



HI-P INTERNATIONAL LIMITED

赫比国际有限公司

Registration Number: 198004817H

PRESS RELEASE

Hi-P Reports FY06 Net Profit of S\$57 million

SINGAPORE, 28 February 2007 – **Hi-P International Limited**, a global integrated contract manufacturer, today reported financial results for the year ended 31 December 2006. Compared to the previous year, revenue rose 33% year-on-year (yoy) to S\$839.1 million while net profit decreased 35% yoy to S\$57.5 million.

For the quarter ended 31 December 2006, revenue rose 29% year-on-year (yoy) to S\$257.3 million while net profit decreased 39% yoy to S\$13.4 million. Compared to Q3 FY2006, revenue grew 17% quarter-on-quarter (qoq) while net profit edged down 13% qoq.

Commenting on the results, Mr. Yao Hsiao Tung, Executive Chairman and CEO of Hi-P said, “We are definitely not pleased that our earnings have declined but we have good reason to be positive about the future. Starting from the second half of FY2005, we have focused on strengthening our core capabilities to take Hi-P to the next level in terms of revenue and profits.

On the outlook for the Group, Mr Yao said, “For Q1 FY2007, we expect revenue and net profit to be slightly lower than Q4 FY2006 due to the normal seasonal lull for our industry. All three SBUs are expected to perform similarly qoq. For the full year, FY2007, we expect revenue growth to come from both existing and new customers. Our cost structure should continue to improve as we are putting tremendous effort in this regard. Overall, we are very positive about our prospects and expect to grow revenue and net profit compared to FY2006.”

Segmental Highlights (FY2006)

For the full year, FY2006, revenue from the Wireless Telecommunications (WL) strategic business unit (SBU) grew 64% yoy to S\$509.9 million due mainly to a shift in mix to products with higher materials content, higher production volume and new customer contribution. WL accounted for 61% of Group revenue for the year.

Revenue from the Consumer Electronics & Electrical (CE) SBU was down 1% yoy to S\$259.7 million as a key customer was still consolidating after a merger. CE accounted for 31% of Group revenue for the year.

Revenue from the Computing, Automotive, Medical and Others (CA) SBU was up 17% yoy to S\$69.5 million due to steady demand from existing customers and new customer contribution. CA accounted for 8% of Group revenue for the year.

Segmental Highlights (Q4 FY2006)

Revenue from WL grew 38% yoy and up 39% qoq to S\$167.3 million due mainly to a shift in mix to products with higher materials content, higher production volume, and new customer contribution. WL accounted for 65% of Group revenue for the quarter.

Revenue from CE was up 10% yoy and down 13% qoq to S\$70.5 million and down 13% qoq. The qoq decline was due mainly to a high base in Q3 FY2006 which had benefited from the delivery of an order pushed out from Q2 FY2006. Without the help from the pushed-out order, CE would have recorded a 1% growth qoq. CE accounted for 27% of Group revenue for the quarter.

Revenue from CA was up 37% yoy and up 6% qoq to S\$19.5 million. This was on the back of steady demand from existing customers and new customer contribution. CA accounted for 8% of Group revenue for the quarter.

Financial Position

The Group's financial position remains strong as it ended the year with cash and equivalents of S\$32.9 million and gross debt of S\$25.4 million. Gross gearing was 6.4%.

About Hi-P International Limited

Hi-P started out in 1980 as a tooling specialist in Singapore and has since grown to become today one of the region's largest and fastest-growing integrated contract manufacturers. We provide manufacturing services to customers in the telecommunications, consumer electronics and 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. Our 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 and medical devices. Hi-P was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 17 December 2003. Please visit us at www.hi-p.com.

Investor Relations & Media Contact:

Russell Tan, NRA Capital
Email: russell.tan@nracapital.com
Tel: +65 9199 0361