



Hi-P INTERNATIONAL LIMITED

赫 比 国 际 有 限 公 司

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## PRESS RELEASE

### **Hi-P Reports Q2 FY06 Net Profit of S\$14.2m on Revenue of S\$175.0m**

SINGAPORE, 4 August 2006 – **Hi-P International Limited**, a global integrated contract manufacturer, today reported financial results for the three months ended 30 June 2006. Compared to the same period a year ago, Group revenue rose 25.3% to S\$175.0 million while net profit decreased 34.5% to S\$14.2 million. Compared to Q1 FY06, revenue was down 6.2% while net profit edged down 0.8%.

Commenting on the results, Mr. Yao Hsiao Tung, Executive Chairman and CEO of Hi-P said, “Our revenue and net profit were slightly lower compared to Q1 due to a delivery push-out to July for customer-specific reasons. This delivery has been made, and will benefit our performance in Q3 FY06.”

On the outlook for the Group, Mr Yao said, “Although we continue to expect the second half of the year to be stronger than the first, full-year FY06 net profit is unlikely to match FY05.”

“Our vertical integration efforts are progressing well and we expect to capitalize on this in FY07 and beyond. New customers are also expected to contribute meaningfully next year. I believe our long-term prospects remain good.”

#### **Segmental Highlights**

Wireless Telecommunications (WL) revenue grew 88.7% yoy to S\$109.6 million due mainly to higher materials content in the product mix. Compared to Q1 FY06, WL was down 2.5% due to lower volume and accounted for 62.6% of Group revenue.

Consumer Electronics & Electrical (CE) revenue was down 24.3% yoy to S\$49.6 million and down 14.9% qoq, accounting for 28.4% of Group revenue. This was due mainly to a delivery push-out to July for customer-specific reasons without which revenue would have improved 4.0% qoq.

Computing, Automotive, Medical and Others (CA) revenue was down 1.4% yoy but improved 0.3% qoq to S\$15.8 million, accounting for 9.0% of Group revenue.

## **Financial Highlights**

Gross profit was S\$28.9 million, down 9.8% yoy despite the 25.3% rise in revenue. This was due mainly to higher materials content in the product mix and staff costs. Gross profit declined 13.6% qoq due mainly to the delivery push-out in CE without which gross profit would have improved. Gross margin was 16.5% in Q2 FY06, down from 17.9% in Q1 FY06 and 22.9% in Q2 FY05.

Operating profit was down 15.8% yoy to S\$17.6 million due mainly to higher staff costs but up 5.8% qoq due to cost savings from headcount reduction and an increase in other operating income. Operating margin improved to 10.0% in Q2 FY06 from 8.9% in Q1 FY06 but is down from 14.9% in Q2 FY05.

Profit before tax was S\$15.8 million, down 30.7% yoy but up 1.6% qoq.

Net profit was S\$14.2 million, down 34.5% yoy and down 0.8% qoq.

## **Financial Position**

The Group's financial position remains strong, ending the quarter with cash and equivalents of S\$30.8 million and gross debt of S\$18.2 million, for a low gross gearing of 4.9%.

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## **About Hi-P International Limited**

Hi-P started out in 1980 as a tooling specialist and is today, one of the region's fastest growing integrated contract manufacturers. We provide manufacturing services to customers in the telecommunications, consumer electronics and electrical, computing, life sciences/medical and automotive industries. The Group has 18 manufacturing plants located across six sites in the People's Republic of China (Shanghai, Chengdu, Qingdao, Tianjin, Xiamen and Suzhou), two plants in Singapore, one in Guadalajara, Mexico, Thailand and Poland respectively. Hi-P also has marketing and engineering support centers in the USA, Finland and Germany. Hi-P's customers include global manufacturers such as Motorola, Gillette, BenQ-Siemens, Hitachi, NEC, Toshiba, Kodak and Baxter. Hi-P was listed on the Mainboard of the Singapore Stock Exchange on 17 December 2003. Please visit us at [www.hi-p.com](http://www.hi-p.com).

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