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Hi-P delivers a 1Q2011 net profit of S\$17.9 million; a strong reversal from 1Q2010's loss

- 1Q2011 revenue increased 65.6% to S\$243.3 million mainly due to new projects
- Gross margins improved from 4.4% in 1Q2010 to 16.3% in 1Q2011 due to economies of scale, improved productivity, product mix and effective overall cost control in 1Q2011
- Management expects 2Q2011 revenue and profit to be higher than 2Q2010

Singapore – 3 May 2011, 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 solutions provider for wireless communications and consumer electronics, has announced its financial results for the 3 months ended 31 March 2011 (“1Q2011”). Recovering from a loss of S\$14.5 million in 1Q2010, the Group generated a net profit of S\$17.9 million in 1Q2011.

Financial Highlights

(S\$'000)	1Q2011	1Q2010	% Change
Revenue	243,289	146,896	65.6
Gross Profit	39,741	6,528	508.8
Gross Profit Margin (%)	16.3	4.4	n.m.
Profit After Tax	17,853	(14,520)	n.m.
Net Profit Margin (%)	7.3	-	n.m.
Earnings per share (Sing Cents)	2.08	-1.63	n.m.

1Q2011 revenue increased by 65.6% to S\$243.3 million compared to 1Q2010 mainly due to new projects in 1Q2011.

Gross profit increased 508.8% to S\$39.7 million mainly due to economies of scale, improved productivity, product mix and effective overall cost control in 1Q2011, partially offset by the increase in depreciation of property, plant and equipment (“PPE”) amounting to approximately S\$5.4 million due to a change in accounting estimate pertaining to useful life of certain PPE.

Total selling & distribution and administrative expenses were well managed and increased by just 9.8% yoy to S\$18.2 million. Other income increased 90.6% yoy to S\$5.9 million mainly due to gain on derivatives (used to hedge currency risk) totaling S\$2.2 million (1Q2010: S\$0.8 million) and sales of scrap totaling S\$1.3 million (1Q2010: S\$0.6 million). Other expenses

decreased 41.2% yoy to S\$4.1 million mainly due to absence of provision for impairment of fixed assets (1Q2010: S\$5.1 million) and partially offset by increase in foreign exchange loss which arose mainly from depreciation of the USD against SGD and RMB totaling S\$3.5 million (1Q2010: S\$0.5 million).

Income tax expense increased by 520.5% yoy to S\$6.2 million mainly due to higher profits and income tax rates for our PRC subsidiaries. The effective tax rate for 1Q2011 is 25.8%.

As a result of the above factors, the Group achieved net profit after tax of S\$17.9 million in 1Q2011.

“As previously guided in our FY2010 announcement, we expected our 1Q2011 results to be lower than our 4Q2010 results due to seasonality factors. Nevertheless, it is a good start to 2011 and demonstrates how much we have improved as a company from one year ago.

From a risk profile stand point, we are now supporting our customers in both high-end as well as mid-end phones versus just the high-end in 1Q2010. This has reduced our dependency on the high end product sales. In addition, we have been successful in diversifying our customer base.

Looking ahead, I am particularly encouraged by our involvement in the tablet business for our customers. We have aligned ourselves with the world’s leading players and look forward to reaping the benefits of this fast growing industry.”

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

Outlook

The Group expects higher revenue and profit in 2Q2011 as compared to 2Q2010.

The Group expects higher revenue and marginally higher profit in 2Q2011 as compared to 1Q2011 due to more assembly.

The Group expects higher revenue and profit for FY2011 compared to FY2010. However, there are some uncertainties due to possible supply chain issues from the Japanese earthquake.

-- 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.

The Group provides one stop solution to customers in the telecommunications, consumer electronics, computing & peripherals, life style, medical and automotive industries from design, electro-mechanical parts, modules to complete product manufacturing services.

The Group has 15 manufacturing plants globally located across five locations in the People's Republic of China (Shanghai, Chengdu, Tianjin, Xiamen and Suzhou), and in Mexico, Poland, Singapore and Thailand. Hi-P has marketing and engineering support centres in China, Singapore, Taiwan and the USA.

The Group's customers include many of the world's biggest names in mobile phones, tablets, household & personal care appliances, computing & peripherals, life style, 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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