

**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”)**

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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 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.

Please refer to our result announcement for the first quarter ended 31 March 2018 released on 9 May 2018 for full detail.

**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.

**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 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.<sup>1</sup>

(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. As such, shareholders are advised to exercise caution in the trading of their shares.

By Order of the Board  
HUAN HSIN HOLDINGS LIMITED

Hsu Hung Chun  
Chairman  
9 May 2018

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<sup>1</sup> 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.