

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

**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 second quarter ended 30 June 2018 ("Q2 2018"), the Group revenue decreased by 26% to S\$5.0 million from S\$6.8 million in Q2 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, People's Republic of China in January 2018.

Please refer to our result announcement for the second quarter ended 30 June 2018 released on 13 August 2018 for full detail.

Going concern

As at 30 June 2018, the Group's current assets were S\$30.1 million and current liabilities were S\$86.1 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.

Update on Future Direction

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 ("Subscriber") and China Capital Impetus Investments Limited ("CCIIL"). On 4 March 2018, CCIIL was substituted by China Capital Impetus Asset Management Pte Ltd ("CCIAM"), 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. At the

Extraordinary General Meeting ("EGM") of the Company held on 25 June 2018, the proposed subscription was passed by way of a poll. The Company, the Subscriber and CCIAM are now in the process of fulfilling the conditions precedent as set out in the Subscription Agreement.

- (d) In relation to the Proposed Acquisition, the Group is still in the midst of conducting the relevant due diligence exercise necessary for the transaction of such nature. Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.
- (e) In meantime, management continues to downsize and operate the Group manufacturing operations.

By Order of the Board
HUAN HSIN HOLDINGS LIMITED

Hsu Hung Chun
Chairman
13 August 2018