

HI-P INTERNATIONAL LIMITED

(Company Registration No.: 198004817H)
(Incorporated in the Republic of Singapore)
("Company")

PROFIT GUIDANCE IN RELATION TO THE COMPANY'S FINANCIAL PERFORMANCE FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2015

In the Company's unaudited financial results announcement for the third quarter ended 30 September 2015 made on 5 November 2015, subject to the outcome of the claim against Yota Devices Ltd. ("Yota") and any resulting impairment, the Group in paragraph 10 thereof guided 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.

Based on a preliminary review of the unaudited financial results of the Group for the fourth quarter and financial year ended ("FY") 31 December 2015, the Board of Directors of the Company wishes to inform as follows:

4Q2015 vs 4Q2014

Revenue for 4Q2015 is higher as compared to 4Q2014 as previously guided.

The Group expects to report a significant cost in 4Q2015 comprising mainly inventory provision as a result of adjusting the carrying value of inventory that was prepared for Yota to the lower of cost and net realizable value, and provision for related non-cancellable purchase commitments.

Accordingly, the Group expects to report a loss in 4Q2015, instead of a profit as previously guided.

The provisions would reduce the Group's net tangible assets per share at the end of the reporting period. The provisions are non-cash items which would not have a negative impact on the Group's cash flow statement, where the net cash flows generated from operating activities remain positive for 4Q2015.

2H2015 vs 1H2015

Revenue for 2H2015 is higher as compared to 1H2015 as previously guided. The Group expects to report a loss in 2H2015, instead of a profit as previously guided, due to the reason stated above.

FY2015 vs FY2014

Revenue for FY2015 is higher as compared to FY2014 as previously guided. The Group expects to report a loss in FY2015, instead of a profit as previously guided, due to the reason stated above.

The Group expects to report a profit for 4Q2015, 2H2015 and FY2015 if not for the impact arising from the provisions aforementioned.

Further details of the Group's financial performance will be disclosed when the Company finalises and announces its unaudited financial result for 4Q2015.

By Order of the Board

Yao Hsiao Tung
Executive Chairman and Chief Executive Officer
21 February 2016