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Hi-P's record 4Q2010 of S\$35.9 million pushes FY2010 earnings up 25.8% to S\$66.9 million

- Strong demand and ramp up of new projects gives Hi-P a record 4Q2010
- FY2010 revenue increased 27.7% yoy to S\$957.7 million
- Gross margin in FY2010 improved from 18.1% to 19.0% due to economies of scale, improved productivity, product mix and effective overall cost control in 2H2010
- Board of Directors to propose a dividend of 3.6 Sing cents

Singapore – 21 February 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 that its net profit for the 12 months ended 31 December 2010 (“FY2010”) has increased 25.8% yoy to S\$66.9 million. This increase comes on the back of a record 4Q2010, which saw the Group generate S\$35.9 million in net profit.

The Group's FY2010 revenue benefitted from a ramp up of new projects in 2H2010 and grew 27.7% yoy to S\$957.7 million. With economies of scale, improved productivity, product mix and overall effective cost control, Hi-P's gross profit increased 34.1% yoy to S\$181.5 million.

Effective tax rate for the Group increased from 17.1% in 2009 to 24.2% in 2010 mainly due to higher income tax rates for our PRC subsidiaries. Consequently, this led to a FY2010 net profit of S\$66.9 million.

Financial Highlights

(S\$'million)	4Q2010	4Q2009	% Change	FY2010	FY2009	% Change
Revenue	343.8	170.5	101.7	957.7	749.9	27.7
Gross Profit	82.0	21.7	278.0	181.5	135.4	34.1
Gross Profit Margin (%)	23.9	12.7	NA	19.0	18.1	NA
Profit After Tax	35.9	4.2	762.1	66.9	53.2	25.8
Net Profit Margin (%)	10.4	2.4	NA	7.0	7.1	NA
Earnings per share (Sing Cents)	4.15	0.50	730.0	7.79	6.15	26.7

“Our 4Q2010 profit of S\$35.9 million is Hi-P’s best to date. Our management team and staff deserve credit for handling the surge in demand in 2H2010 versus the difficult 1H2010.

We would not have been able to handle this surge in demand had we not put in tremendous effort in building our unique infrastructure over the last few years. In actuality, it is our focus in infrastructure and process capability which makes Hi-P a much stronger company.

Today, as we pursue our vertically integrated strategy, Hi-P is much stronger compared to what it was a year ago. We have strengthened our core competencies in products design and process development as well as our R&D capabilities. An example is our recent acquisition of Motorola Mobility Singapore’s laboratory and testing equipment as well as its highly talented R&D team.

Looking ahead, we will continue to improve our operations and systems to remain competitive in this industry.

The Board of Directors is recommending a first and final dividend of 3.6 Singapore cents.”

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

4Q2010 vs. 4Q2009 Comparison

4Q2010 revenue increased by 101.7% to S\$343.8 million compared to 4Q2009 due to ramp up of new projects, resulting from an increased demand from customers.

Gross profit increased 278.0% to S\$82.0 million mainly due to economies of scale, improved productivity, product mix and effective overall cost control.

Total selling & distribution and administrative expenses increased by 13.2% yoy to S\$20.9 million. This was in line with the increase in revenue. Other income increased 96.5% to S\$5.2 million mainly due to sales of scrap of S\$1.7 million (4Q2009: S\$0.7 million) and gain on derivatives (used to hedge currency risk) totaling S\$0.8 million. (4Q2009: S\$0.1 million) Other expenses increased 8458.4% yoy to S\$18.9 million mainly due to foreign exchange loss totaling S\$7.2 million [S\$3.6 million arose mainly from depreciation of the USD against SGD and RMB (4Q2009: S\$0.2 million) while S\$3.6 million arose from the settlement of Poland’s equity loan] and provision for impairment of fixed assets totaling S\$10.4 million arising mainly from ongoing consolidation exercise. (4Q2009: reversal of impairment provision S\$1.7 million)

Overall, tax expenses increased 433.2% yoy to S\$11.8 million due to higher profits generated as well as higher income tax rates for our PRC subsidiaries.

As a result of the above factors, the Group achieved net profit after tax of S\$35.9 million in 4Q2010.

Cash and cash equivalents decreased from S\$246.7 million as at 31 December 2009 to S\$215.0 million as at 31 December 2010. Debt was S\$3.9 million, resulting in a net cash position of S\$211.1 million. Gearing decreased marginally to 0.7% as at 31 December 2010 compared to 0.9% as at 31 December 2009.

Outlook

The Group expects significantly higher revenue and profit in 1Q 2011 as compared to 1Q 2010 but lower revenue and profit as compared to 4Q 2010 due to seasonality factors.

For the full year ending 31 December 2011, the Group expects higher revenue and profit as compared to FY 2010.

-- 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 manufacturing services and electro-mechanical modules to customers in the telecommunications, consumer electronics & electrical, computing, life sciences & medical and automotive industries. The Hi-P Group has 25 manufacturing plants globally. These are located across five cities in the People's Republic of China (Shanghai, Chengdu, Tianjin, Xiamen and Suzhou), and in Mexico, Poland, Singapore and Thailand. Hi-P has a marketing and engineering support centre in 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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