

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

**PROPOSED DISPOSAL OF 51% OF INDEED HOLDINGS LIMITED**

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**1. INTRODUCTION**

The board of directors of Huan Hsin Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Huan Hsin (BVI) Limited (“**HHBL**”), a wholly-owned subsidiary of the Company, and Casetek Holdings Limited (“**CHL**”, and together with HHBL, the “**Vendors**”) have on 13 February 2015 entered into a conditional share transfer agreement (the “**Agreement**”) with Phoenix Bridge International Holdings Group Investment Co., Limited (the “**Purchaser**”, and together with the Vendors, the “**Parties**”), pursuant to which the Vendors shall collectively transfer shares representing 100% of the issued share capital of Indeed Holdings Limited (“**IHL**”) to the Purchaser (the “**Proposed Disposal**”).

**2. INFORMATION ON IHL AND THE PURCHASER**

IHL was incorporated as a BVI business company in the British Virgin Islands on 18 July 2006. It has an issued share capital of US\$50,000,000, of which US\$40,000,000 is paid-up. HHBL owns shares representing 51% of the issued share capital of IHL (the “**HHBL Sale Shares**”) and CHL owns shares representing the remaining 49% of the issued share capital of IHL. IHL holds 100% of the equity interest in Shanghai Indeed Electronic Technology Co., Ltd (“**Shanghai Indeed**”), a private company incorporated in Shanghai, the People’s Republic of China that was previously engaged in the manufacturing of notebook casings. As at 30 November 2014, Shanghai Indeed has ceased operations. Shanghai Indeed owns certain land use rights, plants and the elevators and the transformer rooms attached to the plants (the “**Assets**”). The land underlying the plants has a total size of 62,634 square metres, the period of use of which is from 20 February 2007 to 19 February 2057, and the total construction size of the plants is 54,930.56 square metres.

The Purchaser was incorporated in Hong Kong on 28 May 2014. It has a registered capital of HK\$10,000,000. The Purchaser was introduced to HHBL by a business associate and is not a related party of the Group.

**3. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

The Company was placed on the watch-list with effect from 5 March 2014. As part of its turnaround strategy, the Group is undertaking the Proposed Disposal to monetize its non-yielding assets and the proceeds from the Proposed Disposal will be used to increase its

working capital.

#### 4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

##### 4.1 Consideration

Under the terms of the Agreement, the Vendors shall transfer to the Purchaser shares comprising 100% of the share capital of IHL for an aggregate consideration of US\$29,868,800 (approximately S\$40,490,145) (the “**Consideration**”), of which US\$15,233,088 (approximately S\$20,649,974) shall be payable to HHBL and US\$14,635,712 (approximately S\$19,840,171) shall be payable to CHL (the currency conversion from US\$ to S\$ is based on the exchange rate of US\$1 to S\$1.3556 on 13 February 2015 (Source: Bloomberg)).

The Consideration was determined based on arm’s length negotiations between the Parties and was arrived at on a “willing buyer, willing seller” basis, after taking into account the net asset value of IHL.

The Consideration is to be paid as follows:

- (a) the Purchaser shall, within 2 working days from the date of the Agreement, pay the Vendors 10% of the Consideration, amounting to US\$2,986,880 (the “**Initial Payment**”), of which US\$1,523,308.80 shall be payable to HHBL and US\$1,463,571.20 shall be payable to CHL;
- (b) the Purchaser shall, within 33 days from the date of the Agreement, pay the Vendors 60% of the Consideration, amounting to US\$17,921,280, of which US\$9,139,852.80 shall be payable to HHBL and US\$8,781,427.20 shall be payable to CHL; and
- (c) upon the Vendors’ receipt of the US\$9 million upon completion of the Capital Reduction (as defined below), a written notice shall be served by the Vendors to the Purchaser to settle the balance consideration. The Purchaser shall, within 3 working days from receipt of such written notice from the Vendors, pay the Vendors the balance of US\$8,960,640, of which US\$4,569,926.40 shall be payable to HHBL and US\$4,390,713.60 shall be payable to CHL.

In the event that the Capital Reduction is not approved by the competent government authorities, the Parties agree to adjust upwards the Consideration by such an amount as equal to the proposed amount of capital to be reduced in Shanghai Indeed as if the Capital Reduction had been approved, in which case, the Parties agree to waive the condition precedent as set out in paragraph 4.2(b) below. The Vendors shall by written notice request the Purchaser to make payment for the balance, amounting to US\$8,960,640, as set out in paragraph 4.1(c) above, as well as the additional consideration of US\$9 million, if applicable.

The Purchaser shall, within 3 days after receipt of the Vendors' notice, pay the Vendors a total of US\$17,960,640, of which US\$9,159,926.40 shall be payable to HHBL and US\$8,800,713.60 shall be payable to CHL.

#### 4.2 Conditions Precedent

The Proposed Disposal is conditional upon, *inter alia*, the following:

- (a) Shanghai Indeed continuing to own the Assets up to the completion of the Proposed Disposal;
- (b) Shanghai Indeed reducing its capital to US\$31,000,000 and completing the registration of such capital reduction (the "**Capital Reduction**") and the amounts as a result of the Capital Reduction shall have been fully refunded to IHL. IHL shall have through due process refunded the reduced capital to HHBL and CHL in proportion to their respective shareholdings in IHL;
- (c) the Purchaser having completed its due diligence investigations on IHL and Shanghai Indeed; and
- (d) the Purchaser having fully paid the Consideration pursuant to the terms of the Agreement.

#### 4.3 Other Salient Terms

The commission to the broker in respect of the Proposed Disposal shall be payable by the Vendors in proportion to their respective shareholding in IHL and in accordance with the terms of the agreement to be separately entered into between the Vendors and the broker.

In addition, the Parties agree that, within 30 days after receipt by the Vendors of the Initial Payment, the Proposed Disposal shall be submitted to the relevant authorities applicable to the Company for approval/review.

### 5. **VALUE OF THE HHBL SALE SHARES**

Based on the latest unaudited consolidated financial statements of the Group for the 9-month period ended 30 September 2014 (the "**9M2014 Results**"), the book value and net tangible asset value of the HHBL Sale Shares was S\$21,427,799. The book value and net tangible asset value of the HHBL Sale Shares after the Capital Reduction is S\$15,584,729.

Based on the 9M2014 Results, the net loss attributable to the HHBL Sale Shares was S\$5,175,726.

Based on the book value of the HHBL Sale Shares after the Capital Reduction of S\$15,584,729, the Proposed Disposal will result in an excess over the book value and a gain on disposal of S\$5,065,245.

## 6. CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) are as follows:

Rule 1006	Bases	Percentage (%)
(a)	Net asset value of the HHBL Sale Shares, compared with the Group’s net asset value of S\$37,593,000 <sup>(1)</sup>	57% <sup>(2)</sup> / 41% <sup>(3)</sup>
(b)	Net profits attributable to the HHBL Sale Shares, compared with the Group’s net profits	Not meaningful <sup>(4)</sup>
(c)	Aggregate value of the consideration received, compared with the Company’s market capitalisation of S\$23,320,000 <sup>(5)</sup>	89% <sup>(6)</sup> / 115% <sup>(7)</sup>
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(8)</sup>
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable <sup>(9)</sup>

### Notes:

- (1) Based on the unaudited consolidated financial statements of the Company for the 9 months ended 30 September 2014.
- (2) Based on the net asset value of the HHBL Sale Shares as at 30 September 2014 of S\$21,427,799.
- (3) Based on the net asset value of the HHBL Sale Shares after the Capital Reduction of S\$15,584,729.
- (4) Not meaningful as the Group and IHL were both in a net loss position for the 9 months ended 30 September 2014.
- (5) The market capitalisation of the Company is calculated on the basis of 400,000,000 shares in issue (excluding treasury shares) as at the date of this announcement and the 1-day volume weighted average price of S\$0.0583 for each share on 12 February 2015, being the last

market day on which shares were traded immediately before the date of the Agreement.

- (6) Based on the consideration of US\$15,233,088 (approximately S\$20,649,974) for the HHBL Sale Shares in the event that the Capital Reduction is completed.
- (7) Based on the consideration of US\$19,823,088 (approximately S\$26,872,178) for the HHBL Sale Shares in the event that the Capital Reduction is not approved by the competent government authorities.
- (8) Not applicable as the Proposed Disposal pertains to a disposal of assets.
- (9) Not applicable as the Proposed Disposal is not a disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

As the relative figure computed on the bases set out in Rule 1006(a) and Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a major transaction under Chapter 10 of the Listing Manual and is subject to the approval of shareholders at an extraordinary general meeting to be convened.

The Company will be making an application to the SGX-ST seeking a waiver of the requirement to convene an extraordinary general meeting to seek shareholders' prior approval under Rule 1014(2) of the Listing Manual in connection with the Proposed Disposal. The Company will make necessary disclosure at the appropriate time in this regard.

## **7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

The pro-forma financial effects of the Proposed Disposal, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 ("FY2013"), are set out below. The pro-forma financial effects are presented for illustration purposes only, and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Disposal.

Assuming that the Proposed Disposal had been completed on 1 January 2013, the effect of the Proposed Disposal on the Company's earnings per share for FY2013 would have been:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Earnings/(loss) per share (cents)	(18.81)	(21.52)

**Note:**

The above computation is based on the weighted average number of shares of 400,000,000 for FY2013.

Assuming that the Proposed Disposal had been completed on 31 December 2013, the effect

of the Proposed Disposal on the Company's net tangible assets ("NTA") per share as at 31 December 2013 would have been:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA per share (cents)	21.98	20.46

**Note:**

The above computation is based on 400,000,000 shares as at 31 December 2013.

**8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Other than through their respective shareholdings in the Company, none of the directors and/or substantial shareholders of the Company has any interest (direct or indirect) in the Proposed Disposal.

**9. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly no service contract is proposed to be entered into between the Company and any such person.

**10. DOCUMENTS FOR INSPECTION**

A copy of the Agreement is available for inspection by shareholders during normal business hours at the registered address of the Company at 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, for a period of three months from the date of this announcement.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Hsu Hung Chun

Chairman

14 February 2015