



HI-P INTERNATIONAL LIMITED

赫比国际有限公司

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PRESS RELEASE

Hi-P Reports First Quarter 2007 Results

Net Profit up 12% QoQ to S\$15.1 million

SINGAPORE, 7 May 2007 – **Hi-P International Limited**, a global integrated contract manufacturer, today reported financial results for the quarter ended 31 March 2007.

Compared to Q1 FY2006, revenue for Q1 FY2007 rose 7% year-on-year (yoy) to S\$199.5 million while net profit grew 5% yoy to S\$15.1 million. On a quarter-on-quarter (qoq) basis, revenue declined 22% while net profit grew 12% on the back of an improvement in gross margin and better cost control.

Mr. Yao Hsiao Tung, Executive Chairman and CEO of Hi-P said, “Our bottom-line performance was better than guidance. I believe our efforts to strengthen our internal processes and core capabilities are beginning to take effect. Due to lower orders from existing customers, we expect a slight revenue decline in Q2 FY2007 compared to Q1 FY2007. However, net profit is expected to be maintained at Q1 FY2007 levels due to cost savings and a better product mix. For the full year, we continue to expect growth in revenue and net profit for FY2007 compared to FY2006.”

Segmental Highlights

Revenue from the Wireless Telecommunications (WL) Strategic Business Unit (SBU) declined 10% yoy and 39% qoq to S\$101.5 million due mainly to lower orders from existing customers. The qoq decline is partly attributable to normal seasonality for the mobile handset industry. WL accounted for 51% of Group revenue, down from 65% in Q4 FY2006.

Revenue from the Consumer Electronics & Electrical (CE) SBU was up 39% yoy and 15% qoq to S\$80.8 million. This was due to new projects from several existing customers. CE accounted for 40% of Group revenue, up from 27% in Q4 FY2006.

Revenue from the Computing, Automotive, Medical & Others (CA) SBU was up 9% yoy but down 12% qoq to S\$17.2 million. The sequential decline is due to lower orders from existing customers. CA accounted for 9% of Group revenue, up marginally from 8% in Q4 FY2006.

Financial Position

The Group’s financial position remains strong as it ended with cash and equivalents of S\$54.6 million as at end-March 2007, up from S\$33.2 million as at end-December 2006.

Gross debt declined from S\$25.4 million as at end-December to S\$12.6 million as at end-March 2007, giving net cash of S\$41.9 million. Gross gearing was 3.1%.

About Hi-P International Limited

Hi-P started out in 1980 as a tooling specialist in Singapore and has since grown to become today one of the region's largest and fastest-growing integrated contract manufacturers. We provide manufacturing services to customers in the telecommunications, consumer electronics & electrical, computing, life sciences/medical & automotive industries. The Group has 25 manufacturing plants globally. These are located across seven sites in the People's Republic of China (Shanghai, Chengdu, Qingdao, Tianjin, Xiamen, Suzhou and Dongguan), and in Mexico, Poland, Singapore and Thailand. Hi-P has marketing and engineering support centres in Finland, Germany and the USA. Our customers include many of the world's biggest names in mobile phones, personal digital assistants, household & personal care appliances, hard disk drives, MP3 players, PC peripherals, automotive components and medical devices. Hi-P was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 17 December 2003. Please visit us at www.hi-p.com.

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