

Huan Hsin Holdings Ltd (Company No.: 199509142R)

Third Quarter Financial Statement On The Consolidated Results For The Period Ended 30 September 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 third quarter and the nine months ended 30 September 2014

	Group			Group		
	3 months ended			9 months ended		
	30-09-14	30-09-13	Change	30-09-14	30-09-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	82,490	118,456	(30)	279,973	333,886	(16)
Other operating income	1,588	966	64	3,446	3,581	(4)
Changes in inventories of finished goods and work-in-progress	(3,608)	(2,230)	62	(11,309)	205	n.m.
Raw material and consumables used	(44,342)	(68,998)	(36)	(154,924)	(194,090)	(20)
Employee benefits expenses	(26,654)	(29,511)	(10)	(78,893)	(78,379)	1
Depreciation and amortisation expense	(3,783)	(5,698)	(34)	(11,569)	(16,239)	(29)
Other operating expenses	(25,281)	(28,311)	(11)	(75,936)	(76,332)	(1)
Share of results of associate	(6)	(1)	500	(27)	33	n.m.
Finance costs	(2,132)	(1,725)	24	(6,331)	(5,246)	21
Loss before income tax	(21,728)	(17,052)	27	(55,570)	(32,581)	71
Income tax	-	270	(100)	-	(3,888)	(100)
Loss for the period	(21,728)	(16,782)	29	(55,570)	(36,469)	52
Loss for the period attributable to:						
Equity holders of the Company	(19,292)	(15,046)	28	(48,762)	(32,563)	50
Non-controlling interests	(2,436)	(1,736)	40	(6,808)	(3,906)	74
	(21,728)	(16,782)	29	(55,570)	(36,469)	52

n.m. - not meaningful

Statement of Comprehensive Income for the third quarter and the nine months ended 30 September 2014

	Group			Group		
	3 months ended			9 months ended		
	30-09-14	30-09-13	Change	30-09-14	30-09-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss for the period	(21,728)	(16,782)	29	(55,570)	(36,469)	52
Other comprehensive income / (loss):						
Items that may be reclassified subsequently to profit or loss						
Exchange realignment of foreign entities	1,587	(495)	n.m.	(1,723)	7,438	n.m.
Total comprehensive loss for the period	(20,141)	(17,277)	17	(57,293)	(29,031)	97

Total comprehensive loss attributable to:

Equity holders of the Company	(18,161)	(15,475)	17	(50,339)	(26,749)	88
Non-controlling interests	(1,980)	(1,802)	10	(6,954)	(2,282)	205
	(20,141)	(17,277)	17	(57,293)	(29,031)	97

Notes:

(I) Revenue

	Group			Group		
	3 months ended			9 months ended		
	30-09-14	30-09-13	Change	30-09-14	30-09-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of goods	81,970	116,111	(29)	277,259	331,170	(16)
Interest income	520	551	(6)	744	922	(19)
Dividend income from available-for-sale investments	-	1,794	(100)	1,970	1,794	10
Total	82,490	118,456	(30)	279,973	333,886	(16)

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

	Group			Group		
	3 months ended			9 months ended		
	30-09-14	30-09-13	Change	30-09-14	30-09-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of assets held for sale	-	-	-	828	-	-
Gain on disposal of available-for-sale investment	629	-	-	629	-	-
Gain on disposal of property, plant and equipment	331	-	-	422	-	-
Provision for stock obsolescence	-	-	-	(2,459)	(545)	351
Net foreign exchange adjustment gain / (loss)	224	(568)	n.m.	(1,313)	(1,219)	8
Interest expenses	(2,132)	(1,725)	24	(6,331)	(5,246)	21

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 September 2014

	Group		Company	
	30-09-14	31-12-13	30-09-14	31-12-13
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	33,631	63,207	189	153
Trade receivables	107,009	174,652	-	-
Other receivables, deposits and prepayments	17,941	13,072	58,898	54,807
Inventories	82,660	103,531	-	-
Non-current assets classified as held for sale	10,097	2,049	-	1,409
Total current assets	251,338	356,511	59,087	56,369
Non-current assets:				
Associate	1,592	1,636	1,059	1,069
Subsidiaries	-	-	130,925	132,254
Available-for-sale investments	26,407	30,458	25,131	25,386
Deferred tax assets	529	535	-	-
Land use rights	12,613	12,966	-	-
Property, plant and equipment	111,777	133,258	-	-
Total non-current assets	152,918	178,853	157,115	158,709
Total assets	404,256	535,364	216,202	215,078
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	105,102	136,456	-	-
Other payables and accruals	47,136	47,713	2,266	2,385
Borrowings	112,209	155,751	-	-
Income tax payable	1,254	1,212	1	2
Total current liabilities	265,701	341,132	2,267	2,387
Non-current liability:				
Borrowings	79,188	78,557	50,037	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	(3,451)	(1,874)	(4,441)	(2,828)
Legal reserves	34,843	34,843	-	-
Accumulated (losses) / profits	(199,668)	(150,906)	17,242	15,075
Equity attributable to owners of the Company	37,593	87,932	163,898	163,344
Non-controlling interests	21,774	27,743	-	-
Total equity	59,367	115,675	163,898	163,344
Total liabilities and equity	404,256	535,364	216,202	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 30-09-2014		As at 31-12-2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 37,481	19,989	(a) 37,177	71,758
(b) 54,739	-	(b) 46,816	-
Total 92,220	19,989	Total 83,993	71,758

Amount repayable after one year

As at 30-09-2014		As at 31-12-2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(b) 63,650	15,538	(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 STATEMENT OF CASH FLOWS for the period ended 30 September 2014

	Group		Group	
	3 months ended		9 months ended	
	30-09-14	30-09-13	30-09-14	30-09-13
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Loss before income tax	(21,728)	(17,052)	(55,570)	(32,581)
Adjustments for:				
Share of results of associate	6	1	27	(33)
Depreciation and amortisation expense	3,783	5,698	11,569	16,239
Gain on disposal of assets held for sale	-	-	(828)	-
Gain on disposal of property, plant and equipment	(331)	-	(422)	-
Gain on disposal of available-for-sale investment	(629)	-	(629)	-
Impairment loss on available-for-sale investments	-	438	-	438
Allowance / (Reversal) for inventories	-	-	2,459	(564)
Interest expense	2,132	1,725	6,331	5,246
Dividend income	-	(1,794)	(1,970)	(1,794)
Interest income	(520)	(551)	(744)	(922)
Operating cash flows before movements in working capital	(17,287)	(11,535)	(39,777)	(13,971)
Trade receivables	13,212	(11,884)	67,643	(19,334)
Other receivables and prepaid expenses	(1,374)	(92)	177	742
Inventories	3,505	241	18,412	(3,338)
Trade payables	260	16,317	(31,354)	17,156
Other payables	1,349	906	(577)	3,070
Cash (used in) / generated from operations	(335)	(6,047)	14,524	(15,675)
Income tax refund / (paid)	33	212	42	(608)
Interest paid	(2,132)	(1,725)	(6,331)	(5,246)
Interest received	520	551	744	922
Net cash (used in) / generated from operating activities	(1,914)	(7,009)	8,979	(20,607)
Investing activities:				
Additions to property, plant and equipment	(2,624)	(3,960)	(7,894)	(8,827)
Proceeds from disposal of property, plant and equipment	1,903	-	2,766	-
Dividend income	-	1,815	1,970	1,815
Proceeds from disposal of asset held for sale	-	-	2,228	-
Proceeds from disposal of available-for-sale investment	-	-	4,368	-
Acquisition of additional interests in a subsidiary from non-controlling interests	-	(7,582)	-	(7,582)
Net cash (used in) / from investing activities	(721)	(9,727)	3,438	(14,594)
Financing activities:				
Increase in other loans payable	2,844	3,501	8,593	22,445
(Decrease) / increase in short-term bank loans	(19,871)	9,477	(51,504)	(11,431)
Contribution from non-controlling interest	-	1,010	985	1,970
Dividends paid to non-controlling interests	-	-	-	(2,065)
Restricted cash	(196)	205	(219)	(7,164)
Net cash (used in) / from financing activities	(17,223)	14,193	(42,145)	3,755
Net effect of exchange rate changes in consolidating subsidiaries	(2,089)	71	(117)	(1,840)
Net decrease in cash and cash equivalents	(21,947)	(2,472)	(29,845)	(33,286)
Cash and cash equivalents at beginning of financial period	46,012	57,093	54,137	87,670
Effects of exchange rate changes on the balance of cash held in foreign currencies	277	180	50	417
Cash and cash equivalents at end of financial period	24,342	54,801	24,342	54,801
Note 1:				
Cash and bank balances	33,631	63,416	33,631	63,416
Less: Restricted cash	(9,289)	(8,615)	(9,289)	(8,615)
Cash and cash equivalents per cash flow statement	24,342	54,801	24,342	54,801

- 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 September 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 July 2014	151,097	54,772	(4,582)	34,843	(180,376)	55,754	23,754	79,508
Total comprehensive loss for the period	-	-	1,131	-	(19,292)	(18,161)	(1,980)	(20,141)
Balance at 30 September 2014	151,097	54,772	(3,451)	34,843	(199,668)	37,593	21,774	59,367

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2013	151,097	54,772	(2,931)	34,843	(93,202)	144,579	28,406	172,985
Total comprehensive loss for the period	-	-	(429)	-	(15,046)	(15,475)	(1,802)	(17,277)
Contribution from non-controlling interest	-	-	-	-	-	-	1,010	1,010
Balance at 30 September 2013	151,097	54,772	(3,360)	34,843	(108,248)	129,104	27,614	156,718

	Share capital	Translation reserves	Accumulated profits	Total equity
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	151,097	(9,205)	17,512	159,404
Total comprehensive income for the period	-	4,764	(270)	4,494
Balance at 30 September 2014	151,097	(4,441)	17,242	163,898

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2013	151,097	(5,248)	14,681	160,530
Total comprehensive income for the period	-	(763)	1,107	344
Balance at 30 September 2013	151,097	(6,011)	15,788	160,874

- 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 30 September 2014 and 2013

As at 30 September 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 30 September 2014 and 31 December 2013 is 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

(i) Based on the weighted average number of ordinary shares on issue

(ii) On a fully diluted basis

Notes:

(a) The loss per ordinary share for the financial period 3 and 9 months ended 30 September 2014 are calculated based on 400,000,000 (3 and 9 months ended 30 September 2013 : 400,000,000) ordinary shares issued

(b) As at end of September 2014 and 2013, there were no outstanding employees' share options

Group		Group	
3 months ended		9 months ended	
30-09-14	30-09-13	30-09-14	30-09-13
cents	cents	cents	cents
(4.82)	(3.76)	(12.19)	(8.14)
(4.82)	(3.76)	(12.19)	(8.14)

- 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 asset value per ordinary share based on existing issued share capital as at the end of the period reported on

Note:

The net asset value per ordinary share for the financial period ended 30 September 2014 is calculated based on the issued share capital of 400,000,000 shares (31 December 2013: 400,000,000 shares)

Group			Company		
30-09-14	31-12-13	Change	30-09-14	31-12-13	Change
cents	cents	%	cents	cents	%
9.40	21.98	(57)	40.97	40.84	0

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

Third Quarter ended 30 September 2014

Revenue

For the third quarter ended 30 September 2014 ("Q3 2014"), the Group revenue decreased 30% to S\$82.5 million compared to S\$118.5 million in the same quarter last year ("Q3 2013"). The decline in revenue was mainly due to the closure of two loss making subsidiaries in Shanghai and Shandong and also the continuing decline in PC shipments.

Other operating income

Other operating income increased by 64% from S\$1.0 million in Q3 2013 to S\$1.6 million in Q3 2014 mainly due to gain on disposal of available-for-sale investments amounting to S\$0.6 million.

Raw material and consumables used

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

Cost of inventories was lower by 33% from S\$71.2 million in Q3 2013 to S\$48.0 million in Q3 2014. The decrease was mainly due to lower production volume arising from the lower revenue.

Employee benefits expenses

Employee benefits expenses decreased by 10% from S\$29.5 million in Q3 2013 to S\$26.7 million in Q3 2014 mainly due to reduction in headcounts.

Depreciation and amortisation expense

Depreciation and amortisation expenses decreased by 34% from S\$5.7 million in Q3 2013 to S\$3.8 million in Q3 2014 in line with the lower carrying value of the relevant assets.

Other operating expenses

Other operating expenses were lower by 11% from S\$28.3 million in Q3 2013 to S\$25.3 million in Q3 2014. This was the result of lower selling and distribution cost and manufacturing overheads.

Finance costs

Finance costs increased by 24% from S\$1.7 million in Q3 2013 to S\$2.1 million in Q3 2014 mainly due to the increased interest rates on bank borrowings.

Group Net Loss

As a result of the above, the Group loss attributable to equity holders of the Company amounted to S\$19.3 million in Q3 2014 compared to net loss of S\$15.0 million in Q3 2013.

Review of Balance Sheet

The Group current assets were S\$251.3 million as at 30 September 2014 compared to S\$356.5 million as at 31 December 2013. The decline of S\$105.2 million was largely due to the following:

- i. Cash and bank balances decreased from S\$63.2 million to S\$33.6 million due to the repayment of short term bank loans of S\$51.5 million.
- ii. Trade receivables decreased from S\$174.7 million to S\$107.0 million mainly due to lower sales generated and active efforts by management in debts collection.
- iii. Inventories declined from S\$103.5 million to S\$82.7 million due to lower inventory holdings in line with the lower revenue.

The Group current liabilities were lower by S\$75.4 million to S\$265.7 million as at 30 September 2014 from S\$341.1 million as at 31 December 2013. The decline was largely due to the following:

- i. Trade payable decreased from S\$136.5 million to S\$105.1 million due to lower purchases of raw materials.
- ii. Borrowings declined from S\$155.8 million to S\$112.2 million. The decrease was mainly due to the repayment of short-term bank borrowings.

Review of Cash Flow Statement

There was a S\$1.9 million of net cash outflow from operating activities in Q3 2014 compared to S\$7.0 million in Q3 2013.

Net cash used in investing activities of S\$0.7 million in Q3 2014 was due mainly to the proceeds from available-for-sale investment amounted to S\$ 1.9 million, which was partially offset by routine replacement of the existing production equipment accessories amounting to S\$2.6 million.

Net cash used in financing activities of S\$17.2 million in Q3 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

The Group continued to carry out its restructuring program as revenue fell sharply. Management has ceased the operation of Shanghai Indeed Electronic Technology Co., Ltd, Shandong Dong Hsin Electronics Co., Ltd as well as closing down the mould division in Shanghai Heisei Electronics Co., Ltd. This has resulted in reduction in headcount from 11,391 in January 2014 to 7,326 as at 30 September 2014.

Going forward, the Group will continue to restructure, downsize and divest other loss making subsidiaries where appropriate, and to improve its working capital.

Operationally, Management will continue to diversify its products mix away from PC business, and focus on improving gross margins, reducing costs and improving cash flow.

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

Not applicable

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

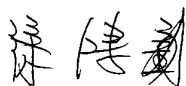
Date : 12 November 2014

Date: 12 November 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 third 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