



**Hi-P International Limited**  
11 International Business Park  
Jurong East  
Singapore 609926  
Tele: (65) 6268 5459 Fax: (65) 6564 1787  
[www.hi-p.com](http://www.hi-p.com)

## Hi-P reports 4Q2011 revenue of S\$422.1 million and net profit of S\$9.4 million

- Strong balance sheet and net cash position of S\$220.3 million
- Board of Directors to propose final dividend of 2.4 Sing cents
- Management expects stronger 2H2012 versus 1H2012 and overall better FY2012 versus FY2011

**Singapore – 23 February 2012**, 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 December 2011 (“4Q2011”). The Group’s revenue improved by 36.8% to S\$422.1 million quarter-on-quarter (qoq) as a result of more high level assembly projects while net profit surged 45.9% qoq, enhanced by effective foreign exchange management.

### Financial Highlights

(S\$'000)	4Q2011	3Q2011	% Change	4Q2011	4Q2010	% Change
Revenue	422,137	308,567	36.8	422,137	343,847	22.8
Gross Profit	34,091	26,697	27.7	34,091	82,013	(58.4)
Gross Profit Margin (%)	8.1	8.7	n.m	8.1	23.9	n.m.
Profit After Tax	9,427	6,461	45.9	9,427	35,870	(73.7)
Net Profit Margin (%)	2.2	2.1	n.m	2.2	10.4	n.m.
Earnings per share (Sing cents)	1.11	0.76	46.1	1.11	4.14	(73.2)

4Q2011 revenue was up by 22.8% year-on-year (yoy) to S\$422.1 million as a result of more high level assembly projects. Relative to 3Q2011, this was an increase of 36.8% qoq as the Group began work for programs that were previously delayed.

4Q2011 gross profit dropped by 58.4% yoy to S\$34.1 million due to pricing pressure, higher material and labour costs, site consolidation costs and higher depreciation of S\$3.3 million due to a change in accounting estimate for the useful life of certain Property, Plant and Equipment.

Hi-P kept a firm lid on operating expenses, with selling & distribution and administrative expenses for 4Q2011 increasing by only 13.8% yoy to S\$23.7 million.

Net interest income<sup>1</sup> increased by 326.7% yoy to S\$1.2 million due to higher interest earned from a greater amount of CNY fixed deposits. Net other expenses<sup>2</sup> for 4Q2011 decreased by 98.2% yoy to S\$0.2 million mainly due to foreign exchange gain which arose mainly from appreciation of the USD and RMB against SGD, partially offset by depreciation of USD against RMB totaling S\$2.8 million and reduced provision for impairment loss of fixed assets totaling S\$8.5 million.

Income tax expense decreased by 84.5% yoy to S\$1.8 million mainly due to lower profits, representing an effective tax rate of 16.3% (4Q2010: 24.8%)

As a result of the above factors, the Group achieved net profit after tax of S\$9.4 million in 4Q2011 compared to S\$6.5 million for 3Q2011 and S\$35.9 million for 4Q2010.

Based on the reported performance, the Group has recommended a first and final dividend of 2.4 Sing cents per share. (FY2010: 3.6 Sing cents)

**“FY2011 was a challenging year for us, as we navigated a shift in product mix and consolidated our facilities against the backdrop of a difficult economic environment. Nonetheless, we expect to see the results of our new initiatives in FY2012; to achieve greater cost efficiency in our operations and to benefit from the economies of scale.**

**According to IT research firm Gartner, tablets are one of the top ten strategic technologies to look out for in 2012<sup>3</sup>. Leveraging on this trend, we have secured tablet and mobile device projects for our major clients and we are positive that we will be able to pick up the pace in the year ahead. Efforts will also be placed on developing new business opportunities in other areas such as lifestyle products, household appliances, personal grooming devices and industrial products.”**

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

## **Outlook**

In view of the volatile business environment, the Group has implemented various initiatives in the following areas:

- Development of new business opportunities for wireless, computing & peripherals, home appliances and personal grooming devices
- Lowering of operating costs via automation
- Innovative development of new processes and technologies to align with market trends and demands

To support the initiatives outlined above, we intend to incur capital expenditure aggregating approximately S\$180 million to acquire additional machinery and equipment and expand our production facilities. The planned capital expenditure will increase the Group's production capacity and capability to support potential new projects for the current financial year and the

---

<sup>1</sup> Interest income less financial costs

<sup>2</sup> Other income less other expenses

<sup>3</sup>Gartner press release dated 18 October, 2011, <http://www.gartner.com/it/page.jsp?id=1826214>

next 12 months. The expenditure will take place in phases and is expected to contribute to the performance of the Group only from 2H 2012 onwards.

As such, the Group wishes to guide its performance as follows:

The Group expects similar revenue in 1Q2012 compared to 1Q2011 but is expected to report a loss.

The Group expects higher revenue and profit in 2H2012 as compared to 1H2012.

The Group expects higher revenue and profit in FY2012 as compared to FY2011.

**-- 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](http://www.hi-p.com)

---

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

**For more information please contact: Gabriel TAN /Kamal SAMUEL**  
**[Staff@financialpr.com.sg](mailto:Staff@financialpr.com.sg) Tel: (65) 64382990 Fax: (65) 64380064**