

Financial Statement and Dividend Announcement for the quarter ended 31 March 2018

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 1-18 S\$'000	Q 1-17 S\$'000	Increase/ (decrease) %
Revenue	281,096	244,190	15.1
Cost of sales	<u>(243,301)</u>	<u>(210,746)</u>	15.4
Gross profit	37,795	33,444	13.0
Other items of income			
Interest income	1,665	370	350.0
Other income	1,606	1,262	27.3
Other items of expense			
Selling and distribution expenses	(2,517)	(2,796)	(10.0)
Administrative expenses	(13,749)	(16,352)	(15.9)
Financial costs	(1,317)	(511)	157.7
Other expenses	(11,320)	(3,628)	212.0
Share of results of associates	(69)	121	n.m.
Share of results of a joint venture	<u>8</u>	<u>(37)</u>	n.m.
Profit before tax	12,102	11,873	1.9
Income tax expense	<u>(2,028)</u>	<u>(3,473)</u>	(41.6)
Profit for the period	<u>10,074</u>	<u>8,400</u>	19.9
Attributable to:			
Owners of the Company	10,085	8,402	20.0
Non-controlling interests	<u>(11)</u>	<u>(2)</u>	450.0
	<u>10,074</u>	<u>8,400</u>	19.9

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 31 March 2018

	Group		Increase/ (decrease)
	Q1-18 S\$'000	Q1-17 S\$'000	
Profit for the period	10,074	8,400	19.9
<u>Other comprehensive income</u>			
Items that may be reclassified			
subsequently to profit or loss:			
Foreign currency translation	11,138	(7,498)	n.m.
Share of other comprehensive income of associates	24	13	84.6
Share of other comprehensive income of a joint venture	4	-	n.m.
Other comprehensive income for the period, net of tax	<u>11,166</u>	<u>(7,485)</u>	n.m.
Total comprehensive income for the period	<u>21,240</u>	<u>915</u>	2,221.3
Total comprehensive income attributable to:			
Owners of the Company	21,235	941	2,156.6
Non-controlling interests	<u>5</u>	<u>(26)</u>	n.m.
	<u>21,240</u>	<u>915</u>	2,221.3

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:

	Q1-18 S\$'000	Q1-17 S\$'000
1. Depreciation of property, plant and equipment	17,220	19,232
2. Amortization of deferred capital grants	(199)	(117)
3. Amortization of intangible asset	-	29
4. Amortization of land use rights	67	66
5. Reversal of impairment loss on property, plant and equipment	(10)	(68)
6. Net loss/ (gain) on disposal of property, plant and equipment	147	(51)
7. Property, plant and equipment written off	-	33
8. (Reversal of inventory provision)/ inventory provision	(833)	1,524
9. Inventories written back	(153)	(87)
10. Write back of doubtful receivables	(533)	(25)
11. Trade/ other payables waived	(18)	(176)
12. Directors' fees	90	89
13. Staff costs (including directors' remuneration)	77,647	73,642
14. Operating lease expense	4,627	5,056
15. Net foreign exchange loss	13,000	5,155
16. Net fair value gain on derivatives	(1,731)	(1,360)
17. Reversal of allowance on non-cancellable purchase commitments	(21)	(1,750)
18. Insurance claim	(11)	(144)

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	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	315,067	315,131	15,506	15,946
Intangible assets	12	12	12	12
Land use rights	11,431	11,352	-	-
Investment in subsidiaries	-	-	380,535	380,535
Investment in associates	7,449	6,663	503	503
Investment in a joint venture	365	348	-	-
Other receivables	-	-	26,210	26,746
Restricted bank deposits	513	505	-	-
Deferred tax assets	21,919	25,729	-	-
	356,756	359,740	422,766	423,742
Current assets				
Inventories	182,476	178,529	4,006	3,437
Trade and other receivables	272,656	445,297	79,421	77,728
Notes receivable	4,744	7,551	-	-
Prepaid operating expenses	12,611	6,447	510	208
Restricted bank deposits	3,296	4,411	-	-
Cash and cash equivalents	368,408	277,914	14,934	13,748
	844,191	920,149	98,871	95,121
Total assets	1,200,947	1,279,889	521,637	518,863
Current liabilities				
Trade and other payables	326,074	419,860	9,545	9,405
Notes payable	1,501	1,577	-	-
Accrued operating expenses	61,297	89,246	13,221	38,425
Provisions	1,108	1,368	-	-
Deferred capital grants	796	784	93	93
Loans and borrowings	235,169	205,213	25,058	25,058
Income tax payable	13,280	21,557	2,236	1,473
	639,225	739,605	50,153	74,454
Net current assets	204,966	180,544	48,718	20,667
Non-current liabilities				
Other payables	-	-	154,215	164,006
Deferred capital grants	5,613	5,720	138	161
Loans and borrowings	14	29	14	29
Deferred tax liabilities	4,384	5,050	2,632	2,702
	10,011	10,799	156,999	166,898
Total liabilities	649,236	750,404	207,152	241,352
Net assets	551,711	529,485	314,485	277,511

	Group		Company	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	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	(55,930)	(56,547)	(55,930)	(56,547)
Accumulated profits	431,180	421,095	245,516	209,528
Other reserves	55,766	44,247	5,174	4,805
	<u>550,741</u>	<u>528,520</u>	<u>314,485</u>	<u>277,511</u>
Non-controlling interests	970	965	-	-
Total equity	<u>551,711</u>	<u>529,485</u>	<u>314,485</u>	<u>277,511</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 31/3/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
58	235,111	58	205,155

Amount repayable after one year

As at 31/3/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
14	-	29	-

Lease obligation of S\$72,000 was 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.

	Q1-18	Q1-17
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	12,102	11,873
Adjustments for:		
Depreciation of property, plant and equipment	17,220	19,232
Amortization of deferred capital grants	(199)	(117)
Amortization of intangible asset	-	29
Amortization of land use rights	67	66
Reversal of impairment loss on property, plant and equipment	(10)	(68)
Net loss/ (gain) on disposal of property, plant and equipment	147	(51)
Property, plant and equipment written off	-	33
(Reversal of inventory provision)/ inventory provision	(833)	1,524
Inventories written back	(153)	(87)
Write back of doubtful receivables	(533)	(25)
Reversal of allowance on non-cancellable purchase commitments	(21)	(1,750)
Trade/ other payables waived	(18)	(176)
Equity compensation expense	-	20
Financial costs	1,317	511
Interest income	(1,665)	(370)
Net fair value gain on derivatives - unrealised	-	(254)
Net unrealised exchange difference	4,403	(47)
Share of results of associates	69	(121)
Share of results of a joint venture	(8)	37
Operating cash flows before changes in working capital	31,885	30,259
<u>Changes in working capital</u>		
(Increase)/ decrease in inventories	(351)	10,383
Decrease in trade and other receivables	175,650	123,563
Decrease/ (increase) in notes receivable	2,807	(2)
(Increase)/ decrease in prepaid operating expenses and other long term assets	(6,068)	3,546
Decrease in trade and other payables	(100,240)	(37,452)
Decrease in notes payable	(76)	(827)
Decrease in accrued operating expenses	(29,320)	(22,630)
Total changes in working capital	42,402	76,581
Cash flows generated from operations	74,287	106,840
Income taxes paid	(6,219)	(2,539)
Net cash flows generated from operating activities	68,068	104,301

	Q1-18 S\$'000	Q1-17 S\$'000
Cash flows from investing activities		
Interest received	1,631	187
Proceeds from disposal of property, plant and equipment	158	162
Purchase of property, plant and equipment (Note a)	(13,002)	(7,296)
Investment in an associate	(831)	-
Investment in a joint venture	-	(484)
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Net cash flows used in investing activities	(12,044)	(7,431)
Cash flows from financing activities		
Decrease in restricted bank deposits	1,107	4,374
Proceeds from re-issuance of treasury shares	986	-
Financial costs paid	(1,227)	(511)
Net proceeds from/ (repayment of) loans and borrowings	30,523	(28,011)
Repayments of obligations under finance lease	(15)	(1,603)
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Net cash flows generated from/ (used in) financing activities	31,374	(25,751)
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Net increase in cash and cash equivalents	87,398	71,119
Effect of exchange rate changes on cash and cash equivalents	3,096	(2,072)
Cash and cash equivalents at beginning of period	277,914	110,927
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Cash and cash equivalents at end of period	368,408	179,974
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Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment

Current period additions	12,521	8,590
Less: Payable to creditors	(3,112)	(4,011)
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Payments for prior period/year purchases	9,409	4,579
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Net cash outflow for purchase	3,593	2,717
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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 2018

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 2018	119,725	(56,547)	44,247	421,095	528,520	965	529,485
Profit for the period	-	-	-	10,085	10,085	(11)	10,074
Share of other comprehensive income of associates	-	-	24	-	24	-	24
Share of other comprehensive income of a joint venture	-	-	4	-	4	-	4
Foreign currency translation	-	-	11,122	-	11,122	16	11,138
Other comprehensive income for the period, net of tax	-	-	11,150	-	11,150	16	11,166
Total comprehensive income for the period	-	-	11,150	10,085	21,235	5	21,240
<u>Contributions by and distributions to owners</u>							
Treasury shares reissued pursuant to employee share option scheme	-	617	369	-	986	-	986
Total transactions with owners in their capacity as owners	-	617	369	-	986	-	986
Closing balance at 31 March 2018	119,725	(55,930)	55,766	431,180	550,741	970	551,711

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2017

	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
Group	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 associate	-	-	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

(iii) Statement of changes in equity of the Company for the 3 months ended 31 March 2018

Attributable to owners of the Company

<u>Company</u>	<u>Share capital</u> <u>S\$'000</u>	<u>Treasury shares</u> <u>S\$'000</u>	<u>Capital reserve</u> <u>S\$'000</u>	<u>Accumulated profits</u> <u>S\$'000</u>	<u>Total equity</u> <u>S\$'000</u>
Opening balance at 1 January 2018	119,725	(56,547)	4,805	209,528	277,511
Profit for the period	-	-	-	35,988	35,988
<u>Contributions by and distributions to owners</u>					
Treasury shares reissued pursuant to employee share option scheme	-	617	369	-	986
Total transactions with owners in their capacity as owners	-	617	369	-	986
Closing balance at 31 March 2018	<u>119,725</u>	<u>(55,930)</u>	<u>5,174</u>	<u>245,516</u>	<u>314,485</u>

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

Attributable to owners of the Company

<u>Company</u>	<u>Share capital</u> <u>S\$'000</u>	<u>Treasury shares</u> <u>S\$'000</u>	<u>Capital reserve</u> <u>S\$'000</u>	<u>Accumulated profits</u> <u>S\$'000</u>	<u>Total equity</u> <u>S\$'000</u>
Opening balance at 1 January 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	<u>119,725</u>	<u>(55,701)</u>	<u>9,732</u>	<u>370,792</u>	<u>444,548</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 2018, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

During the quarter ended 31 March 2018, 498,570 options have lapsed while 868,069 options were exercised.

There are 8,454,479 options outstanding as at 31 March 2018 (31 March 2017: 13,250,570).

Share Awards

There are no more share awards outstanding since 30 June 2017 (31 March 2017: 62,774).

Treasury Shares

During the quarter ended 31 March 2018, the Company has not purchased any share to be held as treasury shares.

The number of treasury shares held by the Company as at 31 March 2018 is 78,717,665 (31 March 2017: 79,768,489).

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 2018 was 808,457,335 (31 December 2017: 807,589,266).

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 2018, 868,069 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 2017.

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 2018.

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 102 <i>Classification and Measurement of Share-based Payment Transactions</i>	<i>1 January 2018</i>
FRS 109 <i>Financial Instruments</i>	<i>1 January 2018</i>
FRS 115 <i>Revenue from Contracts with Customers</i>	<i>1 January 2018</i>
Improvements to FRSs (December 2016)	
Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i>	<i>1 January 2018</i>
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	<i>1 January 2018</i>

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).

	Q1-18	Q1-17
Operating profit after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	3.6%	3.4%
Operating profit after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	1.8%	1.5%
Earnings per ordinary share		
(a) Based on weighted average number of ordinary shares in issue (cents)	1.25	1.04
(b) On a fully diluted basis (cents)*	1.24	1.04

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

* For 1Q2017, 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	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	68.12	65.44	38.90	34.36

- 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

1Q2018 vs. 1Q2017

The Group's revenue increased by S\$36.9 million (15.1%) year-on-year ("yoy") to S\$281.1 million for 1Q2018 mainly due to higher sales volume for 1Q2018 as compared to 1Q2017. In line with the increase in revenue, gross profit increased by S\$4.4 million (13.0%) yoy to S\$37.8 million for 1Q2018, where gross profit margin decreased slightly from 13.7% for 1Q2017 to 13.4% for 1Q2018.

The Group generated net interest income (interest income netted off with financial cost) of S\$0.3 million for 1Q2018, compared to an expense of S\$0.1 million for 1Q2017, mainly due to the Group's higher net cash position during 1Q2018 as compared to 1Q2017.

Total selling, distribution and administrative expenses decreased by S\$2.9 million (15.1%) yoy to S\$16.3 million for 1Q2018 mainly due to the reversal of bonuses.

Other expenses increased by S\$7.7 million (212.0%) yoy to S\$11.3 million for 1Q2018. The increase was mainly due to a net loss of S\$11.3 million for 1Q2018 derived from net foreign exchange loss and fair value gain on hedging instruments resulting from the depreciation of USD against RMB and SGD, as compared to a loss of S\$3.8 million for 1Q2017.

The Group recorded an income tax expense of S\$2.0 million for 1Q2018, representing an effective tax rate of 16.8% (1Q2017: 29.3%). The higher effective tax rate for 1Q2017 was mainly the result of taxes imposed on profitable entities, and certain deferred tax assets not being recognised for unutilised tax losses.

As a result of the above factors, the Group's profit after tax increased by S\$1.7 million (19.9%) yoy to S\$10.1 million for 1Q2018.

Balance Sheet Analysis

Investment in associates increased by S\$0.7 million (11.8%) from S\$6.7 million as at 31 December 2017 to S\$7.4 million as at 31 March 2018. The increase was mainly due to the investment of a 40% shareholding in Shenzhen U Drinks Gourmet Food Co., Ltd. at a cost of RMB4.0 million (equivalent to S\$0.8 million) in January 2018. The new associate is principally engaged in the business of research and development, manufacturing and sales of capsule drink. Please refer to the Company's announcement released via SGXNET on 20 December 2017 for further details.

Deferred tax assets decreased by S\$3.8 million (14.8%) from S\$25.7 million as at 31 December 2017 to S\$21.9 million as at 31 March 2018. The decrease was mainly due to (i) a decrease in deferred tax assets recognised for bonus provisions, (ii) a decrease in the tax rate from 25% to a newly approved concessionary tax rate of 15% for two of the PRC subsidiaries, partially offset by (iii) an increase in deferred tax assets recognised for unutilized tax losses.

Notes receivable, trade and other receivables decreased by S\$175.4 million (38.7%) from S\$452.8 million as at 31 December 2017 to S\$277.4 million as at 31 March 2018 mainly due to the decrease in trade and notes receivable resulting from lower sales for 1Q2018 as compared to 4Q2017.

Prepaid operating expenses increased by S\$6.2 million (95.6%) from S\$6.4 million as at 31 December 2017 to S\$12.6 million as at 31 March 2018 mainly due to an increase in prepayments for the purchase of property, plant and equipment.

Current and non-current bank deposits totaling S\$3.8 million were restricted in its use as at 31 March 2018. These were mainly held for customs clearance purposes.

Notes payable, trade and other payables decreased by S\$93.8 million (22.3%) from S\$421.4 million as at 31 December 2017 to S\$327.6 million as at 31 March 2018. This was mainly due to a decrease in purchases resulting from lower sales for 1Q2018 as compared to 4Q2017.

Accrued operating expenses decreased by S\$27.9 million (31.3%) from S\$89.2 million as at 31 December 2017 to S\$61.3 million as at 31 March 2018 mainly due to a decrease in bonus accrual resulting from payout and reversal of accrual in respect of prior year.

Current and non-current loans and borrowings increased by S\$30.0 million (14.6%) from S\$205.2 million as at 31 December 2017 to S\$235.2 million as at 31 March 2018. Cash and cash equivalents and restricted bank deposits increased by S\$89.4 million (31.6%) from S\$282.8 million as at 31 December 2017 to S\$372.2 million as at 31 March 2018. This resulted in a net cash position of S\$137.0 million (31 December 2017: S\$77.6 million).

Income tax payable decreased by S\$8.3 million (38.4%) from S\$21.6 million as at 31 December 2017 to S\$13.3 million as at 31 March 2018. The decrease was mainly due to a reversal of tax provisions resulting from a decrease in the tax rate from 25% to a newly approved concessionary tax rate of 15% for one of the PRC subsidiaries.

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$31.9 million for 1Q2018. Net cash generated from operating activities for 1Q2018 amounted to S\$68.1 million.

Net cash used in investing activities was S\$12.0 million for 1Q2018, mainly due to payment made for the purchase of capital expenditure amounting to S\$13.0 million.

Net cash generated from financing activities was S\$31.4 million for 1Q2018, mainly due to the net proceeds from loans and borrowings amounting to S\$30.5 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 4Q2017 results announcement made on 13 February 2018, the Group guided as follows:

- The Group expects higher revenue and profit in 1Q2018 as compared to 1Q2017.
- The Group expects lower revenue and profit in 1Q2018 as compared to 4Q2017.

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

(S\$'000)	1Q2018	1Q2017	4Q2017
Revenue	281,096	244,190	491,818
Net profit after tax	10,074	8,400	59,618

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the International Data Corporation ("IDC") Worldwide Quarterly Mobile Phone Tracker, worldwide smartphone shipments declined 0.5% in 2017¹, the first year-over-year decline the market has experienced since the introduction of what we now know as smartphones. However, the IDC expects shipment volumes to return to low single-digit growth in 2018 and the overall market to experience a compound annual growth rate of 2.8% over 2017-2022 with volumes forecast to reach 1.68 billion units in 2022.

The Group has identified the Internet of Things ("IoT") segment as another key avenue for growth. Accordingly, the IDC expects worldwide spending on the Internet of Things ("IoT") to reach \$772.5 billion in 2018, an increase of 14.6% over the \$674.0 billion that will be spent in 2017².

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

- Targeted business development initiatives to further diversify the Group's customer base
- Increasing order allocation amongst existing customers
- Enhancing capacity utilisation, driving manufacturing yield improvement, increasing automation and tightening cost control
- Exploring inorganic growth initiatives that are synergistic to the Group's operations

The Group continues to strive for sustainable growth and 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 but lower profit for 2Q2018 as compared to 2Q2017.
- The Group expects higher revenue and profit for 2H2018 as compared to 1H2018.
- The Group expects similar revenue but lower profit for FY2018 as compared to FY2017.

¹ IDC, Smartphones Hit Pivotal Stage as Worldwide Shipment Volumes Decline 0.5% in 2017, But Return to Growth is Expected, February 2018

² IDC, IDC Forecasts Worldwide Spending on the Internet of Things to Reach \$772 Billion in 2018, December 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.

No dividend has been declared/ recommended in the quarter ended 31 March 2018.

13. Aggregate value of interested persons transactions entered into during the quarter ended 31 March 2018

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders mandate pursuant to rule 920)	Aggregate value of all interested person transactions conducted under the shareholders mandate pursuant to rule 920 (excluding transactions less than \$100,000)
Transaction for Sales of Goods and Services None	N.A.	N.A.

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 31st March 2018 to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Gerald Lim Thien Su
Director