

Miscellaneous

Name of Announcer

HI-P INTERNATIONAL LIMITED

Company Registration No.

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Announcement submitted on behalf of

HI-P INTERNATIONAL LIMITED

Announcement is submitted with respect to

HI-P INTERNATIONAL LIMITED

Announcement is submitted by

Yao Hsiao Tung

Designation

Executive Chairman

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PRESS RELEASE: HI-P REPORTS 64% SURGE IN FIRST QUARTER'S PROFIT

Description

PLEASE REFER TO ATTACHMENT.

Attachments:

 [HiP_Q1FY2008_Press_Release.pdf](#)

**PRESS RELEASE****Hi-P Reports 64% surge in First Quarter's Profit**

SINGAPORE, 29 April 2008 – **Hi-P International Limited** (“**Hi-P**” or “**the Group**”), a global integrated contract manufacturer, today reported financial results for the quarter ended 31 March 2008.

Highlights of Q1 FY2008

Revenue	S\$270 million	↑ 35.3%
Gross Profit	S\$48.8 million	↑ 55.4%
Operating Profit	S\$34.3 million	↑ 107.5%
Net Profit	S\$24.7 million	↑ 63.7%
Gross Margin	18.1%	↑ 2.4 points
Net Margin	9.1%	↑ 1.6 points
EPS per share	Scts 2.8	
NAV per share	Scts 54.0	

Q1 FY2008 revenue increased S\$70.5 million or 35.3% to S\$270.0 million. The group registered higher revenue across the board, especially in sales to Wireless' customers, which increased by S\$49.4 million or 43.4% to S\$163.3 million. Sales to Consumer Electronics' customers increased S\$21.1 million or by 24.6% to S\$106.7 million. Wireless accounted for 60% of group revenue compared to 40% for Consumer Electronics.

Gross profit jumped 55.4% to S\$48.8 million on a more profitable product mix as the Group undertook more value-added services for its customers. As a result, gross margins improved by 2.4 percentage points to 18.1%, its highest since 2006.

Operating Profit more than doubled to S\$34.3 million, up 107.5% as operating expenses fell 7.4% despite the higher sales. The decline in operating expenses was mainly attributed to reversions of excess bonuses accrued in FY2007, lower provisions for doubtful debts and better cost efficiencies.

Forex losses were S\$7.1 million as the USD continued to weaken. This was exacerbated by the record level of USD-denominated receivables that were converted during the quarter.

Net profit attributable to shareholders (“net profit”) increased by S\$9.6 million or 63.7% to S\$24.7 million. Net margin was also its highest since 2006 at 9.1%.

Compared to Q4 FY2007, revenue was lower by S\$43.3 million or 13.8%, mainly due to the normal seasonality in the handset market. If not for tax charges, net profit would have been better than Q4 FY2007. Instead, net profit was lower by S\$6.3 million or 20.4%.

Commenting on the robust results, Mr. Yao Hsiao Tung, Executive Chairman of Hi-P said, “Our customer diversification efforts, our past investments, our restructuring efforts, and the continuing improvements to our controls and processes are paying off. Not only are we able to deliver better margins, we have also significantly enhanced our working capital management; our gross cash position has reached S\$115.2 million, a record for the company.”

As at end 31 March 2008, cash and cash equivalents increased S\$68.4 million to S\$115.2 million or Scts 13.0 per share. With a gross debt of S\$32.1 million, net cash position stood at S\$83.1 million or Scts 9.4 per share. Gross gearing was a low 6.7%.

On earnings outlook, Mr Yao said, “Near-term, our diversified customer base will enable us to ride out the risks of a slowdown in some customers. Coupled with our ongoing restructuring and rationalisation exercise, I am confident that Hi-P is likely to continue delivering good results in the coming quarter and this year.”

Mr Yao added, “We are deeply committed to transforming Hi-P into the world’s foremost independent integrated electro-mechanical solutions supplier. We will continue to build up our core strengths in plastics and cosmetic technologies, invest in R&D and work towards deepening relationships with our customers. With our strong financials, we will also seek out strategic opportunities that are value-accretive and that can enhance our market position.”

Barring unforeseen circumstances, the Group expects lower revenue and net profit for Q2 FY2008 compared to Q1 FY2008, due to slower sales expected at Consumer Electronics. However, Q2 FY2008 revenue and profit is likely to be better than Q2 FY2007. For FY2008, the Group expects better revenue and profit.

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 & 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, automotive components 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.

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