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Hi-P Maintains Profit Margin Despite Tough Market Conditions

- Revenue decreases 36.9% yoy to S\$177.6 million in 2Q2009
- Gross margin improves 4.9 points yoy to 22.8%; Net margin holds steady at 9.0%
- Strong balance sheet with 0.8% gross gearing and S\$251.4 million net cash on hand

Singapore – 3 August 2009, SGX Mainboard-listed Hi-P International Limited (Bloomberg Ticker: HIP SP, “Hi-P”, “赫比国际有限公司” or “the Group”), a global integrated electro-mechanics manufacturing solution provider, announced a revenue of S\$177.6 million and net profit attributable to shareholders (“net profit”) of S\$16.0 million for the 3 months ended 30th June 2009 (“2Q2009”).

Financial Highlights

(S\$'000)	2Q2009	2Q2008	y-o-y% Change
Revenue	177,605	281,508	↓36.9
Gross Profit	40,535	50,438	↓19.6
Gross Margin	22.8%	17.9%	↑4.9 points
Profit Before Taxation	18,236	30,136	↓39.5
Net Profit (att. Shareholders)	15,962	27,077	↓41.0
Net Profit Margin	9.0%	9.6%	↓0.6 points
EPS (SIN cents)	1.82	3.05	↓40.3
Net Cash generated from Operations	75,362	27,295	↑176.1%

The lower revenue and net profit figure for 2Q2009 as compared to 2Q2008, was in line with the Group’s guidance in its 1Q2009 results announcement on 5th May 2009. The lower revenue was mainly due to the expected lower demand from customers during the 2nd quarter of the year.

The Group’s production efficiency and cost control measures have improved over the year and as a result, gross profit decreased only 19.6% yoy to S\$40.5 million. Accordingly, the Group’s gross profit

margin improved 4.9 points to 22.8%. Whilst expenses were largely kept in check, net profit decreased 41.0% yoy to S\$16.0 million. This was due to S\$6.3 million impairment for equipment and a foreign exchange loss of S\$1.2 million.

The business continues to generate positive cash flow, with net cash from operations increasing from S\$27.3 million in 2Q2008 to S\$75.4 million in 2Q2009. Overall, the Group strengthened its balance sheet with a net cash position of S\$251.4 million and a low gross gearing of 0.8%.

“I am pleased with the result we have achieved in this downturn. Our ongoing efforts in process integration, customer diversification, organization enhancement and system improvement have allowed us to maintain our margins in this adverse condition.

We will continue to pursue these efforts in a more innovative way to strengthen our Group’s business.”

Mr. Yao Hsiao Tung (姚晓东), Executive Chairman

Outlook

The Group expects much lower revenue and profit for 3Q2009 compared to 3Q2008. Mass production of new projects will start in 4Q2009.

The Group will continue to exercise good cost control measures. Outlook for FY2009 still dependent on global market conditions.

-- The End --

About Hi-P International Limited (Bloomberg Code: HIP.SP)

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, the Group provides manufacturing services and electro-mechanical modules to customers in the telecommunications, consumer electronics & electrical, computing, life sciences & medical and automotive industries.

The Group has 25 manufacturing plants globally. These are located across six sites in the People’s Republic of China (Shanghai, Chengdu, 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.

For more information, please log on www.hi-p.com

Issued for and on behalf of Hi-P International Limited

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