Hi-P International Limited
11 International Business Park
Jurong East
Singapore 609926
Tel: (65) 6268 5459 Fax: (65) 6564 1787
www.hi-p.com

Hi-P's successful ramp-up in 3Q2015 drives 125.8% YOY jump in net profit to S$24.3 million

- Revenue jumped 60.4% yoy to S$394.2 million boosted by increase in orders from key customers
- Gross profit margin expanded 4.2 percentage points to 13.6% mainly due to a positive shift in product mix
- Management expects to continue positive momentum into 4Q2015

Singapore – 5 November 2015, 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 contract manufacturer of smart phones, tablet computers and other consumer electronics, has announced its financial results for the third quarter ended 30 September 2015 ("3Q2015").

Financial Highlights

(S$m)	3Q2015	3Q2014	YOY % Change	2Q2015	QOQ % Change
Revenue	394.2	245.7	60.4	314.7	25.3
Gross Profit	53.5	23.1	131.6	13.0	310.9
Gross Profit Margin (%)	13.6	9.4	+4.2 ppt	4.1	+9.5 ppt
Profit / (Loss) After Tax	24.3	10.8	125.8	(8.0)	n.m.
Net Profit Margin (%)	6.2	4.4	+1.8 ppt	n.m.	n.m.
Earnings per Share (Sing Cents)	2.98	1.32	125.8	(0.98)	n.m.
Net Asset Value per Share (Sing Cents)	76.22	71.43	6.7	71.36	6.8

For 3Q2015, the Group's revenue surged 60.4% yoy to S$394.2 million driven by increase in orders from key customers.

Gross profit increased 131.6% yoy to S$53.5 million for 3Q2015 mainly attributable to higher sales and higher gross profit margin. Gross profit margin expanded from 9.4% for 3Q2014 to 13.6% for 3Q2015 mainly due to a positive shift in product mix, partially offset by higher scrap costs incurred during production ramp-up.

Other income increased 51.2% yoy to S$4.6 million for 3Q2015 mainly contributed by an incentive granted by the applicable local governmental authority to the Group's subsidiary in the People's Republic of China ("PRC").

Total selling, distribution and administrative expenses increased 48.0% yoy to S$26.0 million for 3Q2015. The increase was mainly due to an absence of reversal of warranty provision, higher business development expenses incurred for new projects, normal yearly salary increment for staff and provision for bonuses.

Other expenses of S$3.6 million for 3Q2015 mainly consisted of net fair value loss on derivatives of S$6.3 million resulting from changes in fair value and settlement of currency hedging contracts, which were partially offset by net foreign exchange gain of S$4.4 million arose mainly from appreciation of USD against SGD and CNY. In addition, property, plant and equipment with net book value of S$1.2 million were written off in 3Q2015 as we retrofitted the space for a new project.

The Group recorded an income tax expense of S$3.6 million for 3Q2015, representing an effective tax rate of 12.8%. The low effective tax rate was mainly due to utilisation of previous unused tax losses.

As a result of the above factors, the Group delivered a net profit after tax of S$24.3 million for 3Q2015.

To reward shareholders, the Group has recommended an interim dividend of 0.3 Sing cents per share (3Q2014: Nil), representing a payout ratio of 95.7%.

"Our financial performance for 3Q2015 was in line with our expectation. Both our plastic projects at Jin Hai and CNC projects at Nantong turned positive while our CNC projects at Nanhui is on track towards achieving profitability going forward. The significant progress for our projects lifted our overall performance for the quarter.

With reference to our announcement dated 21 August 2015 on our arbitration proceedings against Yota Devices, we are still in the midst of negotiation with the company. The financial impact for the financial year ending 31 December 2015 will be subjected to the outcome of the claim, which may account for an impairment loss.

Notwithstanding the above, we are confident of continuing our momentum to further improve our financial performance into 4Q2015. Despite the economic slowdown in the PRC, our growth momentum will be supported by our diversified clientele base comprising MNC customers forged from current and future business developments."

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

Outlook

According to market intelligence firm IDC, the global smartphone market achieved a growth of 6.8% yoy to 355.2 million units for third quarter of 2015. This marks the second highest quarter of shipment on record.

Despite economic uncertainties, PRC remains the biggest contributor accounting for 30% of global smartphone sales while Chinese and new market players drove the fastest smartphone growth in emerging countries[1].

Taking into account the industry outlook for the smartphone and consumer electronics markets and to overcome the industry and business challenges, the Group will maintain its focus on:

- Providing dedicated solutions to meet customers' requirements and improving customer satisfaction

- Enhancing acquired technology with CNC equipment to raise operational efficiency and develop more metal-related businesses

The Group continues to strive for sustainable growth and be one of the top contract manufacturers in Asia, by providing a one-stop dedicated solution to fulfill its customers' needs - from product development, component manufacturing to complete product assembly.

Subject to the outcome of the claim against Yota Devices (as announced on 21 August 2015) and any resulting impairment, and barring any other unforeseen circumstances, the Group wishes to guide its performance as follows:

- The Group expects higher revenue and profit in 4Q2015 as compared to 4Q2014.

- The Group expects higher revenue in 2H2015 as compared to 1H2015. The Group expects to be profitable in 2H2015.

- The Group expects higher revenue and profit in FY2015 as compared to FY2014.

-- The End --

[1] Gartner, Gartner Says Worldwide Smartphone Sales Recorded Slowest Growth Rate Since 2013, 20 August 2015

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 various industries, including telecommunications, consumer electronics, computing & peripherals, lifestyle, medical and industrial devices from design, electro-mechanical parts, modules to complete product manufacturing services.

The Group has 14 manufacturing plants globally located across six locations in the People's Republic of China (Shanghai, Chengdu, Tianjin, Xiamen, Suzhou and Nantong), and in Poland, Singapore and Thailand. Hi-P has marketing and engineering support centres in PRC, 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, lifestyle, medical devices and industrial devices.

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

Issued for and on behalf of Hi-P International Limited by Financial PR Pte Ltd

For more information please contact: Chong Yap TOK /Allison CHEN
staff@financialpr.com.sgTel: (65) 64382990 Fax: (65) 64380064