  
Total amount payable : S\$153.1 million

**(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**

To be announced later.

**(d) Books closure date**

To be announced later.

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

Not applicable.

**13. Aggregate value of interested persons transactions entered into during the quarter ended 30 June 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> Molex International Inc. & its group of companies *	\$421,377	N.A.

\* No general mandate has been obtained from shareholders for interested persons transactions with these entities. Molex International Inc. has ceased to be a shareholder and interested person with effect from 12 June 2017.

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

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

**Confirmation by the Board**

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, to the best of its knowledge, nothing has come to its attention which may render the financial statements for the period ended 30<sup>th</sup> June 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