

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 third quarter ended 30 September 2018 ("Q3 2018"), the Group revenue decreased substantially by 51% to S\$3.7 million from S\$7.6 million in Q3 2017. The decline in revenue was in line with the Group's on-going to wind 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 third quarter ended 30 September 2018 released on 7 November 2018 for full detail.

Going concern

As at 30 September 2018, the Group's current assets was S\$25.8 million and current liabilities S\$82.1 million. This posts a going concern issue. However, management is of the view 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

- (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, 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. At the Extraordinary General Meeting of the Company held on 25 June 2018, the proposed subscription was passed by way of a poll.

- (b) On 4 March 2018, the Company entered into a conditional acquisition agreement with Jade Merit Developments Limited ("Vendor") 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. On 14 August 2018, the Company received a notice (the "Termination Notice") from the Vendor terminating the acquisition agreement. The Termination Notice was served on the basis that Tranche 1 subscription was not completed by 31 July 2018. Having considered the progress of the RTO preparatory work to-date, the Board is of the opinion that it would be desirous to proceed with the termination of the acquisition agreement.
- (c) Notwithstanding the termination of the acquisition agreement, the Company and the Subscriber will continue to use their best efforts to complete the proposed subscription and look for alternative acquisition. The relevant discussions are ongoing. The Company will update shareholders as and when there are any material developments.
- (d) In the meantime, management continues to downsize and operate the Group manufacturing operations.
- (e) Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
HUAN HSIN HOLDINGS LIMITED

Hsu Hung Chun
Chairman
7 November 2018