

HUAN HSIN HOLDINGS LTD
(Incorporated in Singapore)
(Company Registration No: 199509142R)

**QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL
OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)**

Huan Hsin Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on the Watch-List pursuant to Rule 1311 of the SGX-ST Listing Manual on 5 March 2014.

Pursuant to Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide the following updates:

Update on Financial Position

For the full year ended 31 December 2016 (“FY2016”), the Group revenue decreased by 65% to S\$52.6 million from S\$151.1 million in FY2015. The substantial decline in revenue was in line with the Group’s on-going action to shut down some of its loss making plants.

Please refer to our result announcement for the financial year ended 31 December 2016 released on 24 February 2017 for full details.

Update on Future Direction

During the year, the Group had adopted multi-pronged strategies of corporate restructuring to streamline operations and dispose non-performing assets to lower costs; reduce bank borrowings; and concurrently look into acquisition and diversification opportunities to generate additional earning streams.

As at 31 December 2016, the Group has closed six plants in Shanghai, Chongqing, Shandong and Kedah. The Group has also disposed another factory in Shanghai for RMB273.5 million to reduce its debt and increase working capital. As of today, the Group has received (i) the deposit from the escrow agent amounting to US\$3.8 million, and (ii) the second payment of US\$30.6 million, being the US Dollar equivalent of RMB204.0 million, from the buyer.

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 million (equivalent to S\$325.5 million) in tranches. This proposed subscription which is subject to shareholder’s approval at an EGM to be called later, will provide funds for investment, acquisition and diversification opportunities to generate additional sources of earnings and facilitate the Company’s efforts and application for existing SGX’s watch list.

It is noted that the Company is placed on the watch-list with effect from 5 March 2014. On 11 March 2016, the Singapore Exchange Securities Trading Limited the (“SGX-ST”) granted the Company an extension of time of up to 12 months to 4 March 2017 to meet the requirements for removal from the watch-list. The Company has submitted application for a further extension of time to satisfy the requirements for removal from the Watch-List from 4 March 2017 to 30 June 2017 to SGX-ST, and is awaiting SGX-ST response.

By Order of the Board
HUAN HSIN HOLDINGS LIMITED

Hsu Hung Chun
Chairman
24 February 2017