

Financial Statement and Dividend Announcement for the quarter ended 31 March 2015

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 1-15	Q 1-14	Increase/ (decrease)
	S\$'000	S\$'000	%
Revenue	279,774	178,927	56.4
Cost of sales	<u>(275,350)</u>	<u>(175,555)</u>	56.8
Gross profit	4,424	3,372	31.2
Other items of income			
Interest income	614	897	(31.5)
Other income	2,209	5,582	(60.4)
Other items of expense			
Selling and distribution expenses	(2,089)	(1,820)	14.8
Administrative expenses	(18,638)	(16,310)	14.3
Financial costs	(884)	(561)	57.6
Other expenses	2,323	(3,424)	n.m.
Share of results of associates	158	(16)	n.m.
Loss before tax	(11,883)	(12,280)	(3.2)
Income tax (expense)/ credit	<u>(1,911)</u>	<u>9</u>	n.m.
Loss for the period	<u>(13,794)</u>	<u>(12,271)</u>	12.4
Attributable to:			
Owners of the Company	(13,795)	(12,272)	12.4
Non-controlling interests	<u>1</u>	<u>1</u>	0.0
	<u>(13,794)</u>	<u>(12,271)</u>	12.4

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the quarter ended 31 March 2015

	Group		Increase/ (decrease) %
	Q1-15 S\$'000	Q1-14 S\$'000	
Loss for the period	(13,794)	(12,271)	12.4
<u>Other comprehensive income</u>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	17,023	(11,803)	n.m.
Share of other comprehensive income of an associated company	29	37	(21.6)
Other comprehensive income for the period, net of tax	<u>17,052</u>	<u>(11,766)</u>	n.m.
Total comprehensive income for the period	<u><u>3,258</u></u>	<u><u>(24,037)</u></u>	n.m.
Total comprehensive income attributable to:			
Owners of the Company	3,215	(24,010)	n.m.
Non-controlling interests	<u>43</u>	<u>(27)</u>	n.m.
	<u><u>3,258</u></u>	<u><u>(24,037)</u></u>	n.m.

n.m. – Not Meaningful

Other notes:

Loss from operations is arrived at after charging/ (crediting) the following:

	Q1-15	Q1-14
	S\$'000	S\$'000
1. Depreciation of property, plant and equipment	21,501	20,443
2. Amortization of intangible asset	361	340
3. Amortization of land use rights	70	66
3. Reversal of impairment loss on property, plant and equipment	(116)	(47)
4. Net gain on disposal of property, plant and equipment	(156)	(36)
5. Property, plant and equipment written off	95	-
6. Inventory provisions	2,734	887
7. Inventories written off/ (written back)	3,076	(80)
8. Impairment loss/ (write back) on doubtful receivables	17	(279)
9. Trade/ other payables written off	(29)	(93)
10. Directors' fees	89	89
11. Staff costs (including directors' remuneration)	72,952	54,332
12. Operating lease expense	6,250	4,534
13. Net foreign exchange (gain)/ loss	(5,266)	840
14. Net fair value loss on derivatives	1,781	3,164
15. Provision for warranty costs	-	347
16. Allowance/ (reversal of allowance) on non-cancellable purchase commitments	231	(631)
17. Insurance claim	-	(3,912)
18. Net gain on sales of scrap materials	(890)	(566)

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	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	428,318	384,130	14,874	15,090
Intangible assets	4,170	4,531	12	12
Land use rights	12,836	12,498	-	-
Investment in subsidiaries	-	-	282,650	247,882
Investment in associates	2,275	2,089	984	984
Other receivables	-	-	121,929	117,115
Investment securities	486	-	-	-
Other long term assets	62	67	-	-
Deferred tax assets	27,931	26,566	-	-
	476,078	429,881	420,449	381,083
Current assets				
Inventories	227,192	223,082	4,131	4,168
Trade and other receivables	358,153	372,857	26,769	45,161
Prepaid operating expenses	14,978	9,319	241	194
Derivatives	113	134	-	-
Short term deposits pledged	4,607	4,958	-	-
Cash and cash equivalents	143,312	208,146	10,384	12,817
	748,355	818,496	41,525	62,340
Current liabilities				
Trade and other payables	307,345	339,013	12,840	8,199
Accrued operating expenses	69,737	68,354	2,307	7,567
Deferred Capital Grant - Current	520	-	-	-
Loans and borrowings	206,607	212,477	41,272	37,015
Income tax payable	13,789	12,379	1,036	530
Derivatives	2,937	3,352	333	611
	600,935	635,575	57,788	53,922
Net current assets/ (liabilities)	147,420	182,921	(16,263)	8,418
Non-current liabilities				
Deferred capital grant - Non-current	3,383	-	-	-
Loans and borrowings	6,666	2,785	232	232
Deferred tax liabilities	3,066	3,088	1,797	1,770
	13,115	5,873	2,029	2,002
Net assets	610,383	606,929	402,157	387,499

	Group		Company	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	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	(51,035)	(51,035)	(51,035)	(51,035)
Accumulated profits	460,775	474,579	323,849	309,387
Other reserves	79,865	62,650	9,618	9,422
	609,330	605,919	402,157	387,499
Non-controlling interests	1,053	1,010	-	-
Total equity	610,383	606,929	402,157	387,499

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

Amount repayable within one year or less, or on demand

As at 31/3/2015		As at 31/12/2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
12,521	194,086	3,347	209,130

Amount repayable after one year

As at 31/3/2015		As at 31/12/2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,666	-	2,785	-

Lease obligations of S\$19,187,000 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.

	Q1-15	Q1-14
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(11,883)	(12,280)
Adjustments for:		
Depreciation of property, plant and equipment	21,501	20,443
Amortization of intangible asset	361	340
Amortization of land use rights	70	66
Reversal of impairment loss on property, plant and equipment	(116)	(47)
Net gain on disposal of property, plant and equipment	(156)	(36)
Property, plant and equipment written off	95	-
Inventory provisions	2,734	887
Inventories written off/ (written back)	3,076	(80)
Provision for warranty costs	-	347
Impairment loss/ (write back) on doubtful receivables	17	(279)
Allowance/ (reversal of allowance) on non-cancellable purchase commitments	231	(631)
Trade/ other payables written off	(29)	(93)
Equity compensation expense	196	157
Financial costs	884	561
Interest income	(614)	(897)
Net fair value (gain)/loss on derivatives - unrealised	(394)	3,751
Net unrealised exchange difference	(3,894)	1,323
Share of results of associates	(158)	16
Operating cash flows before changes in working capital	11,921	13,548
<u>Changes in working capital</u>		
(Increase)/ decrease in inventories	(496)	7,915
Decrease in trade and other receivables	27,506	130,139
(Increase)/ decrease in prepaid operating expenses and other long term assets	(5,282)	801
Decrease in trade and other payables	(51,205)	(75,198)
Decrease in accrued operating expenses	(30)	(6,709)
Total changes in working capital	(29,507)	56,948
Cash flows (used in)/ generated from operations	(17,586)	70,496
Income taxes paid	(746)	(2,788)
Net cash flows (used in)/ generated from operating activities	(18,332)	67,708

	Q1-15 S\$'000	Q1-14 S\$'000
Cash flows from investing activities		
Proceeds from capital grants	3,903	-
Interest received	533	792
Proceeds from disposal of property, plant and equipment	178	96
Purchase of property, plant and equipment (Note a)	(30,792)	(14,823)
Purchase of investment securities	(486)	-
Net cash flows used in investing activities	(26,664)	(13,935)
Cash flows from financing activities		
Decrease in short term deposits pledged	351	6,970
Interest paid	(715)	(561)
Repayment of loans and borrowings	(23,580)	(25,176)
Repayments of obligations under finance lease	(292)	(153)
Net cash flows used in financing activities	(24,236)	(18,920)
Net (decrease)/ increase in cash and cash equivalents	(69,232)	34,853
Effect of exchange rate changes on cash and cash equivalents	4,398	(2,258)
Cash and cash equivalents at beginning of period	208,146	131,934
Cash and cash equivalents at end of period	143,312	164,529

Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment

Current period additions	50,305	9,081
Less: Payable to creditors	(18,961)	(6,468)
Acquired by means of finance leases	(12,902)	-
	18,442	2,613
Payments for prior period/year purchases	12,350	12,210
Net cash outflow for purchase	30,792	14,823

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 2015

Attributable to owners of the Company

Group	Share capital	Treasury shares	Other reserves	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2015	119,725	(51,035)	62,650	474,579	605,919	1,010	606,929
Loss for the period	-	-	-	(13,795)	(13,795)	1	(13,794)
Share of other comprehensive income of an associated company	-	-	29	-	29	-	29
Foreign currency translation	-	-	16,981	-	16,981	42	17,023
Other comprehensive income for the period, net of tax	-	-	17,010	-	17,010	42	17,052
Total comprehensive income for the period	-	-	17,010	(13,795)	3,215	43	3,258
<u>Contributions by and distributions to owners</u>							
Employee share option and award schemes -Equity compensation benefits	-	-	196	-	196	-	196
Total transactions with owners in their capacity as owners	-	-	196	-	196	-	196
<u>Others</u>							
Transfer from retained earnings to statutory reserve fund	-	-	9	(9)	-	-	-
Total others	-	-	9	(9)	-	-	-
Closing balance at 31 March 2015	119,725	(51,035)	79,865	460,775	609,330	1,053	610,383

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2014

Attributable to owners of the Company

	Share capital	Treasury shares	Other reserves	Reserve of disposal group classified as held for sale	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	S\$'000
Opening balance at 1 January 2014	119,725	(50,361)	55,425	4,037	469,249	598,075	984	599,059
Loss for the period	-	-	-	-	(12,272)	(12,272)	1	(12,271)
Share of other comprehensive income of an associated company	-	-	52	-	(15)	37	-	37
Foreign currency translation	-	-	(11,775)	-	-	(11,775)	(28)	(11,803)
Other comprehensive income for the period, net of tax	-	-	(11,723)	-	(15)	(11,738)	(28)	(11,766)
Total comprehensive income for the period	-	-	(11,723)	-	(12,287)	(24,010)	(27)	(24,037)
<u>Contributions by and distributions to owners</u>								
Employee share option and award schemes -Equity compensation benefits	-	-	157	-	-	157	-	157
Total transactions with owners in their capacity as owners	-	-	157	-	-	157	-	157
<u>Others</u>								
Reserve attributable to disposal group classified as held for sale	-	-	-	1	-	1	-	1
Transfer from retained earnings to statutory reserve fund	-	-	118	-	(118)	-	-	-
Total others	-	-	118	1	(118)	1	-	1
Closing balance at 31 March 2014	119,725	(50,361)	43,977	4,038	456,844	574,223	957	575,180

(iii) Statement of changes in equity of the Company for the 3 months ended 31 March 2015

Company	Attributable to owners of the Company				Total equity
	Share capital	Treasury shares	Capital reserve	Accumulated profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2015	119,725	(51,035)	9,422	309,387	387,499
Profit for the period	-	-	-	14,462	14,462
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes	-	-	196	-	196
- Equity compensation benefits	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	196	-	196
Closing balance at 31 March 2015	119,725	(51,035)	9,618	323,849	402,157

(iv) Statement of changes in equity of the Company for the 3 months ended 31 March 2014

Company	Attributable to owners of the Company				Total equity
	Share capital	Treasury shares	Capital reserve	Accumulated profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2014	119,725	(50,361)	8,705	284,880	362,949
Profit for the period	-	-	-	5,710	5,710
<u>Contributions by and distributions to owners</u>					
Employee share option and award schemes	-	-	157	-	157
- Equity compensation benefits	-	-	-	-	-
Total transactions with owners in their capacity as owners	-	-	157	-	157
Closing balance at 31 March 2014	119,725	(50,361)	8,862	290,590	368,816

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 financial period ended 31 March 2015, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

During the quarter ended 31 March 2015, 243,078 options have lapsed while no option was exercised.

There are 20,024,810 options outstanding as at 31 March 2015 (31 December 2014: 20,267,888).

Share Awards

During the quarter ended 31 March 2015, 4,252 awards have lapsed while no awards were vested.

There are 304,518 share awards outstanding as at 31 March 2015 (31 December 2014: 308,770).

Treasury Shares

During the quarter ended 31 March 2015, 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 2015 is 69,955,661 (31 December 2014: 69,955,661).

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 2015 was 817,219,339 (31 December 2014: 817,219,339).

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 2015, there were no sales, transfers, disposal, cancellation or use of treasury shares as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been reviewed or audited by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2014.

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”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 July 2014.

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 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014

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).**

	Q1-15	Q1-14
Operating loss after exceptional items and tax before deducting non-controlling interests as a percentage of revenue	(4.9%)	(6.9%)
Operating loss after tax attributable to owners of the company as a percentage of issued capital and reserves at the end of the period	(2.3%)	(2.1%)
Loss per ordinary share		
(a) Based on weighted average number of ordinary shares in issue (cents)	(1.69)	(1.50)
(b) On a fully diluted basis (cents)*	(1.69)	(1.50)

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

* For 1Q2015 & 1Q2014, the financial effect of share options and share awards issued has been disregarded in the calculation of dilutive loss per ordinary 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	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	74.56	74.14	49.21	47.42

- 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

1Q2015 vs. 1Q2014

Revenue increased by S\$100.8 million (56.4%) yoy to S\$279.8 million in 1Q2015. The increase was mainly contributed by our original design manufacturer ("ODM") product, other high component content assembly products from an existing customer and orders from new customers.

Gross profit increased by S\$1.1 million (31.2%) yoy to S\$4.4 million in 1Q2015 mainly due to the higher sales. Gross profit margin decreased slightly from 1.9% in 1Q2014 to 1.6% in 1Q2015. The decrease in gross profit margin was mainly due to higher cost of materials resulting from the increase in ODM and other high component content assembly products, higher start up costs for new plant in Nantong, labour and depreciation costs incurred for plant under renovation pending new projects ramp up in 2H2015, and higher inventory written off and provisions.

Net interest expense of S\$0.3 million in 1Q2015 mainly due to an average net debt balance in 1Q2015.

Other income decreased by S\$3.4 million (60.4%) yoy to S\$2.2 million in 1Q2015. The higher other income recorded in 1Q2014 was mainly contributed by insurance claim of S\$3.9 million received in connection with the fire that occurred at one of our manufacturing plants in Shanghai in February 2013.

Total selling & distribution and administrative expenses increased by S\$2.6 million (14.3%) yoy to S\$20.7 million in 1Q2015 mainly due to a normal yearly salary increment for staff.

Other expenses became an income of S\$2.3 million in 1Q2015, compared to an expense of S\$3.4 million in 1Q2014. The income of S\$2.3 million was mainly contributed by a net foreign exchange gain of S\$5.3 million in 1Q2015 (1Q2014: loss S\$0.8 million) which arose mainly from appreciation of USD against SGD, offset by net fair value loss on derivatives used for currency hedging of S\$1.8 million (1Q2014: loss S\$3.2 million) resulting from changes in fair value of derivatives.

Despite a pre-tax loss, due to differing tax regimes for the different Group entities, the Group recorded an income tax expense of S\$1.9 million in 1Q2015.

As a result of the above factors, the Group recorded a net loss after tax of S\$13.8 million in 1Q2015.

Balance Sheet Analysis

The net book value of property, plant and equipment increased by S\$44.2 million (11.5%) from S\$384.1 million as at 31 December 2014 to S\$428.3 million as at 31 March 2015. The increase was mainly due to additions of S\$50.3 million, translation gain of S\$15.4 million, partially offset by depreciation of S\$21.5 million.

Investment securities of S\$0.5 million as at 31 March 2015 (31 December 2014: nil) represents an investment of 5% in the share capital of a private company registered in Beijing in order to gain potential access into entry of new business.

Deferred tax assets increased by S\$1.3 million (5.1%) from S\$26.6 million as at 31 December 2014 to S\$27.9 million as at 31 March 2015 mainly due to recognition of deferred tax assets on provisions and certain unutilized tax losses.

Trade and other receivables decreased by S\$14.7 million (3.9%) from S\$372.9 million as at 31 December 2014 to S\$358.2 million as at 31 March 2015 mainly due to decreases in input VAT and advance to suppliers for purchase of raw materials.

Prepaid operating expenses increased by S\$5.7 million (60.7%) from S\$9.3 million as at 31 December 2014 to S\$15.0 million as at 31 March 2015 mainly due to increase in prepayment for purchase of Computer Numerical Control (“CNC”) machines.

Trade and other payables decreased by S\$31.7 million (9.3%) from S\$339.0 million as at 31 December 2014 to S\$307.3 million as at 31 March 2015 mainly due to settlement of trade payables.

Current and non-current deferred capital grant of S\$3.9 million as at 31 March 2015 (31 December 2014: nil) represents a government grant received by a subsidiary in the PRC for investment in technology enhancement projects.

Current and non-current loans and borrowings decreased by S\$2.0 million (0.9%) from S\$215.3 million as at 31 December 2014 to S\$213.3 million as at 31 March 2015 mainly due to settlement of bank loans, partially offset by increase in finance lease obligations for purchase of CNC machines.

Cash and cash equivalents and short term deposits pledged decreased by S\$65.2 million (30.6%) from S\$213.1 million as at 31 December 2014 to S\$147.9 million as at 31 March 2015. Debt was S\$213.3 million, resulting in a net debt position of S\$65.4 million (31 December 2014: net debt S\$2.2 million).

Cash Flows Analysis

Net cash generated from operating activities before working capital changes was S\$11.9 million in 1Q2015. Net cash used in operating activities in 1Q2015 amounted to S\$18.3 million.

Net cash used in investing activities was S\$26.7 million in 1Q2015, mainly due to net cash outflow for purchase of property, plant and equipment amounting to S\$30.8 million.

Net cash used in financing activities was S\$24.2 million in 1Q2015, mainly due to repayment of loans and borrowings amounting to S\$23.6 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 4Q2014 results announcement made on 12 February 2015, the Group guided as follows:

The Group expects higher revenue in 1Q2015 as compared to 1Q2014. The Group expects to record a loss in 1Q2015.

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

(S\$'000)	1Q2015	1Q2014
Revenue	279,774	178,927
Net loss after tax	(13,794)	(12,271)

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.

IDC expects the smartphone market in China to continue growing with an estimated 10% yoy growth in 2015. Accordingly, IDC expects global average smartphone prices to drop as increasing competition will put downward pressure on smartphones prices. Overall for 2015, IDC expects smartphone sales to grow by 12.2% yoy to 1.4 billion units.

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

- Adopt newly restructured Business Unit approach which improves responsiveness towards customers' product demand thereby increasing customer satisfaction.
- Improve acquired technology with CNC equipment to enhance operational efficiency and develop more business for metal components.
- Expand our ODM business into wireless, lifestyle and medical segments to ride on the Internet of Things.

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

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

- The Group expects higher revenue in 2Q2015 as compared to 2Q2014. The Group expects to record a loss in 2Q2015.
- The Group expects higher revenue in 2H2015 as compared to 1H2015. The Group expects to be profitable in 2H2015.
- The Group expects higher revenue and profit in FY2015 as compared to FY2014.

Update on the investment in Nantong Economic & Technological Development Area, PRC ("NETDA")

The construction at the Nantong plant for a site area comprising approximately 65,000 sqm (Phase 1A) has been successfully completed. It has commenced production trial runs in 1Q2015 and mass production is targeted to commence progressively from the 2Q2015.

As at 31 March 2015, capital expenditure of an aggregate amount of S\$147.0 million had been incurred for the investment. The said amount was utilized towards land use rights, buildings and renovations, machinery and professional fees.

11. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 31 March 2015

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 Purchases of Goods and Services Molex International Inc & its group of companies *	\$215,296	-
Transaction for Sales of Goods and Services Molex International Inc & its group of companies *	\$160,746	-

* No general mandate has been obtained from shareholders for interested persons transactions with these entities.

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 2015 to be false or misleading in any material aspect.

Yao Hsiao Tung
 Executive Chairman
 Chief Executive Officer

Gerald Lim Thien Su
 Director