

Huan Hsin Holdings Ltd (Company No: 199509142R)

This Quarterly Reporting Announcement Is Mandatory, Made Pursuant To The Exchange's Requirements, As Required Under Listing Rule 705(2C)

First Quarter Financial Statement On The Consolidated Results For The Three Months Ended 31 March 2020

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 2020

	Group		
	3 months ended		
	31-03-20	31-03-19	Change
	S\$'000	S\$'000	%
Revenue	895	4,514	(80)
Other operating income	3,322	357	831
Changes in inventories of finished goods and work-in-progress	696	(240)	n.m.
Raw material and consumables used	(970)	(1,856)	(48)
Employee benefits expenses	(1,427)	(1,824)	(22)
Depreciation and amortisation expense	(389)	(450)	(14)
Other operating expenses	(1,221)	(3,111)	(61)
Share of results of associate	(18)	4	n.m.
Finance costs	(889)	(868)	2
Loss before income tax	(1)	(3,474)	(100)
Income tax	(3)	-	-
Loss for the period	(4)	(3,474)	(100)

Loss for the period attributable to:

Equity holders of the Company

Total

n.m. - not meaningful

(4)	(3,474)	(100)
(4)	(3,474)	(100)

Statement of Comprehensive Income for the 1st quarter ended 31 March 2020

	Group		
	3 months ended		
	31-03-20	31-03-19	Change
	S\$'000	S\$'000	%
Loss for the period	(4)	(3,474)	(100)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Exchange realignment of foreign entities	(7,931)	823	n.m.
Total comprehensive loss for the period	(7,935)	(2,651)	199

Total comprehensive loss attributable to:

Equity holders of the Company

Total

(7,935)	(2,651)	199
(7,935)	(2,651)	199

Notes:

(I) Revenue

	Group		
	3 months ended		
	31-03-20	31-03-19	Change
	S\$'000	S\$'000	%
Sale of goods	893	4,506	(80)
Interest income	2	8	(75)
Total	895	4,514	(80)

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

	Group		
	3 months ended		
	31-03-20	31-03-19	Change
	S\$'000	S\$'000	%
Depreciation and amortisation expense	(389)	(450)	(14)
Net foreign exchange adjustment gain / (loss)	2,746	(1,118)	n.m.
Interest expenses	(889)	(868)	2

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 2020

	Group		Company	
	31-03-20	31-12-19	31-03-20	31-12-19
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	2,067	2,074	33	33
Trade receivables	1,182	1,725	-	-
Other receivables, deposits and prepayments	1,599	1,468	98	102
Inventories	2,974	2,247	-	-
Total current assets	7,822	7,514	131	135
Non-current assets:				
Associate	684	674	-	-
Right-of-use asset	462	443	-	-
Financial assets at fair value through other comprehensive income	49,959	47,247	-	-
Land use rights	4,173	4,051	-	-
Property, plant and equipment	12,742	12,621	-	-
Total non-current assets	68,020	65,036	-	-
Total assets	75,842	72,550	131	135
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	2,143	1,867	-	-
Other payables and accruals	29,757	26,025	11	11
Lease liability	73	70	-	-
Borrowings	23,772	22,005	-	-
Income tax payable	206	197	-	-
Total current liabilities	55,951	50,164	11	11
Non-current liabilities:				
Lease liability	312	300	-	-
Borrowings	98,557	93,129	-	-
Total non-current liabilities:	98,869	93,429	-	-
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,955	54,955	-	-
Translation reserves	(24,583)	(16,652)	1,001	1,002
Legal reserves	25,209	25,209	-	-
Fair value reserves	23,243	23,243	-	-
Accumulated losses	(308,899)	(308,895)	(151,978)	(151,975)
(Capital deficiency) Equity attributable to owners of the Company	(78,978)	(71,043)	120	124
Total liabilities and (capital deficiency) equity	75,842	72,550	131	135

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

Amount repayable in one year or less , or on demand

As at 31-03-2020		As at 31-12-2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) -	23,772	(a) -	22,005

Amount repayable after one year

As at 31-03-2020		As at 31-12-2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 84,057	14,500	(a) 79,485	13,644

(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 CASH FLOW STATEMENT

for the financial period ended 31 March 2020

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 used in operations

Income tax refund

Interest paid

Interest received

Net cash used in operating activities

Investing activities:

Additions to property, plant and equipment

Proceeds from disposal of property, plant and equipment and land

Net cash from investing activities

Financing activities:

Increase in other loans payable

Net cash from financing activities

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	
3 months ended	
31-03-20	31-03-19
S\$'000	S\$'000
(1)	(3,474)
18	(4)
389	450
889	868
(2)	(8)
1,293	(2,168)
470	(1,886)
(190)	62
(819)	615
199	(668)
(1,902)	167
(949)	(3,878)
6	3
-	(868)
2	8
(941)	(4,735)
(5)	(38)
35	8,560
30	8,522
885	-
885	-
(26)	3,787
2,041	6,406
19	(1)
2,034	10,192
2,067	10,225
(33)	(33)
2,034	10,192

- 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 2020

	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 January 2020	151,097	54,955	(16,652)	25,209	23,243	(308,895)	(71,043)
Total comprehensive loss for the period	-	-	(7,931)	-	-	(4)	(7,935)
Balance at 31 March 2020	151,097	54,955	(24,583)	25,209	23,243	(308,899)	(78,978)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	151,097	54,772	(18,463)	30,356	9,653	(302,111)	(74,696)
Total comprehensive loss for the period	-	-	823	-	-	(3,474)	(2,651)
Balance at 31 March 2019	151,097	54,772	(17,640)	30,356	9,653	(305,585)	(77,347)

	Share capital	Translation reserves	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020	151,097	1,002	(151,975)	124
Total comprehensive loss for the period	-	(1)	(3)	(4)
Balance at 31 March 2020	151,097	1,001	(151,978)	120

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	151,097	1,005	(151,976)	126
Total comprehensive income for the period	-	2	1	3
Balance at 31 March 2019	151,097	1,007	(151,975)	129

- 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 31 March 2020 and 2019.

As at 31 March 2020 and 2019, 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 31 March 2020 is 400,000,000 shares (31 December 2019 : 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

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

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

Group	
31-03-20	31-03-19
(0.001) cts	(0.869) cts
(0.001) cts	(0.869) cts

Notes:

- (a) The loss per ordinary share for the financial period ended 31 March 2020 is calculated based on 400,000,000 (31 March 2019 : 400,000,000) ordinary shares issued.
(b) As at end of March 2020 and 2019 , 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

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

Group			Company		
31-03-20	31-12-19	Change	31-03-20	31-12-19	Change
cents	cents	%	cents	cents	%
(19.74)	(17.76)	11	0.0300	0.0310	(3)

Note:

The net (liabilities) / asset value per ordinary share for the financial period ended 31 March 2020 is calculated based on the issued share capital of 400,000,000 shares (31 December 2019: 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

First quarter ended 31 March 2020 ("Q1 2020")

Revenue

For the first quarter ended 31 March 2020 ("Q1 2020"), the Group revenue suffered a sharp decline by 80% to S\$895,000 from S\$4.5 million in Q1 2019. The decrease was mainly due to Covid-19 pandemic outbreak. Following the lockdown in PRC in late January 2020, our production operations in Shanghai had been forced to close and only resumed operation in late February 2020. This pandemic has had an adverse impact on the performance of the Group.

Other operating income

Other operating income increased by 831% to S\$3.3 million in Q1 2020 from S\$357,000 in Q1 2019, mainly due to net foreign exchange adjustment gain of S\$2.7 million incurred in the current quarter.

Raw material and consumables used

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

Cost of inventories decreased to S\$274,000 in Q1 2020 from S\$2.1 million in Q1 2019 which was in line with the lower revenue.

Employee benefits expenses

Employee benefits expenses decreased by 22% to S\$1.4 million in Q1 2020 from S\$1.8 million in Q1 2019 as a result of lower headcount.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) decreased by 61% to S\$1.2 million in Q1 2020 from S\$3.1 million in Q1 2019.

Group net loss

As a result of the above, the Group incurred a net loss of S\$4,000 in Q1 2020 compared to a net loss of S\$3.5 million in Q1 2019.

Review of Balance Sheet

The Group's total current assets stood at S\$7.8 million as at 31 March 2020 compared to S\$7.5 million as at 31 December 2019. The higher inventory level was due to lower shipment during current quarter.

The Group's financial assets at fair value through other comprehensive income (in which majority are denominated in US\$) stood at S\$50.0 million as at 31 March 2020 compared to S\$47.2 million as at 31 December 2019. The higher amount in current quarter was due to translation difference arising from appreciation of the US\$ against S\$.

The Group's total current liabilities stood at S\$56.0 million as at 31 March 2020 compared to S\$50.2 million as at 31 December 2019. The increase was largely due to following:

- (a) Higher amount in other payables and accruals (in which majority are denominated in RMB) as a result of translation difference arising from appreciation of the RMB against S\$.
- (b) Increase in borrowings

The Group's non-current borrowings (in which is denominated in US\$) stood at S\$98.6 million as at 31 March 2020 compared to S\$93.1 million as at 31 December 2019. The higher amount in current quarter was due to translation difference arising from appreciation of the US\$ against S\$.

Review of Cash Flow Statement

In Q1 2020, net cash used in operating activities was S\$941,000 which was primarily due to operation loss and working capital movement. Net cash from investing activities of S\$30,000 consisted of proceeds from disposal of property, plant and equipment. Net cash from financing activities of S\$885,000 consisted of proceeds from other loans payable.

Going concern

As at 31 March 2020, the Group's current assets were S\$7.8 million and current liabilities were S\$56.0 million. The Company however is able to operate as a going concern for the following reasons:

- (a) The ongoing corporate restructuring exercises undertaken by the Group to streamline its operations;
- (b) The disposal of non-performing assets to lower the costs and reduce borrowings; and
- (c) The financial support/commitment from some of the directors to fund the Group's working capital when required.

To the best of the Board's knowledge and belief, all material information relating to the Company's ability to operate as a going concern has been disclosed.

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

On 29 April 2020, the Company and Pacific Moment Holdings Ltd (the "Offeror") jointly announced that the Offeror had presented to the directors of the Company a proposal to make an exit offer to the shareholders of the Company pursuant to Rules 1306 and 1309 of the Listing Manual in connection with the directed delisting of the Company by the SGX-ST in accordance with Rule 1315 of the Listing Manual and the delisting notification dated 19 December 2018.

The Exit Offer Letter dated 14 May 2020 containing the terms of the exit offer has been despatched to the shareholders on 14 May 2020.

Please refer to our announcement released on 29 April 2020 and 14 May 2020 for full detail.

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 2020

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

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

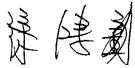
Chairman

Date : 15 May 2020

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 2020 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 : 15 May 2020