

Third Quarter Financial Statement On The Consolidated Results For The Period Ended 30 September 2017

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 2017

	Group			Group		
	3 months ended			9 months ended		
	30-09-17	30-09-16	Change	30-09-17	30-09-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	7,572	13,233	(43)	19,214	44,195	(57)
Other operating income	920	5,032	(82)	2,214	3,027	(27)
Changes in inventories of finished goods and work-in-progress	4	(618)	n.m.	(1,914)	(5,394)	(65)
Raw material and consumables used	(2,661)	(6,111)	(56)	(6,101)	(15,196)	(60)
Employee benefits expenses	(2,706)	(4,264)	(37)	(8,771)	(21,242)	(59)
Depreciation and amortisation expense	(685)	(1,217)	(44)	(2,084)	(3,127)	(33)
Other operating expenses	(4,017)	(8,744)	(54)	(13,879)	(26,083)	(47)
Share of results of associate	(4)	(77)	(95)	(45)	(300)	(85)
Finance costs	(916)	(1,232)	(26)	(2,722)	(3,928)	(31)
Loss before income tax	(2,493)	(3,998)	(38)	(14,088)	(28,048)	(50)
Income tax	-	-	-	-	-	-
Loss for the period	(2,493)	(3,998)	(38)	(14,088)	(28,048)	(50)
Loss for the period attributable to:						
Equity holders of the Company	(2,493)	(3,998)	(38)	(14,088)	(28,048)	(50)
	(2,493)	(3,998)	(38)	(14,088)	(28,048)	(50)

Statement of Comprehensive Income for the third quarter and the nine months ended 30 September 2017

	Group			Group		
	3 months ended			9 months ended		
	30-09-17	30-09-16	Change	30-09-17	30-09-16	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Loss for the period	(2,493)	(3,998)	(38)	(14,088)	(28,048)	(50)
Other comprehensive income / (loss):						
Items that may be reclassified subsequently to profit or loss						
Exchange realignment of foreign entities	1,563	(2,573)	n.m.	7,618	6,120	24
Total comprehensive loss for the period	(930)	(6,571)	(86)	(6,470)	(21,928)	(70)

Total comprehensive loss attributable to:

Equity holders of the Company	(930)	(6,571)	(86)	(6,470)	(21,928)	(70)
	(930)	(6,571)	(86)	(6,470)	(21,928)	(70)

Notes:

(I) Revenue

	Group			Group		
	3 months ended			9 months ended		
	30-09-17	30-09-16	Change	30-09-17	30-09-16	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Sale of goods	5,981	13,223	(55)	17,612	43,964	(60)
Dividend income	1,590	-	-	1,590	-	-
Interest income	1	10	(90)	12	231	(95)
Total	7,572	13,233	(43)	19,214	44,195	(57)

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

	Group			Group		
	3 months ended			9 months ended		
	30-09-17	30-09-16	Change	30-09-17	30-09-16	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gain on disposal of property, plant and equipment	3	837	(100)	249	837	(70)
Net foreign exchange adjustment (loss) / gain	(552)	3,772	n.m.	(3,288)	(517)	536
Interest expenses	(916)	(1,232)	(26)	(2,722)	(3,928)	(31)

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 2017

	Group		Company	
	30-09-17	31-12-16	30-09-17	31-12-16
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	4,403	9,610	34	181
Trade receivables	8,203	12,132	-	-
Other receivables, deposits and prepayments	6,706	8,219	102	57,448
Inventories	6,743	7,491	-	-
Total current assets	26,055	37,452	136	57,629
Non-current assets:				
Associate	742	864	-	-
Available-for-sale investments	24,087	25,579	-	-
Land use rights	5,296	5,534	-	-
Property, plant and equipment	24,536	27,106	-	-
Total non-current assets	54,661	59,083	-	-
Total assets	80,716	96,535	136	57,629
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	7,507	12,287	-	-
Other payables and accruals	29,372	29,542	110	758
Borrowings	37,840	37,160	-	-
Income tax payable	600	614	-	-
Total current liabilities	75,319	79,603	110	758
Non-current liability:				
Borrowings	81,609	86,674	-	53,686
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,772	54,772	-	-
Translation reserves	(18,310)	(25,928)	1,016	1,071
Legal reserves	30,356	30,356	-	-
Accumulated losses	(294,127)	(280,039)	(152,087)	(148,983)
(Capital deficiency) Equity attributable to owners of the Company	(76,212)	(69,742)	26	3,185
Total liabilities and (capital deficiency) equity	80,716	96,535	136	57,629

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

Amount repayable in one year or less , or on demand

As at 30-09-2017		As at 31-12-2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 12,226	24,750	(a) 13,017	24,143
(b) 864	-	(b) -	-
Total 13,090	24,750	Total 13,017	24,143

Amount repayable after one year

As at 30-09-2017		As at 31-12-2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 67,920	13,689	(a) 72,315	14,359

(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.

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

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 2017

	Group		Group	
	3 months ended		9 months ended	
	30-09-17	30-09-16	30-09-17	30-09-16
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities:				
Loss before income tax	(2,493)	(3,998)	(14,088)	(28,048)
Adjustments for:				
Share of results of associate	4	77	45	300
Depreciation and amortisation expense	685	1,217	2,084	3,127
Gain on disposal of property, plant and equipment	(3)	(837)	(249)	(837)
Interest expense	916	1,232	2,722	3,928
Dividend income	(1,590)	-	(1,590)	-
Interest income	(1)	(10)	(12)	(231)
Operating cash flows before movements in working capital	(2,482)	(2,319)	(11,088)	(21,761)
Trade receivables	1,319	3,769	3,929	25,284
Other receivables and prepaid expenses	82	408	1,513	1,942
Inventories	(386)	1,165	748	4,915
Trade payables	243	(2,684)	(4,780)	(14,863)
Other payables	682	1,339	(170)	(3,388)
Cash (used in) / generated from operations	(542)	1,678	(9,848)	(7,871)
Income tax (paid) / refund	-	8	(14)	(101)
Interest paid	(916)	(1,232)	(2,722)	(3,928)
Interest received	1	10	12	231
Net cash (used in) / generated from operating activities	(1,457)	464	(12,572)	(11,669)
Investing activities:				
Proceeds from disposal of property, plant and equipment	3	879	249	879
Dividend income received	1,590	-	1,590	-
Net cash from investing activities	1,593	879	1,839	879
Financing activities:				
Increase in other loans payable	1,047	5,251	1,698	8,357
Increase / (decrease) in short-term bank loans	238	(3,832)	864	(16,269)
Restricted cash	-	(2)	884	6,147
Net cash from / (used in) financing activities	1,285	1,417	3,446	(1,765)
Net effect of exchange rate changes in consolidating subsidiaries	567	(2,747)	3,030	5,637
Net increase / (decrease) in cash and cash equivalents	1,988	13	(4,257)	(6,918)
Cash and cash equivalents at beginning of financial period	2,420	5,793	8,680	12,818
Effects of exchange rate changes on the balance of cash held in foreign currencies	(51)	(26)	(66)	(120)
Cash and cash equivalents at end of financial period	4,357	5,780	4,357	5,780
Note 1:				
Cash and bank balances	4,403	5,861	4,403	5,861
Less: Restricted cash	(46)	(81)	(46)	(81)
Cash and cash equivalents per cash flow statement	4,357	5,780	4,357	5,780

- 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 2017

	Share capital	Capital reserve	Translation reserves	Legal reserves	Accumulated losses	Attributable to owners of the Company
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	151,097	54,772	(19,873)	30,356	(291,634)	(75,282)
Total comprehensive loss for the period	-	-	1,563	-	(2,493)	(930)
Balance at 30 September 2017	151,097	54,772	(18,310)	30,356	(294,127)	(76,212)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2016	151,097	54,772	(9,338)	36,947	(313,873)	(80,395)
Total comprehensive loss for the period	-	-	(2,573)	-	(3,998)	(6,571)
Balance at 30 September 2016	151,097	54,772	(11,911)	36,947	(317,871)	(86,966)

	Share capital	Translation reserves	Accumulated losses	Total equity
Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2017	151,097	1,017	(152,062)	52
Total comprehensive loss for the period	-	(1)	(25)	(26)
Balance at 30 September 2017	151,097	1,016	(152,087)	26

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2016	151,097	(169)	(97,480)	53,448
Total comprehensive loss for the period	-	388	(423)	(35)
Balance at 30 September 2016	151,097	219	(97,903)	53,413

- 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 2017 and 2016

As at 30 September 2017 and 2016, 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 2017 and 31 December 2016 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

	Group		Group	
	3 months ended		9 months ended	
	30-09-17	30-09-16	30-09-17	30-09-16
	cents	cents	cents	cents
(i) Based on the weighted average number of ordinary shares on issue	(0.62)	(1.00)	(3.52)	(7.01)
(ii) On a fully diluted basis	(0.62)	(1.00)	(3.52)	(7.01)

Notes:

(a) The loss per ordinary share for the financial period 3 and 9 months ended 30 September 2017 are calculated based on 400,000,000 (3 and 9 months ended 30 September 2016 : 400,000,000) ordinary shares issued

(b) As at end of September 2017 and 2016, 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		
	30-09-17	31-12-16	Change	30-09-17	31-12-16	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	(19.05)	(17.44)	9	0.01	0.80	(99)

Note:

The net (liabilities) / asset value per ordinary share for the financial period ended 30 September 2017 is calculated based on the issued share capital of 400,000,000 shares (31 December 2016: 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 2017 ("Q3 2017")

Revenue

For the third quarter ended 30 September 2017 ("Q3 2017"), the Group revenue decreased by 43% to S\$7.6 million from S\$13.2 million in Q3 2016. The substantial decline in revenue was in line with the Group's on-going plan to shut down some of its loss making plants.

Other operating income

Other operating income decreased by 82% to S\$0.9 million in Q3 2017 from S\$5.0 million in Q3 2016. It was mainly due to net foreign exchange gain of S\$3.8 million in Q3 2016.

Raw material and consumables used

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

Cost of inventories decreased to S\$2.7 million in Q3 2017 from S\$6.7 million in Q3 2016 which in line with the lower revenue.

Employee benefits expenses

Employee benefits expenses decreased by 37% to S\$2.7 million in Q3 2017 from S\$4.3 million in Q3 2016 due to lower headcount cost as the Group downsized and closed its loss making factories.

Depreciation and amortisation expense

Depreciation and amortisation expenses decreased by 44% to S\$0.7 million in Q3 2017 from S\$1.2 million in Q3 2016 due to the lower carrying value of the depreciable assets.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) were lower by 54% to S\$4.0 million in Q3 2017 from S\$8.7 million in Q3 2016.

Finance costs

Finance costs decreased by 26% to S\$0.9 million in Q3 2017 from S\$1.2 million in Q3 2016 mainly due to the lower borrowings.

Group net loss

As a result of the above, the Group incurred a net loss of S\$2.5 million in Q3 2017 compared to a net loss of S\$4.0 million in Q3 2016.

Review of Balance Sheet

The Group's total current assets were S\$26.1 million as at 30 September 2017 compared to S\$37.5 million as at 31 December 2016. The decline was mainly due to the following:

- i Cash and bank balances decreased from S\$9.6 million as at 31 December 2016 to S\$4.4 million as at 30 September 2017 mainly due to operation loss.
- ii Trade receivable decreased from S\$12.1 million as at 31 December 2016 to S\$8.2 million as at 30 September 2017 due to collection and a lower sales volume.
- iii Inventories declined from S\$7.5 million as at 31 December 2016 to S\$6.7 million as at 30 September 2017 due to lower inventory level in line with the reduced revenue.

The Group's total current liabilities were S\$75.3 million as at 30 September 2017 compared to S\$79.6 million as at 31 December 2016. The decrease was largely due to following:

- i Trade payable decreased from S\$12.3 million as at 31 December 2016 to S\$7.5 million as at 30 September 2017 due to lower purchases and payments made.

The Group's non-current liabilities decreased from S\$86.7 million at 31 December 2016 to S\$81.6 million at 30 September 2017 mainly due to appreciation of the S\$ against US\$.

Review of Cash Flow Statement

Net cash used in operating activities in Q3 2017 was S\$1.5 million. This was primarily due to operation loss.

Net cash from investing activities in Q3 2017 was S\$1.6 million. This was mainly due to the dividend received from available-for-sale investment.

Net cash from financing activities of S\$1.3 million in Q3 2017 was mainly due to increase in borrowings.

Going concern

The Group's current asset as at 30 September 2017 was S\$26.1 million and the Group's current liability as at 30 September 2017 was S\$75.3 million. This posts a going concern issue. However, Management is confident that with the strategy in place to improve the operating and financial position of the Group through disposal of its non-performing assets and fund raising exercise in the pipeline and the support from the existing creditors, the Group will be able to continue operating as a going concern in the foreseeable future.

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 will continue to adopt multi-pronged strategies of corporate restructuring to streamline operations and dispose non-performing assets to lower costs; reduce borrowings; and concurrently look for acquisition and diversification opportunities to generate additional earning streams.

The Group's financial advisor RHB has introduced two investors ("Oriental Straits Investment Limited" and "China Capital Impetus Investment Limited") to the Group. The Company had signed a subscription agreement on 24 February 2016 with the investors for an aggregate subscription of up to US\$250.0 million (equivalent to S\$352.5 million) in tranches. This proposed subscription will provide funds for acquisition opportunities to generate additional sources of earnings.

On 3 May 2017, the SGX-ST has approved in-principle the listing and quotation of the proposed subscription shares. The Company is finalising preparation of the Circular to approve the proposed subscription. An EGM will be called in due course.

It is noted that the Company is placed on the Watch-List with effect from 5 March 2014. On 3 May 2017, the SGX-ST has granted the Company an extension for the second time to 4 March 2018 to meet the requirements for removal from the Watch-List.

Shareholders are advised to exercise caution in trading their shares. The Company will make any necessary announcements when there are further developments.

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.

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

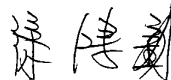
Date : 9 November 2017

Date: 9 November 2017

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 2017 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