PRESS RELEASE

HI-P'S Q3FY2008 NET PROFIT SURGES 55-FOLD TO S$25.5 MILLION

- **Four quarters of consistent growth since Q4FY2007**
- **Better customer, product mix and cost rationalisation programme yield positive results**
  - **Achieves Gross Profit Margin of 16.9% and Net Profit Margin of 10.1%**
- **Revenue declines marginally by 3.4% to S$253.5 million**
  - **Change to partial consignment model at Poland plant**
- **Reduction in foreign exchange losses with reduced fluctuation in USD**
- **Strong net cash position of S$96.6 million**
- **Expects better revenue and profit in FY2008 compared to FY2007**

(S$m)	Q3FY08	Q3FY07	YOY % Chg
Revenue	254	262	↓3%
Gross Profit	43	20	↑112%
Profit from Operations	28	4	↑570%
Net profit (PATMI)	25.5	0.5	↑5,354%
Gross Margin	16.9	7.7	↑ 9.2 points
Net Margin	10.1	0.2	↑ 9.9 points
EPS (S cts)	2.88	0.05	↑5,354%
NAV/Share (S cts)	61.05	47.60	↑28%

YE : Dec

(S$m)	Q3FY08	Q4FY07	YOY % Chg
Gross Cash	109.1	46.8	↑ 133%
Net Cash	96.6	12.4	↑ 676%
Gross Gearing	2.3%	7.5%	↓ 69%

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Singapore, November 4, 2008 – **Hi-P International Limited**, a global integrated contract manufacturer, today reported a good set of financial results for the third quarter ended September 30, 2008 ("Q3FY2008").

On a year-on-year (yoy) basis, compared to Q3FY2007, revenue for Q3FY2008 revenue declined marginally by 3.4% or S$8.8 million from S$262.3 million. Net profit attributable to shareholders (net profit) surged by S$25.1 million to S$25.5 million.

On a quarter-on-quarter (qoq) basis, compared to Q2FY2008, revenue decreased by 9.9% or S$28.0 million to S$253.5 million while net profit decreased by 5.7% or S$1.6 million to S$25.5 million.

Overall, the Group's improved bottom line performance on a yoy basis was attributable to an improvement in operating margin to 11.0% in Q3FY2008, from 1.6% in Q3FY2007, improvement in other operating income by approximately 226.6% or S$2.7 million to S$3.9 million in Q3FY2008 and decrease in foreign exchange loss by approximately 89.6% or S$2.9 million to S$0.3 million in Q3FY2008.

Commenting on the good performance, Mr. Yao Hsiao Tung, Executive Chairman of Hi-P said: "We are delighted to have delivered our fourth quarter of consistent growth since Q4FY2007. Our customer diversification strategy, a better product mix, coupled with our cost rationalisation programme, has yielded positive results. This has resulted in better margins for the Group."

REVIEW OF PERFORMANCE

Gross profit increased by approximately 112.0% or S$22.7 million yoy to S$42.9 million while gross profit margin was 16.9% in Q3FY2008, up from 7.7% in the same corresponding period. The improvement in gross profit was mainly due to absence of one-time provision and write off of inventory in Q3FY2007 and better cost control

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as well as product and customer mix. This was partially offset by higher labour costs due to overall increase in salaries.

The Group also reported a significant reduction in net foreign exchange loss from S$3.2 million in Q3FY2007 to S$0.3 million in Q3FY2008. The improvement was due to the depreciation of the USD against RMB in a lesser extent in Q3FY2008 as compared to Q3FY2007.

Other operating income increased by 226.6% to S$3.9 million in Q3FY2008 largely due to tax refunds for reinvestment in PRC entities and higher scrap and sample sales.

In view of the above, pretax profit registered a significant 30-fold increase to S$27.7 million in Q3FY2008 as compared with S$0.9 million in Q3FY2007.

SEGMENTAL RESULTS

Wireless Telecommunications ("WL")

Revenue from the Group's Wireless Telecommunications (WL) SBU increased by 48.7% yoy or S$55.2 million to S$168.6 million in Q3FY2008 due to increase in sales to some of our existing customers. WL accounted for 66.5% of Group revenue in Q3FY2008. On a qoq basis, WL decreased by 9.6% or S$17.9 million to S$168.6 million in Q3FY2008 mainly due to lower sales to some of our existing customers.

Consumer Electronics ("CE")

Revenue from Consumer Electronics (CE) SBU decreased by 43.0% yoy and 10.6% qoq to S$84.9 million. The decline is mainly due to the change to partial consignment model at the Group's Poland plant wef May 2008 and lower demand from some of our existing customers, which resulted in lower revenue. CE accounted for 33.5% of Group revenue in Q3FY2008.

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STRONG BALANCE SHEET

The Group's financial position improved significantly on the back of a strong net cash position. As at 30 September 2008, cash and cash equivalents increased about S$62.3 million to S$109.1 million from S$46.8 million as at end of last year. Gross debt was S$12.5 million, resulting in a net cash position of S$96.6 million. Gross gearing improved further at a low of 2.3% from 7.5% as at end of last year.

In conclusion, Mr Yao said: "We are in a strong net cash position and will continue to adopt a prudent approach in our investment efforts, mainly in the area of continuous vertical integration to further enhance our core competencies and increase our value-add to customers. At the same time, we will continue to build on our strong execution foundation for better cost management and greater efficiencies."

FY2008 EARNINGS OUTLOOK

Barring unforeseen circumstances, the Group expects lower revenue and profit for Q4FY2008 as compared to Q4FY2007. Given the current economic climate, the Group expects moderately lower revenue and profit for 2HFY2008 as compared to 1HFY2008.

The Group had previously guided for similar revenue for 2HFY2008 as compared to 1HFY2008. As for lower revenue, this is mainly due to a change in partial consignment model at the Group's Poland plant wef May 2008; and lower demand from some existing customers, which is not expected to change significantly.

For FY2008, the Group continues to expect improved revenue and significantly higher profit as compared to FY2007.

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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 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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