

Huan Hsin Holdings Ltd (Company No: 199509142R)**First Quarter Financial Statement On The Consolidated Results For The Three Months Ended 31 March 2018****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 2018

	Group		
	3 months ended		
	31-03-18	31-03-17	Change
	S\$'000	S\$'000	%
Revenue	3,871	4,888	(21)
Other operating income	307	239	28
Changes in inventories of finished goods and work-in-progress	(262)	(529)	(50)
Raw material and consumables used	(2,043)	(1,622)	26
Employee benefits expenses	(2,393)	(2,741)	(13)
Depreciation and amortisation expense	(675)	(712)	(5)
Other operating expenses	(1,511)	(5,198)	(71)
Share of results of associate	(3)	(22)	(86)
Finance costs	(867)	(901)	(4)
Loss before income tax	(3,576)	(6,598)	(46)
Income tax	-	-	-
Loss for the period	(3,576)	(6,598)	(46)

Loss for the period attributable to:

Equity holders of the Company	(3,576)	(6,598)	(46)
Total	(3,576)	(6,598)	(46)

Statement of Comprehensive Income for the 1st quarter ended 31 March 2018

	Group		
	3 months ended		
	31-03-18	31-03-17	Change
	S\$'000	S\$'000	%
Loss for the period	(3,576)	(6,598)	(46)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Exchange realignment of foreign entities	1,013	4,545	(78)
Total comprehensive loss for the period	(2,563)	(2,053)	25

Total comprehensive loss attributable to:

Equity holders of the Company

Total

(2,563)	(2,053)	25
(2,563)	(2,053)	25

Notes:

(I) Revenue

	Group		
	3 months ended		
	31-03-18	31-03-17	Change
	S\$'000	S\$'000	%
Sale of goods	3,869	4,883	(21)
Interest income	2	5	(60)
Total	3,871	4,888	(21)

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

	Group		
	3 months ended		
	31-03-18	31-03-17	Change
	S\$'000	S\$'000	%
Depreciation and amortisation expense	(675)	(712)	(5)
Net foreign exchange adjustment gain / (loss)	25	(1,156)	n.m.
Interest expenses	(867)	(901)	(4)

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 2018

	Group		Company	
	31-03-18	31-12-17	31-03-18	31-12-17
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	5,191	2,412	14	33
Trade receivables	6,114	7,606	-	-
Other receivables, deposits and prepayments	2,365	1,881	102	103
Inventories	3,579	4,083	-	-
Non-current assets classified as held for sale	4,265	4,363	-	-
Total current assets	21,514	20,345	116	136
Non-current assets:				
Associate	792	780	-	-
Available-for-sale investments	22,581	22,988	-	-
Land use rights	4,086	4,046	-	-
Property, plant and equipment	21,074	21,103	-	-
Total non-current assets	48,533	48,917	-	-
Total assets	70,047	69,262	116	136
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	5,454	6,543	-	-
Other payables and accruals	27,057	25,879	110	110
Borrowings	42,335	37,655	-	-
Income tax payable	615	605	-	-
Total current liabilities	75,461	70,682	110	110
Non-current liabilities:				
Borrowings	78,935	80,366	-	-
Total non-current liabilities:	78,935	80,366	-	-
Capital, reserves and non-controlling interests:				
Share capital	151,097	151,097	151,097	151,097
Capital reserve	54,772	54,772	-	-
Translation reserves	(16,371)	(17,384)	1,008	1,009
Legal reserves	30,356	30,356	-	-
Accumulated losses	(304,203)	(300,627)	(152,099)	(152,080)
(Capital deficiency) Equity attributable to owners of the Company	(84,349)	(81,786)	6	26
Total liabilities and (capital deficiency) equity	70,047	69,262	116	136

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

Amount repayable in one year or less , or on demand

As at 31-03-2018		As at 31-12-2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 11,805	30,530	(a) 12,029	25,375
(b) -	-	(b) 251	-
Total 11,805	30,530	Total 12,280	25,375

Amount repayable after one year

As at 31-03-2018		As at 31-12-2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 65,585	13,350	(a) 66,830	13,536

(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 CASH FLOW STATEMENT

for the financial period ended 31 March 2018

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 / (paid)

Interest paid

Interest received

Net cash used in operating activities

Financing activities:

Decrease in short-term bank loans

Increase / (Decrease) in other loans payable

Restricted cash

Net cash from financing activities

Net effect of exchange rate changes in consolidating subsidiaries

Net increase / (decrease) 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	
31-03-18	31-03-17
S\$'000	S\$'000
(3,576)	(6,598)
3	22
675	712
867	901
(2)	(5)
(2,033)	(4,968)
1,492	4,390
(484)	533
504	689
(1,089)	(5,251)
1,178	(1,344)
(432)	(5,951)
10	(15)
(867)	(901)
2	5
(1,287)	(6,862)
(251)	-
5,221	(318)
(821)	898
4,149	580
(880)	2,185
1,982	(4,097)
2,365	8,680
(24)	(76)
4,323	4,507
5,191	4,539
(868)	(32)
4,323	4,507

- 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 2018

	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 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)

Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	151,097	54,772	(25,928)	30,356	(280,039)	(69,742)
Total comprehensive loss for the period	-	-	4,545	-	(6,598)	(2,053)
Balance at 31 March 2017	151,097	54,772	(21,383)	30,356	(286,637)	(71,795)

	Share capital	Translation reserves	Accumulated losses	Total
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

Company	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	151,097	1,071	(148,983)	3,185
Total comprehensive loss for the period	-	(73)	(406)	(479)
Balance at 31 March 2017	151,097	998	(149,389)	2,706

- 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 31 March 2018 and 2017.

As at 31 March 2018 and 2017, 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 31 March 2018 is 400,000,000 shares (31 December 2017 : 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	
	31-03-18	31-03-17
(i) Based on the weighted average number of ordinary shares on issue; and	(0.89) cts	(1.65) cts
(ii) On a fully diluted basis	(0.89) cts	(1.65) cts

Notes:

- (a) The loss per ordinary share for the financial period ended 31 March 2018 is calculated based on 400,000,000 (31 March 2017 : 400,000,000) ordinary shares issued.
- (b) As at end of March 2018 and 2017 , 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		
	31-03-18	31-12-17	Change	31-03-18	31-12-17	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	(21.09)	(20.45)	3	0.0015	0.0065	(77)

Note:

The net (liabilities) / asset value per ordinary share for the financial period ended 31 March 2018 is calculated based on the issued share capital of 400,000,000 shares (31 December 2017: 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 2018 ("Q1 2018")

Revenue

For the first quarter ended 31 March 2018 ("Q1 2018"), the Group revenue decreased by 21% to S\$3.9 million from S\$4.9 million in Q1 2017. The decline in revenue was in line with the Group's on-going plan to shut down some of its loss making plants. The Group is winding down its manufacturing business in stages with the shutdown of its facility in Suzhou in January 2018.

Other operating income

Other operating income increased by 28% to S\$0.3 million in Q1 2018 from S\$0.2 million in Q1 2017 which was due to sundry income received in Q1 2018.

Raw material and consumables used

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

Cost of inventories increased to S\$2.3 million in Q1 2018 from S\$2.2 million in Q1 2017 following the change in product mix, as the Group has discontinued the production of notebook and now solely produced wire, cable and related components.

Employee benefits expenses

Employee benefits expenses decreased by 13% to S\$2.4 million in Q1 2018 from S\$2.7 million in Q1 2017 resulting from lower headcount cost as the Group downsized and closed its loss making factories.

Other operating expenses

Other operating expenses (which include selling and distribution costs and manufacturing overheads) were lower by 71% to S\$1.5 million in Q1 2018 from S\$5.2 million in Q1 2017. In Q1 2017, there were one-off expenses relating to the closure of various loss making factories.

Group net loss

As a result of the above, the Group incurred a net loss of S\$3.6 million in Q1 2018 compared to a net loss of S\$6.6 million in Q1 2017.

Review of Balance Sheet

The Group's total current assets stood at S\$21.5 million as at 31 March 2018 compared to S\$20.3 million as at 31 December 2017. The increase was mainly due to increase in cash and bank balances following the proceeds from other loans.

The Group's total current liabilities stood at S\$75.5 million as at 31 March 2018 compared to S\$70.7 million as at 31 December 2017. The increase was mainly due to increase in other loans borrowings.

As a results of appreciation of the S\$ against US\$, the Group's non-current liabilities decreased to S\$78.9 million as at 31 March 2018 from S\$80.3 million as at 31 December 2017.

Review of Cash Flow Statement

In Q1 2018, net cash used in operating activities was S\$1.3 million which was primarily due to operation loss. Net cash from financing activities of S\$4.1 million consisted of proceeds from other loans.

Going concern

As at 31 March 2018, the Group's current assets were S\$21.5 million and current liabilities were S\$75.5 million. This posts a going concern issue. However, Management is confident that with the strategies of corporate restructuring to streamline operations and disposing non-performing assets to lower costs and reduce borrowings; and concurrently looking for acquisition and diversification opportunities to generate additional income streams, 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 anticipates the following corporate developments in the next few months:-

(a) On 24 February 2016, a subscription agreement ("Subscription Agreement") was signed between the Company, Oriental Straits Investment Limited and China Capital Impetus Investments Limited ("CCIIL"). On 4 March 2018, CCIIL was substituted by China Capital Impetus Asset Management Pte Ltd, and a supplemental subscription agreement was signed to, inter alia, amend certain terms of the Subscription Agreement including the aggregate subscription amount from US\$250 million to S\$100 million, so as to facilitate the Company's plans for the Proposed Acquisition (as define below) to revitalise its business.

(b) On 4 March 2018, The Company entered into a conditional acquisition agreement with Jade Merit Developments Limited to acquire 99.99% of the equity interest in Huangshan Zhongtian Weiliang Mining Co Ltd for a consideration of S\$1.06 billion, which will be satisfied by cash and allotment of new shares ("Proposed Acquisition").

(c) The Proposed Acquisition provides the Company with an opportunity to acquire an asset with a potential upside valuation and is expected to give the Company a new lease of life. As previously announced, on 20 April 2018, the SGX-ST has approved in-principle ("AIP") for the listing and quotation of the proposed subscription shares. The Company is finalising preparation of the Circular to seek shareholders' approval on the proposed subscription. An extraordinary general meeting ("EGM") will be called in due course. *

(d) The Proposed Acquisition, if completed, is expected to result in a very substantial acquisition or a reverse-takeover of the Company and is subject, inter alia, to the approval of the SGX-ST and the shareholders of the Company at a subsequent EGM to be convened.

**Please note that the SGX-ST's AIP is not to be taken as an indication of the merits of the Proposed Subscription, Subscription Shares, Option Shares, the Company and/or its subsidiaries.*

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 2018

- 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

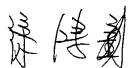
Chairman

Date : 9 May 2018

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 2018 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 : 9 May 2018