



**HUAN HSIN HOLDINGS LTD**

**奐 鑫 控 股 有 限 公 司**

Company Registration Number: 199509142R

## **NEWS RELEASE**

### **HUAN HSIN REPORTS 26% RISE IN FY2006 NET PROFIT TO S\$28.9M AND A NEW HIGH IN REVENUE OF S\$842M, UP 28%**

#### **Results Highlights:**

- **Net Profit strongly rebounded from FY2005 to reach S\$28.9 million**
- **Turnover recorded a new high of S\$842 million**
- **Growth driven by strong orders for notebook casings, peripherals and printer related products**
- **Earnings per share increased to 7.22 cents from 5.89 cents**
- **Net asset value per share rose to 78.17 cents**
- **Final tax-exempt cash dividend of 0.80 cents per ordinary share**

**SINGAPORE, 15 February 2007** – Mainboard-listed Huan Hsin Holdings Ltd (“Huan Hsin” and together with its subsidiaries, the “Group”), an integrated contract manufacturer of telecommunications and electronic products today announced its financial results for the full-year ended 31 December 2006 (“FY2006”).

The Group recorded a net profit attributable to shareholders of S\$28.9 million, an increase of 26% from S\$22.8 million in last financial year. Group revenue recorded a new high of S\$842 million, an increase of 28% from S\$660.3 million.

The growth was driven mainly by the strong performance from the mould, moulded plastic products and finished product assembly segment, which recorded strong orders for

notebook casings, notebook peripherals and printer related products. This segment continued to be the main contributor accounting for about 94% of Group revenue in FY2006. Revenue for this segment increased by 29% to S\$790.9 million from S\$614 million in the last financial year.

Revenue for notebook casings made up about 50% of the Group revenue. Notebook casings shipments for FY2006 increased 7% to 11.4 million units from 10.7 million units a year ago. The Group continued to be one of the leading notebook casing manufacturers, supplying to six major notebook manufacturers in the world.

Besides notebook casings, printer related products and notebook peripherals also registered growth during the year. Both printer related products and notebook peripheral accounted for about 16% each of Group revenue in the FY2006.

The wire, cable and related components business segment, which contributed 6% of the Group revenue, also reported an approximately 9% increase in revenue from S\$45.3 million to S\$49.4 million.

Staff costs of the Group rose by 27% to S\$82.3 million from S\$64.7 million in the previous year. This was mainly due to increased headcount at the plants in Shanghai and Shandong as the Group expands its operations there. Higher wages for employees in the Shanghai operations also contributed to the higher staff costs.

Finance cost rose by 29% to S\$9.1 million from S\$7 million on account of increased bank borrowing and higher interest rate. Income tax expenses increased 27% to S\$5.4 million from S\$4.2 million due to the expiry of income tax exemption of a subsidiary in Shanghai.

The Group's cash balance was lower at the end of FY2006 as the Group invested in plant and machinery and in an associate company during the year.

Earnings per share for the Group rose by 23% to 7.22 cents from 5.89 cents in the previous year. The Group's net asset value per share increased to 78.17 cents per share.

The directors are pleased to recommend a final tax exempt dividend of 0.8 cent per ordinary share (2005: final tax exemption dividend of 0.6 cents per ordinary share) for the financial year ended 31 December 2006 for approval at the next Annual General Meeting. Together with the interim tax exempt dividend of 0.8 cents per ordinary share paid earlier, the total dividend will be 1.6 cents per ordinary share amounting to S\$6,400,000 for the year ended 31 December 2006.

The Group was recently ranked as one of the fastest growing technology companies in Asia Pacific under the "DELOITTE TECHNOLOGY FAST 500 ASIA PACIFIC 2006" Award launched by Deloitte Technology, Media & Telecommunications Asia Pacific and supported by UK Trade & Investment.

Commenting on the results, Managing Director of Huan Hsin, Mr. Hsu Cheng Chien said, "I am pleased to see that the higher profit was attributable to higher revenue. The order momentum for our core products remained strong as this was boosted by the higher shipments of notebook casings, notebook peripherals and printer related products. The Group performances are commendable in the light of escalating raw material prices, increased staff costs and the keen competition in the industry which makes it difficult to pass increased costs to customers."

Mr. Hsu added, "However, the business environment is expected to remain competitive with pressure on margins as consolidation in the notebook casings industry continued. We will continue to focus on operating costs control, improve production efficiency and manage its rising material costs."

## **Going Forward**

The recent joint venture with ASUSTek Computer to manufacture notebook casings and acquisition of a manufacturing facility to manufacture magnesium alloy products are expected to contribute to the Group revenue in FY2007. These investments will enhance the Group's capabilities and will have a positive impact on its overall competitiveness. Moreover, they will bring about sustainable growth through diversification into higher value added activities in the long term.

Going forward, the Group expects notebook shipment growth in 2007 to be driven by the increasing replacement of desktops by notebooks with the move towards more widespread use of wireless technology.

Barring unforeseen circumstances and any significant movements in material prices and pricing pressures, the Board of Directors remains optimistic of the Group's performance in FY2007.

## **About Huan Hsin**

Established in 1980, SGX Mainboard listed Huan Hsin Group is an integrated contract manufacturer of telecommunications and electronic products. With 8 plants in the People's Republic of China and 1 in Malaysia, the Group's operations include tooling, plastic injection, metal stamping, spray painting, PCB assembly, wire and cable and finished product assembly.

Riding on the global outsourcing trend, Huan Hsin has grown to become one of the leading notebook casing manufacturers in the world. Huan Hsin also manufactures products such as notebook peripherals, printer casings, printer cartridges, LCD TV casings, LCD monitor casings, keyboard casings, internet-phone handsets, telephone cords and power cords.

### *Note:*

*This release may contain predictions, estimates or other information that may be considered forward-looking statements. Actual results may differ materially from those currently expected because of a number of factors. These factors include (without limitation) changes in general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, changes in operation expenses, including employee wages and raw material prices, governmental and public policy changes, social and political turmoil and major health concerns, such as the spread of deadly virus. You are cautioned not to place under reliance on these forward-looking statements, which are based on current view of management on future events. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

For enquiries, please contact :

Mr Lee Say Kean

Investor Relations Manager

Huan Hsin Holdings Ltd

Tel : 65 9636 4323 / 60 4 423 7766

Email : [sklee@huanhsin.com.my](mailto:sklee@huanhsin.com.my)