

**SGX-ST APPROVAL RECEIVED FOR ONE-YEAR EXTENSION OF TIME FOR REMOVAL FROM WATCH-LIST**

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*Capitalised terms used herein and not otherwise defined have the same meanings as set out in the announcement made by Huan Hsin Holdings Ltd (the “Company”, and together with its subsidiaries, the “Group”) on 24 February 2016 (the “Previous Announcement”).*

The board of directors (the “Board”) of the Company refers to the Previous Announcement, pursuant to which it was announced that the Company had submitted an application to the SGX-ST for an extension of time to satisfy the requirements for removal from the watch-list of the SGX-ST (the “Watch-List”).

The Board is pleased to announce that the SGX-ST has on 11 March 2016 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, subject to the following:

- (a) the Company announcing the period of extension granted, the reasons for seeking the extension of time and the conditions as required under the Listing Rule 107; and
- (b) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

The Company’s reasons for seeking the extension of time are as follows:

**(a) Completion of the Proposed Subscription and Future Acquisitions**

The Company made the application for an extension of time as the previous deadline of 4 March 2016 does not allow the Company sufficient time to complete the Proposed Subscription. Further, one of the conditions precedent of the Subscription Agreement is the SGX-ST not removing the Company from the Mainboard of the SGX-ST.

Completion of the Proposed Subscription will allow the Company to partially satisfy the requirements for removal from the Watch-List as follows:

**(i) Increase the Company’s market capitalisation**

Upon completion of the Proposed Subscription, the Company’s market capitalisation, calculated based on the Agreed Exchange Rate, is expected to be between S\$40 million (assuming that only the Tranche 1 Subscription is completed and the Option is not exercised) and S\$352.5 million (assuming the maximum number of Subscription Shares and Option Shares are issued), thereby satisfying one of the requirements of Rule 1314(1) of the Listing Manual.

(ii) Raise funds to diversify the Group's business by way of acquisitions

The core business of the Group, being the manufacturing and distribution of telecommunications, information technology, electronics and other consumer products parts and components, has been adversely affected amidst lacklustre growth in the world economy over the past few years.

Further, the outlook for major economies is expected to continue to be lacklustre with the pace of recovery likely to be uneven across various countries. In the face of ever-changing consumer demand in the Group's core business market, the Company believes it is crucial not only to keep ahead of the competition with relevant expertise and knowledge, but also to differentiate itself and look for diversification opportunities to generate sales from additional viable sources.

Accordingly, the Proposed Subscription is intended to raise funds for purposes of investments and acquisitions of such other assets to diversify the Group's income stream, as and when appropriate opportunities arise, which the Company believes will in turn enhance value for shareholders of the Company.

The extension of time until 4 March 2017 will allow the Company to undertake such investments and acquisitions to diversify the Group's income stream, and to work towards satisfying the profitability requirement of Rule 1314(1).

The Company sought an extension of time of 12 months as it estimates that following the completion of the Proposed Subscription, it will need time to identify and complete relevant acquisitions of quality businesses/assets to satisfy the requirements for removal from the Watch-List.

**(b) Minority Shareholders**

Given that the Company has already identified a serious investor who has entered into the Subscription Agreement with a firm commitment to invest a significant amount of money of between S\$40 million and S\$352.5 million, it would not be beneficial to the shareholders of the Company to be denied this opportunity. The Proposed Subscription is intended to raise funds for purposes of investments and acquisitions of such other assets to diversify the Group's income stream, as and when appropriate opportunities arise. This presents an opportunity for the Company to enter a new area of business which may enable the Company to become profitable and subsequently exit the Watch-List, thereby permitting minority shareholders potential capital appreciation of their Shares.

The Board wishes to remind shareholders of the Company that the SGX-ST reserves the right to amend and/or vary its decision and such decision is subject to changes in the policies of the SGX-ST.

**BY ORDER OF THE BOARD**

Hsu Hung Chun  
Chairman  
11 March 2016