

Huan Hsin Holdings Ltd (Company No: 199509142R)**First Quarter Financial Statement On The Consolidated Results For The Three Months Ended 31 March 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 1st quarter ended 31 March 2019

	Group		
	3 months ended		
	31-03-19	31-03-18	Change
	S\$'000	S\$'000	%
Revenue	4,514	3,871	17
Other operating income	357	307	16
Changes in inventories of finished goods and work-in-progress	(240)	(262)	(8)
Raw material and consumables used	(1,856)	(2,043)	(9)
Employee benefits expenses	(1,824)	(2,393)	(24)
Depreciation and amortisation expense	(450)	(675)	(33)
Other operating expenses	(3,111)	(1,511)	106
Share of results of associate	4	(3)	n.m.
Finance costs	(868)	(867)	0
Loss before income tax	(3,474)	(3,576)	(3)
Income tax	-	-	-
Loss for the period	(3,474)	(3,576)	(3)
Loss for the period attributable to:			
Equity holders of the Company	(3,474)	(3,576)	(3)
Total	(3,474)	(3,576)	(3)

n.m. - not meaningful

Statement of Comprehensive Income for the 1st quarter ended 31 March 2019

	Group		
	3 months ended		
	31-03-19	31-03-18	Change
	S\$'000	S\$'000	%
Loss for the period	(3,474)	(3,576)	(3)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Exchange realignment of foreign entities	823	1,013	(19)
Total comprehensive loss for the period	(2,651)	(2,563)	3

Total comprehensive loss attributable to:

Equity holders of the Company

Total

(2,651)	(2,563)	3
(2,651)	(2,563)	3

Notes:

(I) Revenue

	Group		
	3 months ended		
	31-03-19	31-03-18	Change
	S\$'000	S\$'000	%
Sale of goods	4,506	3,869	16
Interest income	8	2	300
Total	4,514	3,871	17

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

	Group		
	3 months ended		
	31-03-19	31-03-18	Change
	S\$'000	S\$'000	%
Depreciation and amortisation expense	(450)	(675)	(33)
Net foreign exchange adjustment (loss) / gain	(1,118)	25	n.m.
Interest expenses	(868)	(867)	0

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 2019

	Group		Company	
	31-03-19	31-12-18	31-03-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	10,225	6,439	38	36
Trade receivables	5,560	3,588	-	-
Other receivables, deposits and prepayments	1,911	10,515	102	101
Inventories	2,921	3,489	-	-
Total current assets	20,617	24,031	140	137
Non-current assets:				
Associate	778	759	-	-
Financial assets at fair value through other comprehensive income	33,860	34,087	-	-
Land use rights	4,310	4,278	-	-
Property, plant and equipment	14,327	14,471	-	-
Total non-current assets	53,275	53,595	-	-
Total assets	73,892	77,626	140	137
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	3,491	4,213	-	-
Other payables and accruals	24,210	24,045	11	11
Borrowings	42,009	42,071	-	-
Income tax payable	205	202	-	-
Total current liabilities	69,915	70,531	11	11
Non-current liabilities:				
Borrowings	81,324	81,791	-	-
Total non-current liabilities:	81,324	81,791	-	-
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,772	54,772	-	-
Translation reserves	(17,640)	(18,463)	1,007	1,005
Legal reserves	30,356	30,356	-	-
Fair value reserves	9,653	9,653	-	-
Accumulated losses	(305,585)	(302,111)	(151,975)	(151,976)
(Capital deficiency) Equity attributable to owners of the Company	(77,347)	(74,696)	129	126
Total liabilities and (capital deficiency) equity	73,892	77,626	140	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 31-03-2019		As at 31-12-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 12,203	29,806	(a) 12,283	29,788

Amount repayable after one year

As at 31-03-2019		As at 31-12-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 67,795	13,529	(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 CASH FLOW STATEMENT
for the financial period ended 31 March 2019

		Group	
		3 months ended	
		31-03-19	31-03-18
		S\$'000	S\$'000
Operating activities:			
Loss before income tax	(3,474)	(3,576)	
Adjustments for:			
Share of results of associate	(4)	3	
Depreciation and amortisation expense	450	675	
Interest expense	868	867	
Interest income	(8)	(2)	
Operating cash flows before movements in working capital	(2,168)	(2,033)	
Trade receivables	(1,972)	1,492	
Other receivables and prepaid expenses	44	(484)	
Inventories	568	504	
Trade payables	(722)	(1,089)	
Other payables	165	1,178	
Cash used in operations	(4,085)	(432)	
Income tax refund	3	10	
Interest paid	(868)	(867)	
Interest received	8	2	
Net cash used in operating activities	(4,942)	(1,287)	
Investing activities:			
Additions to property, plant and equipment	(38)	-	
Proceeds from disposal of property, plant and equipment and land use rights	8,560	-	
Net cash from investing activities	8,522	-	
Financing activities:			
Decrease in short-term bank loans	-	(251)	
Increase / (Decrease) in other loans payable	-	5,221	
Restricted cash	-	(821)	
Net cash from financing activities	-	4,149	
Net effect of exchange rate changes in consolidating subsidiaries	207	(880)	
Net increase in cash and cash equivalents	3,787	1,982	
Cash and cash equivalents at beginning of financial period	6,406	2,365	
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1)	(24)	
Cash and cash equivalents at end of financial period	10,192	4,323	
Note 1:			
Cash and bank balances	10,225	5,191	
Less: Restricted bank deposits	(33)	(868)	
Cash and cash equivalents per cash flow statement	10,192	4,323	

- 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 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 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)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	151,097	54,772	(17,384)	30,356	-	(300,627)	(81,786)
Total comprehensive loss for the period	-	-	1,013	-	-	(3,576)	(2,563)
Balance at 31 March 2018	151,097	54,772	(16,371)	30,356	-	(304,203)	(84,349)

	Share capital	Translation reserves	Accumulated losses	Total
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

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	151,097	1,009	(152,080)	26
Total comprehensive loss for the period	-	(1)	(19)	(20)
Balance at 31 March 2018	151,097	1,008	(152,099)	6

- 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 2019 and 2018.

As at 31 March 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 31 March 2019 is 400,000,000 shares (31 December 2018 : 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

	Group	
	31-03-19	31-03-18
(i) Based on the weighted average number of ordinary shares on issue; and	(0.87) cts	(0.89) cts
(ii) On a fully diluted basis	(0.87) cts	(0.89) cts

Notes:

- (a) The loss per ordinary share for the financial period ended 31 March 2019 is calculated based on 400,000,000 (31 March 2018 : 400,000,000) ordinary shares issued.
- (b) As at end of March 2019 and 2018 , 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		
	31-03-19	31-12-18	Change	31-03-19	31-12-18	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	(19.34)	(18.67)	4	0.0323	0.0315	2

Note:

The net (liabilities) / asset value per ordinary share for the financial period ended 31 March 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

First quarter ended 31 March 2019 ("Q1 2019")

Revenue

For the first quarter ended 31 March 2019 ("Q1 2019"), the Group revenue increased by 17% to S\$4.5 million from S\$3.9 million in Q1 2018. Revenue increased was mainly driven by customers increasing orders to stock up on goods ahead of the tariff deadline of 1 March 2019, which tariffs are scheduled to rise on the US\$200 billion for Chinese goods.

Raw material and consumables used

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

Cost of inventories decreased slightly to S\$2.1 million in Q1 2019 from S\$2.3 million in Q1 2018 as the Group outsource the production work to vendors who specialised in certain specifications required by customers.

Employee benefits expenses

Employee benefits expenses decreased by 24% to S\$1.8 million in Q1 2019 from S\$2.4 million in Q1 2018 resulting from lower headcount.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) were however higher by 106% to S\$3.1 million in Q1 2019 from S\$1.5 million in Q1 2018 due to (i) higher subcontractors expenses following outsourcing of certain productions and (ii) foreign exchange loss amounting to S\$1.1 million.

Group net loss

As a result of the above, the Group incurred a net loss of S\$3.5 million in Q1 2019 compared to a net loss of S\$3.6 million in Q1 2018.

Review of Balance Sheet

The Group's total current assets stood at S\$20.6 million as at 31 March 2019 compared to S\$24.0 million as at 31 December 2018. The increase in trade receivables is in line with the higher sale volume.

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. The outstanding balance amounting to S\$8,560,000 was received during Q1 2019.

Review of Cash Flow Statement

In Q1 2019, net cash used in operating activities was S\$4.9 million which was primarily due to operation loss and working capital movement. Net cash from investing activities of S\$8.5 million consisted of proceeds from disposal of property, plant and equipment and land use rights.

Going concern

As at 31 March 2019, the Group's current assets were S\$20.6 million and current liabilities were S\$69.9 million. This posts a going concern issue. However, management is confident that with the strategies of restructuring to streamline operations and disposing non-performing assets to lower costs and reduce borrowings, the Group will be able to continue operating as a going concern in the foreseeable future.

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 and its controlling shareholders up to 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 have 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 4 April 2019 submitted application to the Securities Industry Council (“Council”), to seek various confirmations and rulings from the Council on the extent to which the Singapore Code on Take-overs and Mergers applies to the Exit Offer Proposal.

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/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the period ended 31 March 2019

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 : 3 May 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 first 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 : 3 May 2019