

Miscellaneous

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

Executive Chairman

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Announcement Title

PRESS RELEASE: HI-P'S Q2FY2008 NET PROFIT SURGES 101% TO S\$27.1 MILLION

Description

PLEASE REFER TO ATTACHMENT.

Attachments:

 [HiP_Q2FY2008_Press_Release.pdf](#)



NEWS RELEASE

HI-P'S Q2FY2008 NET PROFIT SURGES 101% TO S\$27.1 MILLION

- Better product mix and cost rationalisation programme pays off
 - o Achieves Gross Profit Margin of 17.9% and Net Profit Margin of 9.6%
- Higher revenue growth seen in Wireless Telecommunications segment
- Reduction in foreign exchange losses with reduced fluctuation in USD
- Healthy net cash position of S\$93 million
- Better revenue and profit in FY2008 compared to FY2007

(S\$m)	Q2FY08	Q2FY07	YOY % Chg
Revenue	281.5	201.4	+39.8
Gross Profit	50.4	28.1	+79.2
Profit from Operations	30.9	15.7	+97.4
PATMI	27.1	13.5	+101.0
Gross Margin	17.9	14.0	↑3.9 points
Net Margin	9.6	6.7	↑2.9 points
EPS (S cts)	S cts 3.1	S cts 1.5	+101.0
NAV/Share	S cts 55.8	S cts 48.1	+16.0

Singapore, August 4, 2008 – **Hi-P International Limited**, a global integrated contract manufacturer, today reported a good set of financial results for the second quarter ended June 30, 2008 (“Q2FY2008”).

Q2FY2008 net profit attributable to shareholders (“net profit”) increased by 101.0% to S\$27.1 million, as compared to Q2FY2007. This was achieved on the back of a 39.8% rise in Q2FY2008 revenue to S\$281.5 million over the same period.

Overall, the Group’s improved financial performance in Q2FY2008 was mainly attributable to a significant increase in sales for its Wireless Telecommunications (“WL”) segment, a better product mix, cost efficiencies and a reduction in foreign exchange losses.

Commenting on the good performance, Mr. Yao Hsiao Tung, Executive Chairman of Hi-P said: “We are delighted to have delivered another quarter of growth. Our customer diversification strategy, a better product mix, coupled with our cost rationalisation programme, has paid off. This has resulted in better sales and margins for the Group.”

Gross profit jumped 79.2% in Q2FY2008 to S\$50.4 million as compared to Q2FY2007. Correspondingly, gross margin improved by 3.9 percentage points to 17.9%.

The Group also reported a reduction in net foreign exchange loss by 56.4% to S\$0.6 million in Q2FY2008 as compared to Q2FY2007. This was mainly due to a reduced fluctuation in USD.

Net profit increased by 101.0% to \$27.1 million with net margin of 9.6% in Q2FY2008.

SEGMENTAL RESULTS

Wireless Telecommunications

Revenue from this segment increased significantly by 93.9% year-on-year (“yoy”) to S\$186.5 million mainly due to a substantial increase in sales to existing customers. WL accounted for 66.2% of Group revenue in Q2FY2008.

Consumer Electronics (“CE”)

This was partially offset by the 9.6% yoy decline in revenue to S\$95.1 million from the Consumer Electronics (CE) business segment. The decline is mainly due to lower sales to existing customers. CE accounted for 33.8% of Group revenue in Q2FY2008.

In addition, the Group’s financial position improved significantly on the back of better cash flows. As at end June 30, 2008, cash and cash equivalents increased about S\$19.0 million to S\$134.2 million. Gross debt was S\$41.2 million, resulting in a net cash position of S\$93.0 million. Gross gearing is a low 8.3%.

In conclusion, Mr Yao said: “With good cash management, we are in a strong position to invest in continuous vertical integration to further enhance our core competencies and increase our value-add to customers. This is important to our commitment of transforming Hi-P into the world’s foremost independent integrated electro-mechanical solutions supplier. At the same time, we will adopt a prudent approach towards effective cost management for greater efficiencies. We will also continue to strengthen our execution foundation for future growth.”

Barring unforeseen circumstances, the Group expects higher profit although lower revenue for Q3FY2008 as compared to Q3FY2007. The Group expects similar revenue but likely lower profit for 2HFY2008 as compared to 1HFY2008. For FY2008, the Group’s revenue and profit will be better compared to FY2007.

About Hi-P International Limited

Hi-P started out in 1980 as a tooling specialist in Singapore and has since grown to become one of the region's largest and fastest-growing integrated contract manufacturers today. Under its two Strategic Business Units – Wireless Telecommunications and Consumer Electronics divisions - the Group provides manufacturing services and electro-mechanical modules 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. The Group's 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 December 17, 2003. For more information, log on to www.hi-p.com.

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