

Third Quarter Financial Statement On The Consolidated Results For The Period Ended 30 September 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 third quarter and the nine months ended 30 September 2019

	Group			Group		
	3 months ended			9 months ended		
	30-09-19	30-09-18	Change	30-09-19	30-09-18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	2,011	3,685	(45)	9,848	12,570	(22)
Other operating income	1,965	282	597	4,270	1,493	186
Changes in inventories of finished goods and work-in-progress	61	(70)	n.m.	(797)	(338)	136
Raw material and consumables used	(669)	(1,597)	(58)	(3,451)	(6,210)	(44)
Employee benefits expenses	(1,545)	(2,084)	(26)	(4,964)	(7,141)	(30)
Depreciation and amortisation expense	(434)	(626)	(31)	(1,323)	(1,962)	(33)
Other operating expenses	(1,451)	(2,182)	(34)	(7,935)	(5,206)	52
Share of results of associate	(6)	5	n.m.	(26)	(5)	420
Finance costs	(898)	(881)	2	(2,650)	(2,609)	2
Loss before income tax	(966)	(3,468)	(72)	(7,028)	(9,408)	(25)
Income tax	(4)	-	-	(8)	-	-
Loss for the period	(970)	(3,468)	(72)	(7,036)	(9,408)	(25)
Loss for the period attributable to:						
Equity holders of the Company	(970)	(3,468)	(72)	(7,036)	(9,408)	(25)
	(970)	(3,468)	(72)	(7,036)	(9,408)	(25)

Statement of Comprehensive Income for the third quarter and the nine months ended 30 September 2019

	Group			Group		
	3 months ended			9 months ended		
	30-09-19	30-09-18	Change	30-09-19	30-09-18	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Loss for the period	(970)	(3,468)	(72)	(7,036)	(9,408)	(25)
Other comprehensive income / (loss):						
Items that may be reclassified subsequently to profit or loss						
Exchange realignment of foreign entities	(2,466)	1,595	n.m.	(812)	(269)	202
Total comprehensive loss for the period	(3,436)	(1,873)	83	(7,848)	(9,677)	(19)

Total comprehensive loss attributable to:
Equity holders of the Company

	(3,436)	(1,873)	83	(7,848)	(9,677)	(19)
	(3,436)	(1,873)	83	(7,848)	(9,677)	(19)

Notes:

(I) Revenue

	Group			Group		
	3 months ended			9 months ended		
	30-09-19	30-09-18	Change	30-09-19	30-09-18	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Sale of goods	2,006	3,574	(44)	9,815	12,445	(21)
Interest income	5	111	(95)	33	125	(74)
Total	2,011	3,685	(45)	9,848	12,570	(22)

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

	Group			Group		
	3 months ended			9 months ended		
	30-09-19	30-09-18	Change	30-09-19	30-09-18	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Loss on winding up of subsidiaries	-	-	-	(2,326)	-	-
Net foreign exchange adjustment gain / (loss)	1,802	(119)	n.m.	2,048	55	3,624
Interest expenses	(898)	(881)	2	(2,650)	(2,609)	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 30 September 2019

	Group		Company	
	30-09-19	31-12-18	30-09-19	31-12-18
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	4,389	6,439	42	36
Trade receivables	2,911	3,588	-	-
Other receivables, deposits and prepayments	1,380	10,515	102	101
Inventories	2,003	3,489	-	-
Total current assets	10,683	24,031	144	137
Non-current assets:				
Associate	722	759	-	-
Financial assets at fair value through other comprehensive income	34,491	34,087	-	-
Land use rights	4,095	4,278	-	-
Property, plant and equipment	13,005	14,471	-	-
Total non-current assets	52,313	53,595	-	-
Total assets	62,996	77,626	144	137
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	1,838	4,213	-	-
Other payables and accruals	23,592	24,045	11	11
Borrowings	36,926	42,071	-	-
Income tax payable	199	202	-	-
Total current liabilities	62,555	70,531	11	11
Non-current liabilities:				
Borrowings	82,985	81,791	-	-
Total non-current liabilities:	82,985	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	(19,275)	(18,463)	1,002	1,005
Legal reserves	25,209	30,356	-	-
Fair value reserves	9,653	9,653	-	-
Accumulated losses	(304,183)	(302,111)	(151,966)	(151,976)
(Capital deficiency) Equity attributable to owners of the Company	(82,544)	(74,696)	133	126
Total liabilities and (capital deficiency) equity	62,996	77,626	144	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 30-09-2019		As at 31-12-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 12,432	24,494	(a) 12,283	29,788

Amount repayable after one year

As at 30-09-2019		As at 31-12-2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 69,065	13,920	(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 September 2019

	Group		Group	
	3 months ended		9 months ended	
	30-09-19	30-09-18	30-09-19	30-09-18
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Loss before income tax	(966)	(3,468)	(7,028)	(9,408)
Adjustments for:				
Share of results of associate	6	(5)	26	5
Depreciation and amortisation expense	434	626	1,323	1,962
Loss on winding up of subsidiaries	-	-	2,326	-
Interest expense	898	881	2,650	2,609
Interest income	(5)	(111)	(33)	(125)
Operating cash flows before movements in working capital	367	(2,077)	(736)	(4,957)
Trade receivables	1,071	2,130	677	1,892
Other receivables and prepaid expenses	82	436	575	(39)
Inventories	166	(26)	1,486	608
Trade payables	(445)	(325)	(2,375)	(1,747)
Other payables	419	(768)	(453)	71
Cash from / (used in) operations	1,660	(630)	(826)	(4,172)
Income tax paid	(8)	(22)	(11)	(19)
Interest paid	(898)	(881)	(2,650)	(2,609)
Interest received	5	111	33	125
Net cash from / (used in) operating activities	759	(1,422)	(3,454)	(6,675)
Investing activities:				
Proceeds from disposal of property, plant and equipment	-	-	8,560	-
Additions to property, plant and equipment	(20)	-	(58)	-
Deposit from potential property buyer	-	-	-	9,516
Net cash (used in) / from investing activities	(20)	-	8,502	9,516
Financing activities:				
(Decrease) / increase in other loans payable	(172)	(2,137)	(5,954)	3,958
Decrease in short-term bank loans	-	-	-	(251)
Restricted cash	-	594	-	(423)
Net cash (used in) / from financing activities	(172)	(1,543)	(5,954)	3,284
Net effect of exchange rate changes in consolidating subsidiaries	(1,191)	2,046	(1,151)	1,869
Net (decrease) / increase in cash and cash equivalents	(624)	(919)	(2,057)	7,994
Cash and cash equivalents at beginning of financial period	4,955	11,289	6,406	2,365
Effects of exchange rate changes on the balance of cash held in foreign currencies	25	9	7	20
Cash and cash equivalents at end of financial period	4,356	10,379	4,356	10,379
Note 1:				
Cash and bank balances	4,389	10,849	4,389	10,849
Less: Restricted cash	(33)	(470)	(33)	(470)
Cash and cash equivalents per cash flow statement	4,356	10,379	4,356	10,379

- 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 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 July 2019	151,097	54,955	(16,809)	25,209	9,653	(303,213)	(79,108)
Total comprehensive loss for the period	-	-	(2,466)	-	-	(970)	(3,436)
Balance at 30 September 2019	151,097	54,955	(19,275)	25,209	9,653	(304,183)	(82,544)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2018	151,097	54,772	(19,248)	30,356	-	(306,567)	(89,590)
Total comprehensive loss for the period	-	-	1,595	-	-	(3,468)	(1,873)
Balance at 30 September 2018	151,097	54,772	(17,653)	30,356	-	(310,035)	(91,463)

	Share capital	Translation reserves	Accumulated losses	Total equity
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2019	151,097	1,004	(151,973)	128
Total comprehensive income for the period	-	(2)	7	5
Balance at 30 September 2019	151,097	1,002	(151,966)	133

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2018	151,097	1,009	(151,960)	146
Total comprehensive loss for the period	-	(5)	(14)	(19)
Balance at 30 September 2018	151,097	1,004	(151,974)	127

- 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 September 2019 and 2018
As at 30 September 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 September 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

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		Group	
	3 months ended		9 months ended	
	30-09-19	30-09-18	30-09-19	30-09-18
	cents	cents	cents	cents
(i) Based on the weighted average number of ordinary shares on issue	(0.24)	(0.87)	(1.76)	(2.35)
(ii) On a fully diluted basis	(0.24)	(0.87)	(1.76)	(2.35)

Notes:

(a) The loss per ordinary share for the financial period 3 and 9 months ended 30 September 2019 are calculated based on 400,000,000 (3 and 9 months ended 30 September 2018 : 400,000,000) ordinary shares issued

(b) As at end of September 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		
	30-09-19	31-12-18	Change	30-09-19	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	(20.64)	(18.67)	11	0.0333	0.0315	6

Note:

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

8 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 2019 ("Q3 2019")

Revenue

For the third quarter ended 30 September 2019 ("Q3 2019"), the Group revenue decreased by 45% to S\$2.0 million from S\$3.7 million in Q3 2018. The decline in revenue was the result of weaker demand for telecommunications and electronic products.

Other operating income

Other operating income increased to S\$2.0 million in Q3 2019 from S\$0.3 million in Q3 2018, mainly due to a net foreign exchange adjustment gain of S\$1.8 million.

Raw material and consumables used

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

Cost of inventories decreased to S\$0.6 million in Q3 2019 from S\$1.7 million in Q3 2018 which in line with the lower revenue.

Employee benefits expenses

Employee benefits expenses decreased by 26% to S\$1.5 million in Q3 2019 from S\$2.1 million in Q3 2018 resulting from lower headcount.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) decreased by 34% to S\$1.5 million in Q3 2019 from S\$2.2 million in Q3 2018 which in line with the reduced revenue.

Group net loss

As a result of the above, the Group incurred a net loss of S\$1.0 million in Q3 2019 compared to a net loss of S\$3.5 million in Q3 2018.

Review of Balance Sheet

The Group's total current assets stood at S\$10.7 million as at 30 September 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 nine month ended 30 September 2019.

The Group's total current liabilities stood at S\$62.6 million as at 30 September 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 Q3 2019, net cash from operating activities was S\$0.8 million which was primarily due to other operation income and working capital movement. Net cash used in financing activities of S\$0.2 million was due to repayment of borrowings.

Going concern

As at 30 September 2019, the Group's current assets were S\$10.7 million and current liabilities were S\$62.6 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.

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

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.

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

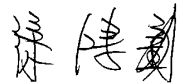
Date : 11 November 2019

Date: 11 November 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 third 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