

**Name of Announcer**

HI-P INTERNATIONAL LIMITED

**Company Registration No.**

198004817H

**Announcement submitted on behalf of**

HI-P INTERNATIONAL LIMITED

**Announcement is submitted with respect to**

HI-P INTERNATIONAL LIMITED

**Announcement is submitted by**

Yao Hsiao Tung

**Designation**

Director

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PRESS RELEASE : HI-P REPORTS THIRD QUARTER 2007 RESULTS

**Description**

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**Attachments:**

 [HiP\\_Q3FY2007\\_Press\\_Release.pdf](#)

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Hi-P INTERNATIONAL LIMITED

赫比国际有限公司

Registration Number: 198004817H

## PRESS RELEASE

### Hi-P Reports Third Quarter 2007 Results

SINGAPORE, 5 November 2007 – **Hi-P International Limited**, a global integrated contract manufacturer, today reported financial results for the quarter ended 30 September 2007.

Compared to Q3 FY2006, revenue for Q3 FY2007 was up 19.1% to S\$262.3 million while net profit fell 97.8% to S\$329,000. On a quarter-on-quarter (qoq) basis, revenue rose 30.3% while net profit declined 97.5%.

The performance in Q3 FY2007 was impacted mainly by (i) operating losses at its Polish plant, (ii) inventory write-offs, (iii) one-off recognition of costs previously incurred, and (iv) forex conversion losses.

The Polish plant continues to suffer from production yield issues and higher-than-expected operating costs, resulting in a loss of S\$7.8 million in Q3 FY2007.

As part of its review of programs and projects which had gone end-of-life or had lower-than-expected demand, the group provided for:

- (i) Inventory write-offs comprising provision for obsolescence, write-downs on inventories and toolings for projects which had gone end-of-life earlier than forecast and failed projects. These amounted to S\$7.8 million for FY2007 and S\$3.3 million for FY2006.
- (ii) One-off recognition of costs previously incurred: S\$4.9 million relating to the current financial year, and S\$2.1 million relating to prior years.

The group also reported a \$3.2 million forex conversion loss due to the weakening US dollar.

Commenting on the results, Mr. Yao Hsiao Tung, Executive Chairman of Hi-P said, “Some of our customers had faced a setback in their market demand but we are very encouraged to see that sales to these same customers have rebounded strongly since Q3. As for Poland, we are working very closely with our customer to resolve the operating issues within the next 6 months.

Newly-appointed CEO, Mr. Robert Mahoney, added, “I am very excited about the future of Hi-P. As one of the few remaining independent mechanics companies in our industry, Hi-P occupies a unique position in the precision tooling and electro-mechanical component market. It has a broad reach to major, global customers with a centre of gravity – technology, cost and capability - mainly in China. Going forward, we will focus on developing a powerful niche as a global integrated electro-mechanical module supplier. With our strong mechanical and time-to-market heritage, we will enhance our value to key customers by adding new or more capabilities in finishing, electronics and module integration. With a strengthened management team, we are confident that Hi-P will resume its healthy profitability down the road.”

Barring unforeseen circumstances, we expect similar revenue and higher net profit for Q4 FY2007 compared to Q3 FY2007. For the full year, we expect higher revenue but lower profit for FY2007 compared to FY2006.

## **Segmental Highlights**

Revenue from the Wireless Telecommunications (WL) SBU rose 17.2% yoy and 45.1% qoq to S\$141.5 million, mainly due to a rebound in sales from a key customer as well as higher sales from other existing customers. WL accounted for 53.9% of Group revenue, up from 48.4% in Q2 FY2007.

Revenue from the Consumer Electronics and Electrical (CE) SBU was up 24.3% yoy and 14.0% qoq to S\$100.9 million, largely on the back of rising contributions from its new plant in Poland. CE accounted for 38.5% of Group revenue, down slightly from 43.9% in Q2 FY2007.

Revenue from the Computing, Automotive, Medical and Others (CA) SBU rose 8.7% yoy and 29.9% qoq to S\$20 million, as sales to existing customers rebounded. CA accounted for 7.6% of Group revenue, same as in Q2 FY2007.

## **Financial Position**

The Group's financial position remains strong, with cash and equivalents of S\$55.0 million as at end-September 2007, up from S\$33.2 million as at end-December 2006. Gross debt increased to S\$30.8 million as at end-September 2007 from S\$25.4 million as at end-December 2006, giving Hi-P a net cash position of S\$24.1 million. The Company continues to manage its working capital carefully as the Company continues to expand.

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## **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](http://www.hi-p.com).

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