

Huan Hsin Holdings Ltd (Company No: 199509142R)

Second Quarter Financial Statement On The Consolidated Results For The Period Ended 30 June 2019

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 second quarter and the half year ended 30 June 2019

	Group			Group		
	3 months ended			6 months ended		
	30-06-19	30-06-18	Change	30-06-19	30-06-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	3,323	5,014	(34)	7,837	8,885	(12)
Other operating income	1,948	904	115	2,305	1,211	90
Changes in inventories of finished goods and work-in-progress	(618)	(6)	10,200	(858)	(268)	220
Raw material and consumables used	(926)	(2,570)	(64)	(2,782)	(4,613)	(40)
Employee benefits expenses	(1,595)	(2,664)	(40)	(3,419)	(5,057)	(32)
Depreciation and amortisation expense	(439)	(661)	(34)	(889)	(1,336)	(33)
Other operating expenses	(3,373)	(1,513)	123	(6,484)	(3,024)	114
Share of results of associate	(24)	(7)	243	(20)	(10)	100
Finance costs	(884)	(861)	3	(1,752)	(1,728)	1
Loss before income tax	(2,588)	(2,364)	9	(6,062)	(5,940)	2
Income tax	(4)	-	-	(4)	-	-
Loss for the period	(2,592)	(2,364)	10	(6,066)	(5,940)	2

Loss for the period attributable to:

Equity holders of the Company	(2,592)	(2,364)	10	(6,066)	(5,940)	2
Total	(2,592)	(2,364)	10	(6,066)	(5,940)	2

Statement of Comprehensive Income for the second quarter and the half year ended 30 June 2019

	Group			Group		
	3 months ended			6 months ended		
	30-06-19	30-06-18	Change	30-06-19	30-06-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss for the period	(2,592)	(2,364)	10	(6,066)	(5,940)	2
Other comprehensive income / (loss) :						
Items that may be reclassified subsequently to profit or loss						
Exchange realignment of foreign entities	831	(2,877)	n.m.	1,654	(1,864)	n.m.
Total comprehensive loss for the period	(1,761)	(5,241)	(66)	(4,412)	(7,804)	(43)

Total comprehensive loss attributable to:

Equity holders of the Company	(1,761)	(5,241)	(66)	(4,412)	(7,804)	(43)
Total	(1,761)	(5,241)	(66)	(4,412)	(7,804)	(43)

Notes:

(I) Revenue

	Group			Group		
	3 months ended			6 months ended		
	30-06-19	30-06-18	Change	30-06-19	30-06-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of goods	3,303	5,002	(34)	7,809	8,871	(12)
Interest income	20	12	67	28	14	100
Total	3,323	5,014	(34)	7,837	8,885	(12)

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

	Group			Group		
	3 months ended			6 months ended		
	30-06-19	30-06-18	Change	30-06-19	30-06-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net foreign exchange adjustment gain	1,364	149	815	246	174	41
Loss on winding up of subsidiaries	(2,326)	-	-	(2,326)	-	-
Depreciation and amortisation expense	(439)	(661)	(34)	(889)	(1,336)	(33)
Interest expenses	(884)	(861)	3	(1,752)	(1,728)	1

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 30 June 2019

	Group		Company	
	30-06-19	31-12-18	30-06-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	4,988	6,439	37	36
Trade receivables	3,982	3,588	-	-
Other receivables, deposits and prepayments	1,462	10,515	102	101
Inventories	2,169	3,489	-	-
Total current assets	12,601	24,031	139	137
Non-current assets:				
Associate	733	759	-	-
Financial assets at fair value through other comprehensive income	33,797	34,087	-	-
Land use rights	4,181	4,278	-	-
Property, plant and equipment	13,586	14,471	-	-
Total non-current assets	52,297	53,595	-	-
Total assets	64,898	77,626	139	137
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	2,283	4,213	-	-
Other payables and accruals	23,173	24,045	11	11
Borrowings	37,100	42,071	-	-
Income tax payable	203	202	-	-
Total current liabilities	62,759	70,531	11	11
Non-current liabilities:				
Borrowings	81,247	81,791	-	-
Total non-current liabilities:	81,247	81,791	-	-
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,955	54,772	-	-
Translation reserves	(16,809)	(18,463)	1,004	1,005
Legal reserves	25,209	30,356	-	-
Fair value reserves	9,653	9,653	-	-
Accumulated losses	(303,213)	(302,111)	(151,973)	(151,976)
(Capital deficiency) Equity attributable to owners of the Company	(79,108)	(74,696)	128	126
Total liabilities and (capital deficiency) equity	64,898	77,626	139	137

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

Amount repayable in one year or less , or on demand

As at 30-06-2019		As at 31-12-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 12,182	24,918	(a) 12,283	29,788

Amount repayable after one year

As at 30-06-2019		As at 31-12-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 67,675	13,572	(a) 68,240	13,551

(a) 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 STATEMENT OF CASH FLOWS
for the period ended 30 June 2019**

Operating activities:

Loss before income tax

Adjustments for:

Share of results of associate

Depreciation and amortisation expense

Loss on winding up of subsidiaries

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 from / (used in) operations

Income tax (paid) / refund

Interest paid

Interest received

Net cash from / (used in) operating activities

Investing activities:

Additions to property, plant and equipment

Proceeds from disposal of property, plant and equipment and land use rights

Deposit from potential property buyer

Net cash generated from investing activities

Financing activities:

Decrease in short-term bank loans

(Decrease) / Increase in other loans payable

Restricted cash

Net cash (used in) / generated 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 currencies

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		Group	
3 months ended		6 months ended	
30-06-19	30-06-18	30-06-19	30-06-18
S\$'000	S\$'000	S\$'000	S\$'000
(2,588)	(2,364)	(6,062)	(5,940)
24	7	20	10
439	661	889	1,336
2,326	-	2,326	-
884	861	1,752	1,728
(20)	(12)	(28)	(14)
1,065	(847)	(1,103)	(2,880)
1,578	(1,730)	(394)	(238)
449	9	493	(475)
752	130	1,320	634
(1,208)	(333)	(1,930)	(1,422)
(1,037)	(339)	(872)	839
1,599	(3,110)	(2,486)	(3,542)
(6)	(7)	(3)	3
(884)	(861)	(1,752)	(1,728)
20	12	28	14
729	(3,966)	(4,213)	(5,253)
-	-	(38)	-
-	-	8,560	-
-	9,516	-	9,516
-	9,516	8,522	9,516
-	-	-	(251)
(5,782)	874	(5,782)	6,095
-	(196)	-	(1,017)
(5,782)	678	(5,782)	4,827
(167)	703	40	(177)
(5,220)	6,931	(1,433)	8,913
10,192	4,323	6,406	2,365
(17)	35	(18)	11
4,955	11,289	4,955	11,289
4,988	12,353	4,988	12,353
(33)	(1,064)	(33)	(1,064)
4,955	11,289	4,955	11,289

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 30 June 2019

	Share capital	Capital reserve	Translation reserves	Legal reserves	Fair value reserves	Accumulated losses	Attributable to owners of the Company
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2019	151,097	54,772	(17,640)	30,356	9,653	(305,585)	(77,347)
Total comprehensive loss for the period	-	-	831	-	-	(2,592)	(1,761)
Winding up of subsidiaries	-	183	-	(5,147)	-	4,964	-
Balance at 30 June 2019	151,097	54,955	(16,809)	25,209	9,653	(303,213)	(79,108)

Group							
Balance at 1 April 2018	151,097	54,772	(16,371)	30,356	-	(304,203)	(84,349)
Total comprehensive loss for the period	-	-	(2,877)	-	-	(2,364)	(5,241)
Balance at 30 June 2018	151,097	54,772	(19,248)	30,356	-	(306,567)	(89,590)

	Share capital	Translation reserves	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2019	151,097	1,007	(151,975)	129
Total comprehensive loss for the period	-	(3)	2	(1)
Balance at 30 June 2019	151,097	1,004	(151,973)	128

Company				
Balance at 1 April 2018	151,097	1,008	(152,099)	6
Total comprehensive income for the period	-	1	139	140
Balance at 30 June 2018	151,097	1,009	(151,960)	146

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 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 June 2019 and 2018

As at 30 June 2019 and 2018, no shares were being held as treasury shares and subsidiary holdings

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 30 June 2019 and 31 December 2018 is 400,000,000 shares

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

Not applicable

1(d)(v) A statement showing all sales, transfers, cancellation and / or use of subsidiary holdings 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

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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 period ended 30 June 2019

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

- (i) Based on the weighted average number of ordinary shares on issue;
and
- (ii) On a fully diluted basis

Group			
3 months ended		6 months ended	
30-06-19	30-06-18	30-06-19	30-06-18
cents	cents	cents	cents
(0.65)	(0.59)	(1.52)	(1.49)
(0.65)	(0.59)	(1.52)	(1.49)

Notes:

- (a) The loss per ordinary share for the financial period 3 and 6 months ended 30 June 2019 are calculated based on 400,000,000 (3 and 6 months ended 30 June 2018 : 400,000,000) ordinary shares issued
- (b) In June 2019 and 2018, there were no outstanding employees' share options

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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

Net asset value per ordinary share as at 30 June 2019

Net (liabilities) / asset value per ordinary share based on existing issued share capital as at the end of the period reported on

Group			Company		
30-06-19	31-12-18	Change	30-06-19	31-12-18	Change
cents	cents	%	cents	cents	%
(19.78)	(18.67)	6	0.0320	0.0315	2

Note:

The net (liabilities) / asset value per ordinary share for the financial period ended 30 June 2019 is calculated based on the issued share capital of 400,000,000 shares (31 December 2018: 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

Second Quarter ended 30 June 2019 ("Q2 2019")

Revenue

For the second quarter ended 30 June 2019 ("Q2 2019"), the Group revenue decreased by 34% to S\$3.3 million from S\$5.0 million in Q2 2018. The decline in revenue was the result of weaker demand for telecommunications and electronic products.

Other operating income

Other operating income increased by 115% to S\$1.9 million in Q2 2019 from S\$0.9 million in Q2 2018, mainly due to a net foreign exchange adjustment gain of S\$1.4 million.

Raw material and consumables used

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

Cost of inventories decreased to S\$1.5 million in Q2 2019 from S\$2.6 million in Q2 2018 which in line with the lower revenue.

Employee benefits expenses

Employee benefits expenses decreased by 40% to S\$1.6 million in Q2 2019 from S\$2.7 million in Q2 2018 resulting from lower headcount.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) increased by 123% to S\$3.4 million in Q2 2019 from S\$1.5 million in Q2 2018, mainly due to loss on winding up of subsidiaries of S\$2.3 million.

Group net loss

As a result of the above, the Group incurred a net loss of S\$2.6 million in Q2 2019 compared to a net loss of S\$2.4 million in Q2 2018.

Review of Financial Position

The Group's total current assets stood at S\$12.6 million as at 30 June 2019 compared to S\$24.0 million as at 31 December 2018. The decrease in other receivables, deposits and prepayments was mainly due to proceeds from disposal of property, plant and equipment and land use rights.

In 2018, the Group disposed property, plant and equipment and land use rights with aggregate proceeds of S\$19,238,000. Out of the aggregate proceeds, S\$9,156,000 remained outstanding as of 31 December 2018 and had been included in other receivables. A further sum of S\$8,560,000 was received during the half year ended 30 June 2019.

The Group's total current liabilities stood at S\$62.8 million as at 30 June 2019 compared to S\$70.5 million as at 31 December 2018. The decrease in borrowings was due to repayment of short-term borrowings.

Review of Cash Flow Statement

In Q2 2019, net cash from operating activities was S\$0.7 million which was primarily due to other operation income and working capital movement. Net cash used in financing activities of S\$5.8 million was due to repayment of borrowings.

Going concern

As at 30 June 2019, the Group's current assets were S\$12.6 million and current liabilities were S\$62.8 million. This posts a going concern issue. Management remains confident and is committed to the process of corporate restructuring to streamline operations and disposing non-performing assets to lower costs and reduce borrowings.

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

As announced by the Company in its announcement dated 1 March 2019, the SGX-ST had granted the Company up until 1 April 2019 to submit a reasonable cash exit offer proposal ("Exit Offer Proposal").

The Company and its controlling shareholders however require more time to finalise the Exit Offer Proposal and had accordingly applied to the SGX-ST for more time to provide a reasonable cash exit offer to the Company's shareholders. Subsequently, the deadline was extended by SGX-ST.

In the meantime, the Company had on 25 July 2019 received the Securities Industry Council's confirmations and rulings ("SIC Rulings") on the extent to which the Singapore Code on Take-overs and Mergers will apply to the Exit Offer Proposal. The Company is currently consulting its professional advisers on the SIC Rulings.

The Company will continue to keep shareholders updated via announcements on the SGXNet as and when there are any material developments or updates on the Exit Offer Proposal.

Shareholders are advised to consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

- 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/recommended, a statement to that effect**
No dividend for the period ended 30 June 2019 is recommended or declared.
- 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
- 14 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)

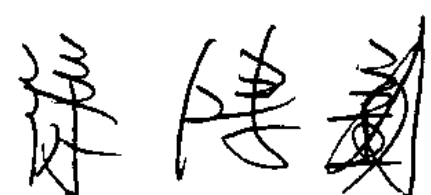
BY ORDER OF THE BOARD

Hsu Hung Chun
Chairman
Date : 31 July 2019

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 second quarter 2019 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: 31 July 2019