

**HUAN HSIN HOLDINGS LTD**  
**Company registration No: 199509142R**  
**RESPONSE TO SGX'S QUERY**

In response to the following queries posed by Singapore Exchange Securities Trading Limited ("SGX"), the Board of Directors (the "Board") of Huan Hsin Holdings Ltd ("the Company") (together with its subsidiaries, the "Group") wishes to respond as follows:

*For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on going concern issues, please provide the following information by the close of business on Tuesday, 12 April 2016:-*

- (a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.*
- (b) the Board's confirmation that all material disclosures have been provided for orderly trading of the Company's shares to continue.*

**Company's Response:**

- (a) Based on the following measures taken, the Board is of the opinion that the Company will be able to operate as a going concern:
  - i. Management has implemented a two-pronged strategy to streamline its operations and dispose of non-performing assets so as to lower costs and reduce borrowings, while concurrently seeking opportunities in fund-raising, acquisition and diversification in order to create new revenue streams. In line with this strategy, the Company has:-
    - reduced its losses from S\$91.6 million in FY2014 to S\$56.9 million in FY2015; and
    - lowered short-term borrowings from S\$102.1 million to S\$84.1 million over the same period.
  - ii. As at 31 December 2015, the Group has cash and bank balances of S\$19.0 million and undrawn committed short-term borrowing facilities of approximately S\$48.0 million. If necessary, the Group will be able to roll forward their existing trade and banking facilities.
  - iii. As at today, of the Group's current and non-current borrowings, the current portion facilities can be rolled forward under current terms. The Group has never been in breach of any terms and conditions of borrowings.
  - iv. On 24 February 2016, the Company entered into a subscription agreement with Oriental Straits Investment Limited and China Capital Impetus Investment Limited to raise an aggregate amount of not less than S\$40.0 million and up to S\$352.5 million to facilitate the Company's plans for investments and acquisitions of suitable assets to diversify new revenue streams.
- (b) The Board confirms that, to the best of their knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

By Order of the Board  
Hsu Hung Chun  
Chairman  
12 April 2016