

Huan Hsin Holdings Ltd (Company No.: 199509142R)**First Quarter Financial Statement On The Consolidated Results For The Three Months Ended 31 March 2014****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 2014

	Group		
	3 months ended		
	31-03-14	31-03-13	Change
	S\$'000	S\$'000	%
Revenue	98,757	108,358	(9)
Other operating income	1,316	1,473	(11)
Changes in inventories of finished goods and work-in-progress	(3,488)	(4,024)	(13)
Raw material and consumables used	(56,584)	(60,741)	(7)
Employee benefits expenses	(25,917)	(23,102)	12
Depreciation and amortisation expense	(4,061)	(5,393)	(25)
Other operating expenses	(25,389)	(22,856)	11
Share of results of associate	(19)	14	n.m.
Finance costs	(2,072)	(1,752)	18
Loss before income tax	(17,457)	(8,023)	118
Income tax	-	(291)	(100)
Loss for the period	(17,457)	(8,314)	110
Loss for the period attributable to:			
Equity holders of the Company	(15,126)	(7,344)	106
Non-controlling interests	(2,331)	(970)	140
Total	(17,457)	(8,314)	110

n.m. - not meaningful

Statement of Comprehensive Income for the 1st quarter ended 31 March 2014

Loss for the period

Other comprehensive (loss) / income :

Items that may be reclassified subsequently to profit or loss

Exchange realignment of foreign entities

Total comprehensive loss for the period

Total comprehensive loss attributable to:

Equity holders of the Company

Non-controlling interests

Total

n.m. - not meaningful

Group		
3 months ended		
31-03-14	31-03-13	Change
S\$'000	S\$'000	%
(17,457)	(8,314)	110
(2,825)	4,006	n.m.
(20,282)	(4,308)	371

(17,584)	(5,081)	246
(2,698)	773	n.m.
(20,282)	(4,308)	371

Notes:

(I) Revenue

Sale of goods

Interest income

Total

Group		
3 months ended		
31-03-14	31-03-13	Change
S\$'000	S\$'000	%
98,636	108,144	(9)
121	214	(43)
98,757	108,358	(9)

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

	Group		
	3 months ended		
	31-03-14	31-03-13	Change
	S\$'000	S\$'000	%
Gain on disposal of non-current assets held for sale	828	-	-
Gain on disposal of property, plant and equipment	91	-	-
Depreciation and amortisation expense	(4,061)	(5,393)	(25)
Net foreign exchange adjustment loss	(2,180)	(396)	451
Allowance for inventories obsolescence	(1,714)	-	-
Interest expenses	(2,072)	(1,752)	18
Research expenses	(52)	(199)	(74)

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 2014

	Group		Company	
	31-03-14	31-12-13	31-03-14	31-12-13
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	66,274	63,207	117	153
Trade receivables	144,441	174,652	-	-
Other receivables, deposits and prepayments	11,919	13,072	55,740	54,807
Inventories	92,792	103,531	-	-
Non-current assets classified as held for sale	624	2,049	-	1,409
Total current assets	316,050	356,511	55,857	56,369
Non-current assets:				
Associate	1,570	1,636	1,038	1,069
Subsidiaries	-	-	128,395	132,254
Available-for-sale investments	29,674	30,458	24,646	25,386
Deferred tax assets	519	535	-	-
Land use rights	12,565	12,966	-	-
Property, plant and equipment	128,287	133,258	-	-
Total non-current assets	172,615	178,853	154,079	158,709
Total assets	488,665	535,364	209,936	215,078
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	114,812	136,456	-	-
Other payables and accruals	44,130	47,713	2,444	2,385
Borrowings	154,855	155,751	-	-
Income tax payable	1,249	1,212	2	2
Total current liabilities	315,046	341,132	2,446	2,387
Non-current liability:				
Borrowings	78,226	78,557	48,587	49,347
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,772	54,772	-	-
Translation reserves	(4,332)	(1,874)	(7,598)	(2,828)
Legal reserves	34,843	34,843	-	-
Accumulated (losses) / profits	(166,032)	(150,906)	15,404	15,075
Equity attributable to owners of the Company	70,348	87,932	158,903	163,344
Non-controlling interests	25,045	27,743	-	-
Total equity	95,393	115,675	158,903	163,344
Total liabilities and equity	488,665	535,364	209,936	215,078

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

Amount repayable in one year or less , or on demand

As at 31-03-2014		As at 31-12-2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 36,360	71,838	(a) 37,177	71,758
(b) 46,657	-	(b) 46,816	-
Total 83,017	71,838	Total 83,993	71,758

Amount repayable after one year

As at 31-03-2014		As at 31-12-2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(b) 63,050	15,176	(b) 63,265	15,292

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

(b) A charge over all of the Group's present shares in:

- (i) Smart Idea Holdings Limited ("SIHL"), representing 16.84% of the issued share capital of SIHL;
- and
- (ii) Indeed Holdings Limited ("IHL"), representing 51% of the issued share capital of IHL

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 2014

Operating activities:

Group		3 months ended	
		31-03-14	31-03-13
		S\$'000	S\$'000
Loss before income tax		(17,457)	(8,023)
Adjustments for:			
Share of results of associate		19	(14)
Depreciation and amortisation expense		4,061	5,393
Gain on disposal of non-current assets held for sale		(828)	-
Gain on disposal of property, plant and equipment		(91)	-
Allowance for inventories obsolescence		1,714	-
Interest expense		2,072	1,752
Interest income		(121)	(214)
Operating cash flows before movements in working capital		(10,631)	(1,106)
Trade receivables		30,211	802
Other receivables and prepaid expenses		1,153	18
Inventories		9,025	5,816
Trade payables		(21,644)	(4,824)
Other payables		(3,561)	(1,101)
Cash generated from / (used in) operations		4,553	(395)
Income tax refund / (paid)		37	(28)
Interest paid		(2,072)	(1,752)
Interest received		121	214
Net cash from / (used in) operating activities		2,639	(1,961)
Investing activities:			
Additions to property, plant and equipment		(2,795)	(2,383)
Proceeds from disposal of non-current assets held for sale		2,228	-
Proceeds from disposal of property, plant and equipment		863	-
Net cash from / (used in) investing activities		296	(2,383)
Financing activities:			
Decrease in short-term bank loans		(8,281)	(1,983)
Increase in other loans payable		7,054	1,925
Restricted cash		177	(1,855)
Net cash used in financing activities		(1,050)	(1,913)
Net effect of exchange rate changes in consolidating subsidiaries		1,391	(44)
Net increase / (decrease) in cash and cash equivalents		3,276	(6,301)
Cash and cash equivalents at beginning of financial period		54,137	87,670
Effects of exchange rate changes on the balance of cash held in foreign		(32)	365
Cash and cash equivalents at end of financial period		57,381	81,734
Note 1:			
Cash and bank balances		66,274	85,040
Less: Restricted bank deposits		(8,893)	(3,306)
Cash and cash equivalents per cash flow statement		57,381	81,734

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 2014

	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 2014	151,097	54,772	(1,874)	34,843	(150,906)	87,932	27,743	115,675
Total comprehensive loss for the period	-	-	(2,458)	-	(15,126)	(17,584)	(2,698)	(20,282)
Balance at 31 March 2014	151,097	54,772	(4,332)	34,843	(166,032)	70,348	25,045	95,393

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2013	151,097	54,955	(9,174)	34,217	(75,059)	156,036	37,170	193,206
Total comprehensive loss for the period	-	-	2,263	-	(7,344)	(5,081)	773	(4,308)
Balance at 31 March 2013	151,097	54,955	(6,911)	34,217	(82,403)	150,955	37,943	188,898

	Share capital	Translation reserves	Accumulated profits	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	151,097	(2,828)	15,075	163,344
Total comprehensive loss for the period	-	(4,770)	329	(4,441)
Balance at 31 March 2014	151,097	(7,598)	15,404	158,903

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2013	151,097	(13,039)	14,502	152,560
Total comprehensive income for the period	-	3,117	269	3,386
Balance at 31 March 2013	151,097	(9,922)	14,771	155,946

- 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 2014 and 2013

As at 31 March 2014 and 2013, 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 2014 is 400,000,000 shares (31 December 2013 : 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	
	31-03-14	31-03-13
(i) Based on the weighted average number of ordinary shares on issue; and	(3.78) cts	(1.84) cts
(ii) On a fully diluted basis	(3.78) cts	(1.84) cts

Notes:

- (a) The loss per ordinary share for the financial period ended 31 March 2014 is calculated based on 400,000,000 (31 March 2013 : 400,000,000) ordinary shares issued.
- (b) As at end of March 2014 and 2013 , 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		
	31-03-14	31-12-13	Change	31-03-14	31-12-13	Change
	cents	cents	%	cents	cents	%
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	17.59	21.98	(20)	39.73	40.84	(3)

Note:

The net asset value per ordinary share for the financial period ended 31 March 2014 is calculated based on the issued share capital of 400,000,000 shares (31 December 2013: 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

Q1 2014 VS Q1 2013

Revenue

For the first quarter ended 31 March 2014 ("Q1 2014"), the Group revenue fell 9% to S\$98.8 million compared to the same quarter last year ("Q1 2013"). This was due mainly to the continued competition in the industry as well as the declining demand in the PC market.

Raw material and consumables used

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

Cost of inventories decreased by 7% from S\$64.8 million in Q1 2013 to S\$60.1 million in Q1 2014. The decrease was because of lower production volume arising from the lower revenue. Included in the cost of inventories is an allowance made for obsolete inventories amounting to S\$1.7 million in a joint venture subsidiary.

Employee benefits expenses

Employee benefits expenses increased by 12% from S\$23.1 million in Q1 2013 to S\$25.9 million in Q1 2014 mainly due to the minimum wage policies in China. This is despite the reduced headcounts following various cost cutting measures.

Depreciation and amortisation expense

Depreciation and amortisation expense decreased by 25% from S\$5.4 million in Q1 2013 to S\$4.1 million in Q1 2014 in line with the lower carrying value of the relevant assets.

Other operating expenses

Other operating expenses increased by 11% from S\$22.9 million in Q1 2013 to S\$25.4 million in Q1 2014. The increase was mainly due to a net foreign exchange loss of S\$2.2 million in Q1 2014 and inflationary factors in China that resulted in generally higher overhead costs of production.

Finance costs

Finance costs increased by 18% mainly due to increase in borrowings for the Group's working capital needs.

Group Net Loss

As a result of the above, the Group loss attributable to owners of the Company amounted to S\$15.1 million in Q1 2014 compared to net loss of S\$7.3 million in Q1 2013.

Group revenue breakdown by product line for Q1 2014 is as follows:-

<u>Product Line</u>	<u>% of Product Line</u>
Notebook casings	72
Printer related products	7
Mould products	7
Cable, wire and related components	5
Notebook peripherals	6
Others	3
Total	<u>100</u>

Review of Balance Sheet

As at 31 March 2014, the Group's total assets stood at S\$488.7 million with cash and bank balances of S\$66.3 million compared with the total liabilities of S\$393.3 million.

The Group current assets were S\$316.1 million as at 31 March 2014 compared to S\$356.5 million as at 31 December 2013. The decline of S\$40.5 million was largely due to the following:

- i. Trade receivables decreased from S\$174.7 million as at 31 December 2013 to S\$144.4 million as at 31 March 2014 mainly due to lower sales generated and active efforts by Management in debts collection.
- ii. Inventories declined by S\$10.7 million from S\$103.5 million to S\$92.8 million due to lower inventory holdings and allowance for inventory obsolescence.

The Group current liabilities were lower by S\$26.1 million to S\$315.0 million from S\$341.1 million as at 31 December 2013. The decline was largely due to the following:

- i. Trade payable decreased to S\$114.8 million as at 31 March 2014 from S\$136.5 million as at 31 December 2013 due to lower purchases of raw material.
- ii. Other payables and accruals decreased to S\$44.1 million as at 31 March 2014 from S\$47.7 million as at 31 December 2013. The decline was mainly due to lower accruals for operating expenses.

Review of Cash Flow Statement

The Group generated S\$2.6 million net cash inflow from operating activities in Q1 2014 due to collection from trade receivables compared to S\$2.0 million net cash outflow in Q1 2013.

Net cash inflow from investing activities of S\$0.3 million in Q1 2014 was due mainly to the proceeds from disposal of non-current assets of S\$3.1 million, which was offsetted by routine replacement of the existing production equipment accessories amounting to S\$2.8 million.

Net cash used in financing activities of S\$1.1 million in Q1 2014 was mainly attributed to the repayment of short-term bank loans.

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

With continuing uncertainties over the strength and sustainability of the economic recovery of the major global economies, the Group expects overall business outlook condition to remain challenging coupled with a continuing drop in demand for PCs and volatile in this unstable global environment.

Management will continue to (i) streamline its operations in PRC by closing down or disposing some of the loss making subsidiaries, (ii) look for ways to diversify its product mix away from PCs, and (iii) implement various costs cutting measures to lower operating costs.

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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

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

No dividend has been declared/recommendeded for the period ended 31 March 2014.

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

BY ORDER OF THE BOARD

Hsu Hung Chun

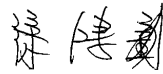
Chairman

Date : 5 May 2014

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 2014 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: 5 May 2014