

HUAN HSIN HOLDINGS LTD
(Company registration No: 199509142R)

Company Announcement

In relation to the announcement by USP Group Limited (“USP”) posted on SGX-Net on 9 July 2015 concerning its requisition proposal, the Board of Directors of Huan Hsin Holdings Ltd (“the Company”) would like to address the following issues:

(1) Allegations of Inappropriate Actions

(a) Sale of Indeed Holdings Limited at a Purported Undervalued Consideration

In addition to the valuation of RMB175,553,742 on the land and buildings owned by Shanghai Indeed Electronic Technology Co., Ltd (“Indeed”) by Shanghai San Lian Assets Appraisal Co., Ltd (“Shanghai San Lian”), the Company also subsequently commissioned another international valuer to perform a valuation of these assets. Based on the valuation dated 23rd June 2015 by DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd (“DTZ”), the market value of Indeed’s properties as at 9 June 2015 was RMB180,000,000.

The Company wishes to highlight that the disposal price of RMB186,545,590 for the Indeed property assets is, in fact, higher than both valuations by DTZ and Shanghai San Lian.

(b) Alleged Increase in Borrowings

USP stated that despite the gross inflow of cash amounting to US\$10.7 million by end March 2015 from the sale of Indeed, the Company’s borrowings had increased during the same period. Short-term borrowings increased from S\$102.1 million as at 31 December 2014 to S\$115.7 million as at 31 March 2015 and long-term borrowings increased from S\$81.7 million to S\$85.2 million during the same period.

Please note that the advance payment of US\$10.7 million from the sale of Indeed was held in escrow, and could not be used, pending completion of the sale on 25th May 2015.

The Company’s short-term borrowings had increased for an interim period in order to fund the operating expenses of the Company, but the apparent increase in long-term borrowings (from S\$81.7 million to S\$85.2 million) for the stated period was due to “translation differences”, resulting from the depreciation of the S\$ against both US\$ and the RMB.

Following the release of the sales proceeds from the sale of Indeed on 25th May 2015, the Company’s borrowings had since been reduced.

(2) USP Announcement Designed to Create Mischief and/or to Mislead Shareholders and the Investing Public

As the Company had announced the previous day, on 8 July 2015, USP's requisition for an Extraordinary General Meeting ("EGM") and details of its two proposed resolutions, there is no requirement for USP to post its announcement the following day, 9 July 2015.

The Company therefore view USP's announcement with its unfounded allegations as an attempt to create mischief and/or to mislead shareholders and the investing public.

The Company therefore urge shareholders and the investing public to read USP's allegations with caution and to seek clarification from Huan Hsin if still in doubt.

By Order of the Board

Hsu Hung Chun
Chairman

14 July 2015