

**THE PROPOSED ACQUISITION OF 99.99% OF THE EQUITY INTEREST IN  
HUANGSHAN ZHONGTIAN WEILIANG MINING CO., LTD. (黄山中天伟良矿业有限公司)**

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**1. INTRODUCTION**

The board of directors (“**Board**” and each director, a “**Director**”) of Huan Hsin Holdings Ltd (“**Company**”, together with its subsidiaries, the “**Group**”, and each a “**Group Company**”) is pleased to announce that the Company had on 4 March 2018, entered into a conditional acquisition agreement (“**Acquisition Agreement**”) with Jade Merit Developments Limited (the “**Vendor**”), pursuant to which the Company, upon completion of the Proposed Acquisition (as defined hereinafter), will acquire 99.99% of the equity interest (“**Sale Interest**”) in a company (the “**Target**”, together with its subsidiaries, the “**Target Group**”, and each a “**Target Group Company**”) to be incorporated in the British Virgin Islands by the Vendor (“**Proposed Acquisition**”). Prior to the completion of the Proposed Acquisition, the Target will become the holding company of the entire Target Group upon the completion of a proposed restructuring exercise (“**Restructuring Exercise**”) and the Vendor will become the legal and beneficial owner of the Target.

The Proposed Acquisition, if completed, is expected to result in a very substantial acquisition or a reverse-takeover of the Company pursuant to Rule 1015 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Accordingly, the Proposed Acquisition is subject, *inter alia*, to the approval of the SGX-ST and the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of the Company to be convened pursuant to Rule 1015 of the Listing Manual.

**2. INFORMATION RELATING TO THE TARGET GROUP, THE TARGET ASSETS, THE VENDOR AND THE INTRODUCER**

*Shareholders should note that information relating to the Vendor, Target and Target Group in this paragraph and elsewhere in this Announcement was provided by the Vendor. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Announcement in its proper form and context.*

**2.1. Information on the Target Group**

Upon completion of the Restructuring Exercise, the Target Group will engage in the mining, processing and sale of vanadium ore.

The Target Group’s sole operating entity will comprise Huangshan Zhongtian Weiliang Mining Co., Ltd. (黄山中天伟良矿业有限公司) (“**Huangshan Mining Co**”), an investment holding company incorporated in the People’s Republic of China (“**PRC**”) with limited liability and a registered capital of RMB 32 million. Huangshan Mining Co holds the entire interest in a vanadium mine located in Huangshan, Anhui, PRC (the “**Guocun Vanadium Mine**” or “**Target Assets**”), along with a mining license issued to mine vanadium ore of up to 115,000

tonnes per year from the Guocun Vanadium Mine. At the date of this announcement, Sum V Energy Pte. Ltd (formerly known as China Minerals Group Pte. Ltd.) (“SVE”) is the sole shareholder of Huangshan Mining Co.

For a summary of the key financial information of the Target Group for the last three (3) financial years ended 31 December (“FY”), please refer to **Appendix B** of this Announcement.

## **2.2. Information on the Target Assets**

The Guocun Vanadium Mine is one of the largest sedimentary vanadium deposit in China. Located in Huangshan, Anhui, PRC, it has a mine area of 2.5551km<sup>2</sup>. Based on JORC Code reports (Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves) commissioned by SVE, the Guocun Vanadium Mine possesses a total (indicated and inferred) tonnage of 104.82 million tonnes of vanadium ore, with an average grade of 0.85% of the ore comprising vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>).

By the end of its expansion plans, SVE expects Huangshan Mining Co to have five production lines operational and running, with a combined output of 3,000 tonnes of vanadium pentoxide annually. Ferro Vanadium, which trades as a commodity, is presently sold for approximately US\$32.00 per kg, up from approximately US\$20.00 per kg in February 2017.<sup>1</sup>

On September 22, 2017, the China National Development and Reform Commission (NDRC) released Document 1701, “Guidance on the Promotion of Energy Storage Technology and Industry Development” aimed at accelerating the deployment of energy storage. The policy calls for the launch of pilot projects, including deployment of multiple 100MW-scale vanadium redox flow batteries (“VRB”), by the end of 2020, with the aim of large-scale deployment over the ensuing five years.<sup>2</sup>

For further information about the prospective commercial applications of vanadium and VRB, please refer to **Appendix A** of this Announcement.

## **2.3. Information on the Vendor**

The Vendor is an investment holding company incorporated in the British Virgin Islands on 2 February 2018.

The sole shareholder and sole director of the Vendor is Mr Yip Zhao Lin, a citizen of the Republic of Singapore. Mr Yip Zhao Lin has many years of experience in investing in the mining business, and has previously been the Managing Director of Chunlan (Singapore) Holding Pte Ltd in 1994 and China Fashion Holdings Pte Ltd in 2003. He has been the Managing Director of SVE since 2007.

Further details of the Target Group and the Vendor will be included in the circular to be dispatched to the Shareholders in due course.

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<sup>1</sup> Infomine, accessible at: <http://www.infomine.com/investment/metal-prices/ferro-vanadium/1-year/>

<sup>2</sup> Pu Neng, ‘Pu Neng Wins Contract for the largest Vanadium Flow Battery in China’, accessible at: [http://www.punengenergy.com/en/news\\_con.aspx?id=292](http://www.punengenergy.com/en/news_con.aspx?id=292); National Development and Reform Commission, ‘关于促进储能技术与产业发展的指导意见, 发改能源〔2017〕1701号’, accessible at: [http://www.ndrc.gov.cn/zcfb/zcfbtz/201710/t20171011\\_863186.html](http://www.ndrc.gov.cn/zcfb/zcfbtz/201710/t20171011_863186.html)

## 2.4. Information on the Introducer

The Company was introduced to the Vendor by an independent third party, Wellmont Investment Limited ("**Introducer**"), a British Virgin Islands incorporated company. Pursuant to an agreement between the Company and the Introducer dated 27 February 2018, the Introducer shall be entitled to an introducer fee ("**Introducer Fee**") on a success basis, which shall be satisfied by way of allotment and issuance of such number of new ordinary shares representing 1.5% of the Consideration (as defined hereinafter) at the issue price of S\$0.033 per new ordinary share ("**Introducer Shares**"). The sole legal and beneficial owner of the Introducer is Mr Yeo Kan Yan.

## 3. DETAILS OF THE PROPOSED ACQUISITION

### 3.1. Sale and Purchase

Pursuant to the Acquisition Agreement, the Vendor shall procure the Company to be the beneficial owner of the Sale Interest, free from and clear of all encumbrances and together with all the rights, benefits, entitlement, title and interests attaching thereto as at the Completion Date (as defined hereinafter), including the right to receive all dividends and other distributions declared, paid or made thereon or thereafter for an aggregate consideration of S\$1,060,000,000 ("**Consideration**").

### 3.2. Consideration

The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into consideration, *inter alia*, the following:

- (a) the Target Assets being valued at not less than S\$4 billion (the "**Valuation**"); and
- (b) the business prospects of the Target Group, the potential increase in the global demand for vanadium (the prospective commercial applications of which are set out in **Appendix A**) and the potential benefits arising from the Proposed Acquisition as discussed in paragraph 4 of this Announcement.

The Company, together with the Vendor, will be commissioning an independent professional valuer to conduct the valuation of the Target Assets in accordance with the VALMIN Code.

### 3.3. Payment of the Consideration

The Consideration shall be payable by the Company to the Vendor and/or its nominees as follows:

- (a) S\$60,000,000 in cash (or the equivalent in a foreign currency as agreed by the Company and Vendor (the "**Parties**") in writing) ("**Cash Consideration**"), by telegraphic transfer to such bank account(s) as shall be notified by the Vendor to the Company at the Completion Date;
- (b) S\$1,000,000,000 by way of an allotment and issuance of the Consideration Shares (as defined hereinafter) by the Company ("**Share Consideration**"), at an issue price of S\$ 0.033 per Consideration Share to the Vendor or such other person(s) as the Vendor may nominate, which in aggregate shall represent approximately 87.02% of the Enlarged Share Capital of the Company ("**Vendor Shareholding Percentage**"); and

- (c) the Vendor Shareholding Percentage is calculated based on the Enlarged Share Capital;

Notwithstanding the above, if the Valuation of the Target Assets is less than S\$4 billion, the Company and the Vendor shall discuss in good faith to determine the amount of Share Consideration.

The “**Enlarged Share Capital**” of the Company refers to the enlarged issued number of shares of the Company upon Completion (as defined hereinafter) immediately after:

- (i) the Share Consolidation (as defined hereinafter);
- (ii) the allotment and issue of such number of new ordinary shares in the share capital of the Company following the Share Consolidation pursuant to the Proposed Acquisition by the Company to the Vendor or such other person(s) as the Vendor may nominate as Share Consideration, pursuant to Acquisition Agreement (“**Consideration Shares**”);
- (iii) the allotment and issue of Introducer Shares;
- (iv) any other allotment and issue of the ordinary shares in the capital of the Company (“**Shares**”) prior to Completion;
- (v) any other Shares agreed to be issued under any other agreement or option or arrangement entered into prior to Completion; and
- (vi) any other allotment and issue of or agreement to allot or issue the Shares to the professional parties involved in the Proposed Acquisition (if any) prior to Completion,

assuming that (i) the aggregate of the convertible securities, save for the options granted under the Subscription Agreement (as defined hereinafter) (the “**Options**”), details of which are set out in Company’s announcements dated 5 March 2018 entitled “Update on the Proposed Subscription”, are issued and converted in full into Shares prior to Completion in accordance with their respective subscription agreement(s) and (ii) any other options (save for the Options) or agreements or arrangement to issue Shares have been exercised or completed in full to the maximum number of Shares possible.

The Consideration Shares will, upon allotment and issuance, be deemed fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the then existing and issued Consolidated Shares, save for any rights, benefits, dividends and entitlements the record date for which is before the Completion Date.

### 3.4. **Conditions Precedent**

Completion of the Proposed Acquisition (“**Completion**”, and the date on which such Completion occurs, the “**Completion Date**”) is conditional on the fulfilment (or waiver, as the case may be) of certain terms common to agreements of transactions of such nature, including, *inter alia*, the following conditions precedents (“**Conditions Precedent**”):

- (a) Completion of the Restructuring Exercise

The Vendor shall use its best efforts to complete the Restructuring Exercise within

two (2) months from the date of the Acquisition Agreement (subject to the time required for approval from the relevant government authorities).

(b) Completion of the Business Disposal

The Company shall dispose all of its existing businesses ("**Business Disposal**") and shall not have any actual or contingent liabilities, costs, expenses, outstanding warranties, undertakings or other obligations of any kind, which may not be settled prior to the Completion (other than professional costs in relation to the Proposed Acquisition) or pending litigation. The costs in relation to the Business Disposal shall be borne by the Company only.

(c) Satisfactory due diligence by the Company on the Target Group

Completion is conditional on the outcome of the due diligence carried out by the Company into the financial, legal, contractual, tax and business of the Target Group being reasonably satisfactory to the Company, provided that the Company shall not deem the outcome of such due diligence unsatisfactory without reasonable cause and without first giving the Vendor a period of at least 10 business days to remedy any default in respect thereof.

(d) Satisfactory due diligence by the Vendor on the Company

Completion is conditional on the outcome of the due diligence carried out by the Vendor into the financial, legal, contractual, tax and business of the Company, including but not limited to, the Business Disposal, being reasonably satisfactory to the Vendor, provided that the Vendor shall not deem the outcome of such due diligence unsatisfactory without reasonable cause and without first giving the Company a period of at least 10 business days to remedy any default in respect thereof.

(e) Completion of the proposed Share Consolidation

Under the Acquisition Agreement, the Company is obliged to convene and seek the approval of the Shareholders at an extraordinary general meeting of the Company to undertake the consolidation of every 20 Shares of the Company into one (1) consolidated share (or such other ratio as the parties may agree in writing) ("**Consolidated Share**", and the ratio of the share consolidation, the "**Consolidation Ratio**") ("**Share Consolidation**").

(f) Pre-RTO Fund Raising Activities

The clearance of the SGX-ST and the Shareholders must be obtained by the Company in respect of the fund raising activities that may be carried out by the Company prior to Completion ("**Pre-RTO Fund Raising Activities**") in connection with the Subscription Agreement (as defined hereinafter), details of which are set out in Company's announcements, in particular those dated 24 February 2016 and 5 March 2018, as well as all other conditions precedent in respect of the Pre-RTO Fund Raising Activities.

(g) Completion of the Transactions Contemplated in the Subscription Agreement

The completion of the allotment and issuance by the Company and subscription by Oriental Straits Investment Limited of 3,636,363,636 Shares at an issue price of S\$0.022 per Share for an aggregate amount of S\$80,000,000, pursuant to the subscription agreement ("**Subscription Agreement**") dated 24 February 2016 which was materially amended, supplemented and modified on or around 4 March 2018.

(h) Board's and Shareholders' Approval

The resolutions of the Board and the Shareholders having been obtained by the Company for the entry into, implementation and completion of, the transactions contemplated under the Acquisition Agreement and all other transactions in connection therewith and incidental thereto, including a waiver of their right to receive a general offer under Rule 14 of the Code from the Vendor and its concert parties at an extraordinary general meeting ("**Whitewash Resolution**") and such waiver not having been revoked prior to Completion Date.

(i) Regulatory Approval

All necessary consents, approvals and waivers of all the relevant government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the Acquisition Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Vendor and/or the Company, as the case may be.

(j) Listing on the SGX-ST

The Company shall remain listed on the Mainboard of the SGX-ST at Completion Date, trading in the Shares not being suspended at Completion Date and such Shares shall not have been delisted from the Mainboard of the SGX-ST.

(k) No Prescribed Occurrences or Illegality

No prescribed occurrences as set out in **Appendix C** of this Announcement ("**Prescribed Occurrences**") having occurred in relation to the Target Group or the Group, other than as required or contemplated under the Acquisition Agreement, and no relevant authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order, which would or might:

- (i) make the transactions contemplated in the Acquisition Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
- (ii) render the Company unable to acquire the Sale Interest in the manner as contemplated in the Acquisition Agreement; and/or
- (iii) render the Vendor unable to satisfy its obligations as contemplated in the Acquisition Agreement.

(l) No Material Adverse Change

There not having been at any time after the entry into the Acquisition Agreement, any material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of the operations of the Target Group.

(m) Net Cash in Accounts

The Company shall have net cash of not less than S\$70 million (being cash and cash equivalents less any accrued liabilities of the Company) on the Completion Date, as verified and reported by the auditors of the Company.

(n) Representations, Undertakings and Warranties

All representations, undertakings and warranties of the Vendor and the Company under the Acquisition Agreement being complied with, and being true, complete, accurate and correct in all material respects to the best knowledge and belief of the Vendor, the directors of the Vendor (if applicable) and the Directors (as the case may be) as at the date of the Acquisition Agreement and until the Completion Date.

(o) Mr Yip's Undertakings

Mr Yip Zhao Lin to enter into a letter of undertakings to procure, amongst other things, that the Vendor shall fulfil its obligations and undertakings under the Acquisition Agreement.

(p) Vendor's board approval

The resolution of the board of directors of the Vendor having been obtained for the entry into, implementation and completion of, the transactions contemplated in this Acquisition Agreement and all other transactions in connection therewith and incidental thereto.

(q) Third Party Consents

All necessary approvals and consents from any other parties in respect of the transactions contemplated in the Acquisition Agreement including in particular the Proposed Acquisition, having been obtained and such approvals and consents not having been withdrawn, suspended, amended or revoked on or before the Completion Date, and to the extent that such approvals and consents are subject to conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled.

### **3.5. Completion**

Subject to all the Conditions Precedents being satisfied, fulfilled or waived, as the case may be, Completion shall occur on a date at such time and place as may be mutually agreed upon by the Parties, or such other date as the Parties may agree in writing, after the approval of the Shareholders having been obtained for the transactions contemplated in the Acquisition Agreement and other transactions in connection therewith and incidental thereto, but in any event such date shall not be later than the Long-Stop Date (as defined hereinafter).

### 3.6. Long-Stop Date

The long-stop date for the Proposed Acquisition is 4 March 2019, or such other date as may be agreed by the parties in writing ("**Long-Stop Date**"). The Acquisition Agreement shall terminate automatically if any or all of the Conditions Precedent have not been fulfilled or waived, as the case may be, by such Long-Stop Date.

### 3.7. Other Salient Terms of the Acquisition Agreement

#### (a) Undertaking by Company's Controlling Shareholders

The Company shall, within 10 business days of the date of the Acquisition Agreement, or such other dates as may be agreed between the parties in writing, procure the execution of the irrevocable undertaking of its controlling Shareholders to, *inter alia*: (i) hold and maintain their shareholding in the Company's share capital as at the date of the Acquisition Agreement; (ii) vote in favour of the resolutions approving the transactions contemplated in the Acquisition Agreement, and any related resolutions; and (iii) vote in favour of the appointment of such number of new directors to be appointed to the Board by the Vendor.

#### (b) Compliance Placement

Upon Completion, in the event the percentage of shares in the Enlarged Share Capital of the Company that are held in the public's hands falls below the minimum public float requirements under the Rule 210(1)(a) and Rule 1015(3)(a) of the Listing Manual of the SGX-ST, the Company shall carry out a compliance placement ("**Compliance Placement**") on terms to be approved by the Vendor, within one (1) month from the Completion Date or such period of time as may be permitted by the SGX-ST so as to comply with the shareholder spread and distribution requirements set out in the Listing Manual.

#### (c) Change of Name of the Company

The Company undertakes to do all that is necessary or desirable to obtain the approval of its Shareholders, and other relevant authorities for the change of the company name of the Company to such name as may be decided by the Vendor as soon as practicable after Completion.

### 3.8. Whitewash Waiver

As the Vendor will own more than 30% of the Enlarged Share Capital of the Company upon Completion, the Vendor will be required, under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), to make a general offer for the remaining Shares (or Consolidated Shares, as the case may be) not owned or controlled by the Vendor and/or its concert parties (if any) except where the Securities Industry Council grants them a waiver of their obligation to make a general offer under Rule 14 of the Code.

### 3.9. Moratorium

Save as otherwise permitted by the Acquisition Agreement, the Vendor undertakes not to transfer or dispose its interest in the Consideration Shares, whether directly or indirectly, for a period of 36 months commencing from the Completion Date or any other moratorium period imposed by SGX-ST, whichever is longer.



#### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

The Company was placed on the Watch-List of the SGX-ST pursuant to Rule 1311 of the Listing Manual with effect from 5 March 2014 after recording pre-tax losses for the then three most recently completed consecutive financial years. The Company was required to meet the requirements of Rule 1314 of the Listing Manual within 24 months from 5 March 2014, failing which, the SGX-ST would either remove the Company from the Official List or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List. On 3 May 2017, the SGX-ST granted the Company a further extension to 4 March 2018 to meet the requirements for Company's removal from the Watch-List. On 2 March 2018, the SGX-ST informed the Company that it had no objection to granting the Company an extension of up to 12 months to 4 March 2019 to meet the requirements for removal from the Watch-list, subject to the conditions stated in the Company's announcement entitled "Application for Further Extension of Time to Satisfy the Requirements for Removal from the Watch-List" dated 5 March 2018.

The Company is proposing to undertake the Proposed Acquisition, pursuant to which the Target Group will be injected into the Company, to meet the requirements under Rule 1314 of the Listing Manual and subsequently apply for the removal of the Company from the SGX-ST's Watch-List.

The Board is of the view that the Proposed Acquisition is in the best interests of the Shareholders as it provides the Company with an opportunity to acquire an asset with a huge potential upside valuation. The Proposed Acquisition is expected to give the Company a new lease of life and support the Company's application to the SGX-ST for the removal from the SGX-ST's Watch-List.

The Proposed Acquisition would have the potential to increase the market capitalisation of the Company, which would potentially widen its investor base and lead to an overall improvement in investors' interest and trading.

**However, Shareholders should note that there is no certainty or assurance that the SGX-ST will remove the Company from the Watch-List pursuant to the Proposed Acquisition.**

#### **5. SOURCES OF FUNDS FOR PROPOSED ACQUISITION**

The Company has initiated the Pre-RTO Fund Raising Activities with a view to satisfying the Cash Consideration.

#### **6. SHARE CONSOLIDATION**

In conjunction with the Proposed Acquisition, the Company proposes to consolidate every 20 Shares of the Company into one Consolidated Share (or such other Consolidation Ratio as the parties may agree in writing) effective on or prior to the Completion Date. The purpose of the Share Consolidation is to allow the Company to comply with the requirement of the Listing Manual for a minimum issue price of S\$0.50 under Rule 1015(3)(d) of the Listing Manual.

#### **7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED ACQUISITION**

The Proposed Acquisition is governed by the rules in Chapter 10 of the Listing Manual. Based on the unaudited consolidated financial statements of the Group for FY2017 and the unaudited pro forma consolidated financial statements of the Target Group for FY2017, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (d) of the Listing Manual are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	Net profits <sup>(1)</sup> attributable to the assets acquired, compared with the Group's net profits/losses	Not meaningful <sup>(1)</sup>
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation <sup>(2)</sup> based on the total number of issued shares excluding treasury shares	8,216.8%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition compared with the number of equity securities previously in issue <sup>(3)</sup>	7,575.8%
(e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

**Notes:**

- (1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interests and extraordinary items. The Target Group made a loss of approximately RMB1.1 million or approximately S\$0.2 million (based on an exchange rate of 4.8947, being the average exchange rate of Singapore Dollars to Renminbi for FY2017) for FY2017. The Group made a net loss of approximately S\$20.6 million for FY2017. As such, the relative figure is not meaningful.
- (2) Under Rule 1002(5), "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the Acquisition Agreement. Accordingly, the market capitalisation of the Company is based on 400,000,000 shares in issue and the weighted average price of S\$0.0234 of the shares transacted on 1 March 2018, being the last market date preceding the date of the Acquisition Agreement that the shares were traded (there was no shares transacted on 2 March 2018). The market capitalisation of the Company for the purposes of the Proposed Acquisition is approximately S\$9,360,000.
- (3) This figure was computed based on the 30,303,030,303 Shares (on a pre-Share Consolidation basis) to be issued as Consideration Shares and 400,000,000 Shares in the issued and paid-up capital of the Company as at 31 December 2017. Please refer to paragraph 8(v) for further details on the calculation of the number of Consideration Shares.

As the Shares held by the Vendor or such other person(s) as the Vendor may nominate shall (in aggregate) represent approximately 87.02% of the Enlarged Share Capital of the Company, this will result in a change of control of the Company.

As the relative figures under Rules 1006(c) and 1006(d) of the Listing Manual exceed 100%,

the Proposed Acquisition constitutes a “Very Substantial Acquisition” or “Reverse Takeover” as defined in Rule 1015 of the Listing Manual. Accordingly, the Proposed Acquisition shall be conditional upon, *inter alia*, the approval of the Shareholders and the approval of the SGX-ST being obtained pursuant to Rule 1015 of the Listing Manual.

## 8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

*The financial information relating to the Target Group used for the illustrating the financial effects of the Proposed Acquisition as set out under this paragraph was provided by the Vendor.*

The *pro forma* financial effects of the Proposed Acquisition on the net tangible assets (“NTA”) per Share and loss per Share (“LPS”) are for illustrative purposes only and are not necessarily indicative of the results of operations or financial position of the Group that would have been attained had the Proposed Acquisition been completed at an earlier date.

The financial effects of the Proposed Acquisition are prepared based on the unaudited consolidated financial statements of the Group for FY2017, the unaudited consolidated financial statements of the Target Group for FY2017 and the following assumptions:

- (i) the Group’s *pro forma* earnings and LPS are computed assuming that the Proposed Acquisition was completed on 1 January 2017;
- (ii) the Group’s *pro forma* NTA is computed assuming that the Proposed Acquisition was completed on 31 December 2017;
- (iii) the fair value adjustments on the net assets of the Group and goodwill arising from the Proposed Acquisition, if any, have not been considered for the purpose of computing the financial effects of the Proposed Acquisition and will be determined on the Completion Date when the Vendor and/or its nominee(s) have effectively obtained control of the Company. As the final goodwill will have to be determined at Completion and upon the full completion of a purchase price allocation exercise, the actual goodwill could be materially different from the aforementioned assumption. Any goodwill arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
- (iv) 20 Shares will be consolidated in one Consolidated Share prior to Completion;
- (v) 30,303,030,303 Shares (on a pre-Share Consolidation basis) or 1,515,151,515 Consolidated Shares (on a post-Share Consolidation basis) will be issued as Consideration Shares. The number of Consideration Shares is derived based on the assumptions that (a) the Company will carry out Pre-RTO Fund Raising Activities to fund the cash portion of the Consideration and the issue price for new Shares to be issued pursuant to the Pre-RTO Fund Raising Activities is assumed to be S\$0.022 per Share (please also refer to paragraph (ix) below); (b) the issue price for the Introducer Shares is assumed to be S\$0.033 per Share (please also refer to paragraph (viii) below); (c) the Vendor and/or its nominees in aggregate will hold approximately 87.02% of the Enlarged Share Capital, which for the purpose of this illustration, has only taken into account the Pre-RTO Fund Raising Activities and the Introducer Fee and disregarded the effects of any corporate actions and expenses in connection with such corporate actions (if any) and the Proposed Acquisition as stated in paragraphs (vi) and (vii) below;

- (vi) effects of any corporate actions to be undertaken by the Company prior to Completion, including but not limited to, the proposed Business Disposal are disregarded for the purpose of illustration under this section; and
- (vii) save for the Introducer Fee as stated in paragraph (viii) below, expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects;
- (viii) 481,818,181 Shares (on a pre-Share Consolidation basis) or 24,090,909 Consolidated Shares (on a post-Share Consolidation basis) to be issued at an assumed issue price of S\$0.033 per Share as Introducer Fee upon Completion; and
- (ix) 3,636,363,636 Shares (on a pre-Share Consolidation basis) or 181,818,181 Consolidated Shares (on a post-Share Consolidation basis) to be issued at an assumed issue price of S\$0.022 per Share for the purpose of Pre-RTO Fund Raising Activities.

#### 8.1. Financial Effects of the Proposed Acquisition on the Company's NTA

NTA as at 31 December 2017	NTA as at 31 December 2017	Number of issued- and paid-up Shares	NTA per Share
As at 31 December 2017	(79,758,352)	400,000,000	(0.1994)
After Proposed Subscription	241,648	4,036,363,636	0.00006
After Share Consolidation	241,648	201,818,181	0.0012
After Share Consolidation, Introducer Shares and Proposed Acquisition	1,060,241,648	1,741,060,605	0.6090

#### 8.2. Financial Effects of the Proposed Acquisition on the Company's Earnings and EPS

Net Loss of the Group for FY2017	Net Loss of the Group	Number of issued and paid-up Shares	Net Loss per Share (\$)
As at 31 December 2017	20,817,630	400,000,000	0.052
After Proposed Subscription	20,817,630	4,036,363,636	0.005
After Share Consolidation	20,817,630	201,818,181	0.10

After Share Consolidation, Introducer Shares and Proposed Acquisition	20,817,630	1,741,060,605	0.01
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## 9. SERVICE AGREEMENT

It is envisaged that the Company may, upon Completion, enter into service contracts with certain key management and/or directors of the Target Group, the details of which will be disclosed in the Circular (as defined hereinafter). As at the date of this announcement, the Company has not entered into any service contract with any Director or any person proposed to be appointed as a Director in connection with the Proposed Acquisition.

## 10. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, other than in their respective capacity as Directors or Shareholders of the Company, and controlling Shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

## 11. EXTRAORDINARY GENERAL MEETING

A circular ("**Circular**") containing, *inter alia*, details of the Proposed Acquisition and such other transactions in connection with and/or incidental to the Proposed Acquisition, together with the notice of extraordinary general meeting, will be despatched to the Shareholders in due course.

## 12. DOCUMENTS FOR INSPECTION

A copy of the Acquisition Agreement will be made available for inspection during normal business hours at the registered office of the Company and at 77 Robinson Road, #13-00 Robinson 77, Singapore 068896 for three months from the date of this Announcement.

## 13. CAUTION IN TRADING

**Shareholders are advised to exercise caution in trading their Shares as the Proposed Acquisition is subject to several conditions and there is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.**

**Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

## 14. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Vendor, the Target and the Target Group) 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 Acquisition, the Company and its

subsidiaries as at the date hereof, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

**BY ORDER OF THE BOARD**

HSU HUNG CHUN  
CHAIRMAN

5 March 2018

## APPENDIX A

### AN OVERVIEW OF VANADIUM

Vanadium (V), a chemical element, is found combined in coal, petroleum, and various minerals. It is obtained from ores such as vanadium pentoxide through a variety of smelting leaching, and roasting processes. The pentoxide is then reduced to Ferro Vanadium or vanadium powder.<sup>3</sup>

Vanadium is currently primarily used in the creation of vanadium steel alloys. Vanadium steel is known for its strength and retention of hardness at high temperatures. Used in drill bits, circular saws, engine turbines and other heat-generating parts, in 2014 the use of vanadium in steel was estimated in an article by the BBC to account for possibly 90% of the demand in vanadium.<sup>4</sup>

A more recent development has emerged on the commercial market with a use for vanadium is the VRB (vanadium redox flow battery). VRBs consist of two giant tanks of different solutions of vanadium dissolved in sulphuric acid, separated by a membrane. The battery produces an electrical current as the fluids are pumped past electrodes on either side of the battery.<sup>5</sup> There are multiple benefits of VRB technology. Some improvements over other typical batteries include how they can offer an almost unlimited energy capacity, simply by using larger electrolyte storage tanks; or how VRBs can be left completely discharged for long periods with no ill effects, making maintenance simpler than other batteries. In terms of commercial use, VRBs show promise in the areas of industrial and utility scale application in relation to energy storage (e.g. electrical grid storage energy storage for excess production during off-peak periods). There have been recent announcements of deals by VRB makers in relation to new sales and supply chain agreements<sup>6</sup> and vanadium miners are also reportedly seeking to capitalize on potential supply deals for the energy storage industry.<sup>7</sup> As such, the outlook for vanadium appears to be bullish; for example, Pala Investments Ltd., an investment firm founded by Russian billionaire Vladimir Iorich, predicts battery demand for vanadium will grow 10-fold from 2015 to 2025.<sup>8</sup>

On September 22, 2017, the China National Development and Reform Commission (NDRC) released Document 1701, "Guidance on the Promotion of Energy Storage Technology and Industry Development" aimed at accelerating the deployment of energy storage. The policy

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<sup>3</sup> Encyclopaedia Britannica, accessible at: <https://www.britannica.com/science/vanadium>

<sup>4</sup> Laurence Knight, BBC, 'Vanadium: The metal that may soon be powering your neighbourhood', accessible at: <http://www.bbc.com/news/magazine-27829874>

<sup>5</sup> Ibid.

<sup>6</sup> James Conca, Forbes, 'Vanadium-Flow Batteries: The Energy Storage Breakthrough We've Needed', accessible at: <https://www.forbes.com/sites/jamesconca/2016/12/13/vanadium-flow-batteries-the-energy-storage-breakthrough-weve-needed/#5489412c5bde>

<sup>7</sup> Energy Storage News, 'Flood of announcements from flow battery makers', accessible at: <https://www.energy-storage.news/news/flood-of-announcements-from-flow-battery-makers>

<sup>8</sup> Thomas Biesheuvel, Mark Burton, Bloomberg, 'It's Party Time for the Metals No One Knows About', accessible at: <https://www.bloomberg.com/news/articles/2017-08-23/obscure-metal-used-to-fight-crusaders-has-surged-67-in-a-month>

calls for the launch of pilot projects, including deployment of multiple 100MW-scale VRBs, by the end of 2020, with the aim of large-scale deployment over the ensuing five years.<sup>9</sup>

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<sup>9</sup> Pu Neng, 'Pu Neng Wins Contract for the largest Vanadium Flow Battery in China', accessible at: [http://www.punengenergy.com/en/news\\_con.aspx?id=292](http://www.punengenergy.com/en/news_con.aspx?id=292); National Development and Reform Commission, '关于促进储能技术与产业发展的指导意见, 发改能源〔2017〕1701号', accessible at: [http://www.ndrc.gov.cn/zcfb/zcfbtz/201710/t20171011\\_863186.html](http://www.ndrc.gov.cn/zcfb/zcfbtz/201710/t20171011_863186.html)



## APPENDIX B

### FINANCIAL INFORMATION OF THE TARGET GROUP FOR THE PAST THREE YEARS

#### Summary of Pro Forma Financial Information of the Target Group

A summary of the audited consolidated profit and loss statement of the Target Group for each of the last three financial years ended 31 December 2015 ("FY2015") and 31 December 2016 ("FY2016") respectively, the unaudited consolidated profit and loss statement for the year ended 31 December 2017 ("FY2017"), and a summary of the unaudited consolidated balance sheet of the Target Group as at 31 December 2017, are set out below.

#### (a) Summary of Consolidated Income Statement of the Target Group

RMB ('000)	<-----Audited----->		Unaudited
	FY2015	FY2016	FY2017
Revenue	-	-	-
Gross profit/ (loss)	-	-	-
Profit/ (loss) before tax	(2,132)	(6,758)	(1,124)
Profit/ (loss) after tax	(2,132)	(6,758)	(1,124)

#### (b) Summary of Consolidated Balance Sheet of the Target Group

As at 31 December 2017	Unaudited
(RMB'000)	
Non-current assets	10,449
Current assets	19,185
Non-current liabilities	-
Current liabilities	10,615
Net assets attributable to shareholders	19,019
Net tangible assets attributable to shareholders	9,872

## APPENDIX C

### PRESCRIBED OCCURRENCES

1. For the purpose of the Acquisition Agreement, “**Prescribed Occurrences**” in relation to the Target Group shall mean any of the following:
  - (a) Share Buy-back: Any Target Group Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under any applicable laws of its country of incorporation;
  - (b) Reduction of Share Capital: Any Target Group Company resolving to reduce its share capital in any way;
  - (c) Allotment of Shares: Save for the Restructuring Exercise, any Target Group Company making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security;
  - (d) Declaration of Dividend: Any Target Group Company declaring and paying any dividend without the Company’s agreement in writing;
  - (e) Issuance of Debt Securities: Any Target Group Company issuing, or agreeing to issue, convertible notes or other debt securities;
  - (f) Liquidation, Bankruptcy or Insolvency: The liquidation, bankruptcy or insolvency of any Target Group Company;
  - (g) Termination of Business: The termination of substantially all or part of the assets or business of any Target Group Company;
  - (h) Appointment of Assignee, Receiver or Liquidator: The appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of any Target Group Company; and/or
  - (i) Attachment, Sequestration, Execution or Seizure: The attachment, sequestration, execution or seizure of substantially all or part of the assets of any Target Group Company.
2. For the purpose of the Acquisition Agreement, “**Prescribed Occurrences**” in relation to the Company shall mean any of the following:
  - (a) Share Buy-back: The Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Singapore Companies Act;
  - (b) Reduction of Share Capital: the Company resolving to reduce its share capital in any way;

- (c) Allotment of Shares: The Company making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security, save for the allotment and issuance of Shares or Consolidated Shares (as the case may be) pursuant to the Subscription Agreement by the Company;
- (d) Declaration of Dividend: Save for the net proceeds, if any, received from the Business Disposal, the Company declaring or distributing any dividend without the Vendor's agreement in writing;
- (e) Issuance of Debt Securities: The Company issuing, or agreeing to issue, convertible notes or other debt securities;
- (f) Liquidation, Bankruptcy or Insolvency: The liquidation, bankruptcy or insolvency of the Company;
- (g) Termination of Business: The termination of substantially all or part of the assets or business of the Company, save for the Business Disposal;
- (h) Appointment of Assignee, Receiver or Liquidator: The appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of the Company; and/or
- (i) Attachment, Sequestration, Execution or Seizure: The attachment, sequestration, execution or seizure of substantially all or part of the assets of the Company.