

Huan Hsin Holdings Ltd (Company No: 199509142R)**First Quarter Financial Statement On The Consolidated Results For The Three Months Ended 31 March 2016****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY(Q1,Q2 & Q3),HALF YEAR AND FULL YEAR RESULTS**

1. (a) **An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

GROUP INCOME STATEMENTS for the 1st quarter ended 31 March 2016

	Group		
	3 months ended		
	31-03-16	31-03-15	Change
	S\$'000	S\$'000	%
Revenue	15,973	40,944	(61)
Other operating income	1,155	4,109	(72)
Changes in inventories of finished goods and work-in-progress	(2,095)	(5,238)	(60)
Raw material and consumables used	(6,051)	(19,066)	(68)
Employee benefits expenses	(6,689)	(13,667)	(51)
Depreciation and amortisation expense	(1,019)	(1,778)	(43)
Other operating expenses	(11,406)	(15,719)	(27)
Share of results of associate	(131)	(79)	66
Finance costs	(1,392)	(1,819)	(23)
Loss before income tax	(11,655)	(12,313)	(5)
Income tax	-	-	-
Loss for the period	(11,655)	(12,313)	(5)
Loss for the period attributable to:			
Equity holders of the Company	(11,655)	(12,103)	(4)
Non-controlling interests	-	(210)	(100)
Total	(11,655)	(12,313)	(5)

Statement of Comprehensive Income for the 1st quarter ended 31 March 2016

	Group		
	3 months ended		
	31-03-16	31-03-15	Change
	S\$'000	S\$'000	%
Loss for the period	(11,655)	(12,313)	(5)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Exchange realignment of foreign entities	8,453	(4,166)	n.m.
Total comprehensive loss for the period	(3,202)	(16,479)	(81)

Total comprehensive loss attributable to:

Equity holders of the Company	(3,202)	(16,878)	(81)
Non-controlling interests	-	399	(100)
Total	(3,202)	(16,479)	(81)

n.m. - not meaningful

Notes:

(I) Revenue

	Group		
	3 months ended		
	31-03-16	31-03-15	Change
	S\$'000	S\$'000	%
Sale of goods	15,754	40,846	(61)
Interest income	219	98	123
Total	15,973	40,944	(61)

(II) Loss for the period is arrived at after crediting /(charging) the following:

	Group		
	3 months ended		
	31-03-16	31-03-15	Change
	S\$'000	S\$'000	%
Depreciation and amortisation expense	(1,019)	(1,778)	(43)
Net foreign exchange adjustment (loss) / gain	(3,727)	3,156	n.m.
Interest expenses	(1,392)	(1,819)	(23)

n.m. - not meaningful

1 (b)(i)

A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION as at 31 March 2016

	Group		Company	
	31-03-16	31-12-15	31-03-16	31-12-15
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	14,043	19,046	761	1,129
Trade receivables	23,439	41,920	-	-
Other receivables, deposits and prepayments	4,498	5,663	54,031	56,546
Inventories	28,458	30,529	-	-
Non-current assets classified as held for sale	29	29	-	-
Total current assets	70,467	97,187	54,792	57,675
Non-current assets:				
Associate	1,143	1,322	-	1,113
Subsidiaries	-	-	51,274	24,306
Available-for-sale investments	24,461	25,565	-	24,471
Land use rights	7,309	7,662	-	-
Property, plant and equipment	38,477	40,888	-	-
Total non-current assets	71,390	75,437	51,274	49,890
Total assets	141,857	172,624	106,066	107,565
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	22,590	28,564	-	-
Other payables and accruals	34,734	38,909	1,378	1,529
Borrowings	70,514	84,140	-	-
Income tax payable	953	1,035	-	-
Total current liabilities	128,791	152,648	1,378	1,529
Non-current liability:				
Borrowings	81,306	85,014	49,460	51,556
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,772	54,772	-	-
Translation reserves	(9,578)	(18,031)	1,214	3,544
Legal reserves	36,947	36,947	-	-
Accumulated losses	(301,478)	(289,823)	(97,083)	(100,161)
Equity attributable to owners of the Company	(68,240)	(65,038)	55,228	54,480
Non-controlling interests	-	-	-	-
(Capital deficiency) Total equity	(68,240)	(65,038)	55,228	54,480
Total liabilities and (capital deficiency) equity	141,857	172,624	106,066	107,565

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less , or on demand

As at 31-03-2016		As at 31-12-2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 9,400	24,634	(a) 24,356	21,609
(b) 36,480	-	(b) 38,175	-
Total 45,880	24,634	Total 62,531	21,609

Amount repayable after one year

As at 31-03-2016		As at 31-12-2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(b) 67,555	13,751	(b) 70,695	14,319

(a) The short term loans are secured by subsidiaries' land use rights, buildings and pledged of trade receivables.

(b) The loans are secured through a charge over all of the Group's present shares in Smart Idea Holdings Limited ("SIHL"), representing 16.84% of the issued share capital of SIHL.

1(c)

A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED CASH FLOW STATEMENT
for the financial period ended 31 March 2016

Operating activities:

Loss before income tax

Adjustments for:

Share of results of associate

Depreciation and amortisation expense

Interest expense

Interest income

Operating cash flows before movements in working capital

Trade receivables

Other receivables and prepaid expenses

Inventories

Trade payables

Other payables

Cash generated from / (used in) operations

Income tax (paid) /refund

Interest paid

Interest received

Net cash from / (used in) operating activities

Investing activities:

Prepayment from disposal of non-current assets held for sale

Proceeds from disposal of property, plant and equipment

Net cash from investing activities

Financing activities:

(Decrease) / increase in short-term bank loans

Increase in other loans payable

Restricted cash

Net cash (used in) / from financing activities

Net effect of exchange rate changes in consolidating subsidiaries

Net (decrease) / increase in cash and cash equivalents

Cash and cash equivalents at beginning of financial period

Effects of exchange rate changes on the balance of cash held in foreign

Cash and cash equivalents at end of financial period

Note 1:

Cash and bank balances

Less: Restricted bank deposits

Cash and cash equivalents per cash flow statement

Group	
3 months ended	
31-03-16	31-03-15
S\$'000	S\$'000
(11,655)	(12,313)
131	79
1,019	1,778
1,392	1,819
(219)	(98)
(9,332)	(8,735)
18,481	18,505
1,165	4,160
2,071	2,307
(5,974)	(15,004)
(4,175)	(2,981)
2,236	(1,748)
(82)	50
(1,392)	(1,819)
219	98
981	(3,419)
-	14,678
-	3,200
-	17,878
(14,956)	9,543
3,106	1,875
1,961	1,871
(9,889)	13,289
6,120	(3,799)
(2,788)	23,949
12,818	22,101
(254)	835
9,776	46,885
14,043	58,901
(4,267)	(12,016)
9,776	46,885

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENTS OF CHANGES IN EQUITY for the period ended 31 March 2016

	Share capital	Capital reserve	Translation reserves	Legal reserves	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	151,097	54,772	(18,031)	36,947	(289,823)	(65,038)	-	(65,038)
Total comprehensive loss for the period	-	-	8,453	-	(11,655)	(3,202)	-	(3,202)
Balance at 31 March 2016	151,097	54,772	(9,578)	36,947	(301,478)	(68,240)	-	(68,240)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	151,097	54,772	(6,566)	34,896	(229,914)	4,285	16,232	20,517
Transfer from accumulated losses	-	-	-	3,056	(3,056)	-	-	-
Total comprehensive loss for the period	-	-	(4,775)	-	(12,103)	(16,878)	399	(16,479)
Balance at 31 March 2015	151,097	54,772	(11,341)	37,952	(245,073)	(12,593)	16,631	4,038

	Share capital	Translation reserves	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	151,097	3,544	(100,161)	54,480
Total comprehensive income for the period	-	(2,330)	3,078	748
Balance at 31 March 2016	151,097	1,214	(97,083)	55,228

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	151,097	(372)	(1,795)	148,930
Total comprehensive income for the period	-	6,270	(357)	5,913
Balance at 31 March 2015	151,097	5,898	(2,152)	154,843

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital since the end of the previous period reported on.

There were no outstanding convertible securities and employees' share options as at 31 March 2016 and 2015

As at 31 March 2016 and 2015, no shares were being held as treasury shares

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

The total number of issued shares as at 31 March 2016 is 400,000,000 shares (31 December 2015 : 400,000,000 shares).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on**

Not applicable

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The same accounting policies and methods of computation have been applied in the financial statements as compared with the most recent audited annual financial statements.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

NIL

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Loss per ordinary share for the financial period based on net loss attributable to the shareholders

	Group	
	31-03-16	31-03-15
(i) Based on the weighted average number of ordinary shares on issue; and	(2.91) cts	(3.03) cts
(ii) On a fully diluted basis	(2.91) cts	(3.03) cts

Notes:

- (a) The loss per ordinary share for the financial period ended 31 March 2016 is calculated based on 400,000,000 (31 March 2015 : 400,000,000) ordinary shares issued.
- (b) As at end of March 2016 and 2015 , there were no outstanding employees' share options

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group			Company		
	31-03-16	31-12-15	Change	31-03-16	31-12-15	Change
	cents	cents	%	cents	cents	%
Net (liabilities) / asset value per ordinary share based on existing issued share capital as at the end of the period reported on	(17.06)	(16.26)	5	13.81	13.62	1

Note:

The net (liabilities) / asset value per ordinary share for the financial period ended 31 March 2016 is calculated based on the issued share capital of 400,000,000 shares (31 December 2015: 400,000,000 shares)

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors, and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Revenue

For the first quarter ended 31 March 2016 ("Q1 2016"), the Group revenue decreased by 61% to S\$16.0 million compared to S\$40.9 million in same period last year ("Q1 2015"). The substantial decline in revenue was due to the Group not accepting orders during the quarter in the midst of on-going plans to shut down some of the loss making factories.

Other operating income

Other operating income decreased by 72% from S\$4.1 million in Q1 2015 to S\$1.2 million in Q1 2016. It was primarily due to the absence of net foreign exchange adjustment gain during the quarter.

Raw material and consumables used

Changes in inventories of finished goods and work-in-progress

Cost of inventories decreased from S\$24.3 million in Q1 2015 to S\$8.1 million in Q1 2016. The decrease was in line with the lower revenue.

Employee benefits expenses

Employee benefits expenses decreased by 51% from S\$13.7 million in Q1 2015 to S\$6.7 million in Q1 2016 mainly due to reduced headcounts and various cost cutting measures.

Depreciation and amortisation expense

Depreciation and amortisation expenses decreased 43% from S\$1.8 million in Q1 2015 to S\$1.0 million in Q1 2016 due to the lower carrying value of the relevant assets.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) were lower by 27% from S\$15.7 million in Q1 2015 to S\$11.4 million in Q1 2016. Included in the other operating expenses is a net foreign exchange adjustment loss of S\$3.7 million in Q1 2016.

Finance costs

Finance costs decreased by 23% from S\$1.8 million in Q1 2015 to S\$1.4 million in Q1 2016 mainly due to the lower Group's borrowings.

Group Net Loss

As a result of the above, the Group incurred a loss attributable to equity holders of the Company of S\$11.7 million in Q1 2016 compared to S\$12.1 million in Q1 2015.

Review of Balance Sheet

The Group current assets were S\$70.5 million as at 31 March 2016 compared to S\$97.2 million as at 31 December 2015. The decline was mainly due to the following:

- i. Cash and bank balances decreased from S\$19.0 million as at 31 December 2015 to S\$14.0 million as at 31 March 2016 mainly due to repayment of short-term borrowings
- ii. Trade receivable decreased from S\$41.9 million as at 31 December 2015 to S\$23.4 million as at 31 March 2016 due to receipts and a lower sales volume
- iii. Inventories declined from S\$30.5 million as at 31 December 2015 to S\$28.5 million as at 31 March 2016 due to lower inventory holdings in line with the reduced revenue.

The Group current liabilities decreased from S\$152.6 million as at 31 December 2015 compared to S\$128.8 million as at 31 March 2016. The decrease was largely due to the following:

- i. Trade payable decreased from S\$28.6 million as at 31 December 2015 to S\$22.6 million as at 31 March 2016 due to lower purchases and payments made during the quarter.
- ii. Borrowings reduced from S\$84.1 million as at 31 December 2015 to S\$70.5 million as at 31 March 2016 as a result of repayment of short-term borrowings.

The Group's non-current liabilities decreased from S\$85.0 million as at 31 December 2015 to S\$81.3 million as at 31 March 2016, mainly due to "translation differences" resulting from the appreciation of the S\$ against US\$.

Review of Cash Flow Statement

Net cash from operating activities in Q1 2016 was S\$1.0 million. This was primarily due to cash from trade receivables .

Net cash used in financing activities of S\$9.9 million in Q1 2016 was mainly attributed to the repayment of short-term borrowings amounting to S\$15.0 million

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There were no forecast or prospect statement disclosed to shareholders previously.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Following a series of major restructuring exercises, the Group had adopted a two-pronged strategy of corporate restructuring to streamline operations and dispose non-performing assets to lower costs and reduce borrowing and concurrently look into fundraising and/or acquisition and diversification opportunities to generate additional earning streams. As at 31 March 2016, the Group has closed six plants in Shanghai, Chongqing, Shandong and Malaysia and will continue to close down loss making plants in 2016.

On 27 August 2015, the Group appointed RHB Securities Singapore Pte Ltd ("RHB") as Financial Advisor to assist in identifying new viable business(es) to rejuvenate the Group's financial performance as well as to identify strategic investor(s) with a view to provide funding for suitable investment(s) and/or business acquisition(s).

RHB had recommended two investors ("Oriental Straits Investment Limited" and "China Capital Impetus Investment Limited"). The Company had signed a subscription agreement on 24 February 2016 with the investors, for an aggregate subscription of up to US\$250 million (equivalent to S\$352.5 million) in tranches. Please refer to the Company announcement dated 24 February 2016 for further details of the subscription agreement.

This proposed subscription, which is subject to shareholder's approval at an EGM to be called later, will provide funds for investment, acquisition and diversification opportunities to generate additional sources of earnings and facilitate the Company's efforts and application for exiting SGX's Watch-List.

Please note that SGX has granted the Company a 12-month extension until 4 March 2017 to meet the requirements for removal from the Watch-List.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the period ended 31 March 2016

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

There are no recurrent interested person transactions in the current period

The Company does not have any interested person transaction mandate

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers under Rule 720(1)

BY ORDER OF THE BOARD

Hsu Hung Chun

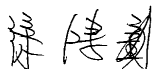
Chairman

Date : 13 May 2016

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Hsu Hung Chun and Hsu Cheng Chien being two directors of Huan Hsin Holdings Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2016 financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors



Hsu Hung Chun
President



Hsu Cheng Chien
Managing Director

Date : 13 May 2016