

APPROVAL OF WAIVERS GRANTED BY SGX-ST IN RELATION TO THE COMPANY'S APPLICATIONS FOR:

- (1) AN EXTENSION OF TIME TO ANNOUNCE THE FULL YEAR FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019;**
 - (2) AN EXTENSION OF TIME TO HOLD ANNUAL GENERAL MEETING; AND**
 - (3) A WAIVER FROM THE REQUIREMENT TO SEEK SHAREHOLDERS' APPROVAL FOR THE PROPOSED DISPOSAL OF LAND USE RIGHTS AND BUILDINGS LOCATED AT NO.911 SHENYANG MIDDLE ROAD, ZHANGCUNZHEN, WEIHAI CITY, SHANDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA AS A MAJOR TRANSACTION**
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1. INTRODUCTION

- 1.1. The Board of Directors (the **"Board"**) of the Huan Hsin Holdings Ltd (the **"Company"**) refers to the Company's announcement dated 29 February 2020 (the **"Extensions Applications Announcement"**) in relation to the Company's applications to the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) in respect of (i) an extension of time until 28 March 2020 for the Company to announce its financial results for the financial year ended 31 December 2019 (**"FY2019"**) and (ii) an extension of time until 30 June 2020 for the Company to hold its annual general meeting (**"AGM"**), and the Company's announcement dated 22 November 2018 in respect of the proposed disposal (the **"Proposed Disposal"**) of land use rights and buildings (collectively, the **"Property"**) located at No.911 Shenyang Middle Road, Zhangcunzhen, Weihai City, Shandong Province, the People's Republic of China (**"PRC"**) as a major transaction (**"Proposed Disposal Announcement"**).
- 1.2. Unless otherwise defined or the context requires otherwise, all capitalised terms used herein shall have the same meanings ascribed to them in the Extensions Applications Announcement and the Proposed Disposal Announcement.

2. EXTENSION OF TIME TO ANNOUNCE FY2019 RESULTS

- 2.1. The Board wishes to inform shareholders that the SGX-ST has, by way of a letter dated 5 March 2020 (**"SGX-ST 5 March 2020 Letter"**), informed the Company that it has no objections to the Company's application for an extension of time to 28 March 2020 to announce its FY2019 results with regard to Rule 705(1) of the Listing Manual, subject to the following conditions:
 - (i) the Company announcing the period of extension granted, the reasons for seeking the extension of time, the conditions as required under Rule 107 of the Listing Manual, and if the conditions have been satisfied. If the conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and

- (ii) Submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company.
- 2.2. The Company had previously announced on 29 February 2020 the reasons for seeking an extension of time until 28 March 2020 to announce its FY2019 results. Please refer to paragraph 2.2 of the Extensions Applications Announcement for further details.
- 2.3. The Company will be providing the written confirmation required under paragraph 2.1(ii) above to the SGX-ST in due course.
- 2.4. **Shareholders should note that as the Company had on 19 December 2018 received a notification ("Delisting Notification") from the SGX-ST informing the Company, among other things, that the SGX-ST will proceed to delist the Company pursuant to Rule 1315 of the Listing Manual, the Company will not be subjected to the requirements under Rule 705(1) of the Listing Manual to announce its FY2019 results if its shares are delisted prior to the extended deadline of 28 March 2020 for the announcement of its FY2019 results.**
- 3. **EXTENSION OF TIME TO HOLD AGM**
 - 3.1. The SGX-ST had also informed the Company in the SGX-ST 5 March 2020 Letter that the SGX-ST has no objections to the Company's application for an extension of time to 30 June 2020 to hold its AGM with regard to Rule 707(1) of the Listing Manual, subject to the following conditions:
 - (i) The Company announcing the period of extension granted, the reasons for seeking the extension of time, the conditions as required under Rule 107 of the Listing Manual, and if the conditions have been satisfied. If the conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.
 - (ii) The Company convening the AGM by 30 June 2020.
 - 3.2. The Company had previously announced on 29 February 2020 the reasons for seeking an extension of time until 30 June 2020 to hold its AGM. Please refer to paragraph 3 of the Extensions Applications Announcement for further details.
 - 3.3. As mentioned in paragraph 3.2(iv) of the Extensions Applications Announcement, the Company has stated that it will make an application to the Accounting and Corporate Regulatory Authority ("**ACRA**") of Singapore for an extension of time to hold its AGM and to file its annual returns in the event that the SGX-ST grants the Company an extension of time to hold its AGM and to inform the SGX-ST of the outcome. For the avoidance of doubt, the Company has not made the relevant application to ACRA. The Company will be making the relevant application to ACRA in due course.
 - 3.4. **Shareholders should note that as the Company will be delisted from the SGX-ST pursuant to Rule 1315 of the Listing Manual as stated in the Delisting Notification, the Company will not be subjected to the requirements under Rule 707(1) of the Listing Manual to hold its AGM if its shares are delisted prior to the extended deadline of 30 June 2020 for the Company to hold its AGM.**

4. **WAIVER FROM THE REQUIREMENT TO SEEK SHAREHOLDERS' APPROVAL FOR THE PROPOSED DISPOSAL**

- 4.1. As announced in the Proposed Disposal Announcement, as the relative figures in respect of the Proposed Disposal computed under Rule 1006(c) of the Listing Manual exceed 20%, the Proposed Disposal constitutes a “major transaction” as defined under Chapter 10 of the Listing Manual. Pursuant to Rule 1014(2) of the Listing Manual, the Proposed Disposal is conditional upon the approval of shareholders being obtained at an extraordinary general meeting (“**EGM**”) to be convened unless such condition is waived by the SGX-ST.
- 4.2. As announced by the Company on 1 March 2019, the Company had applied to the SGX-ST for a waiver (“**EGM Waiver**”) from having to comply with Rule 1014(2) of the Listing Manual to seek shareholders' approval for the Proposed Disposal (“**EGM Waiver Application**”), and the SGX-ST had indicated in its letter dated 1 March 2019 (“**SGX-ST 1 March 2019 Letter**”) that, among other things, the EGM Waiver Application will be rejected unless there is a reasonable cash exit offer to minority shareholders.
- 4.3. The Board wishes to inform shareholders that the SGX-ST had informed the Company in the SGX-ST 5 March 2020 Letter that, as a follow up to the SGX-ST 1 March 2019 Letter, the SGX-ST has no objections to the Company's application for the EGM Waiver with regard to compliance with Rule 1014(2) of the Listing Manual in respect of the Proposed Disposal, subject to the following:
- (i) The Company announcing the EGM Waiver granted, the reasons for seeking the EGM Waiver, the conditions as required under Rule 107 of the Listing Manual, and if the EGM Waiver conditions are satisfied. If the EGM Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
 - (ii) The Company and/or its controlling shareholders providing a reasonable cash exit offer to the minority shareholders. As at the date of this announcement, this condition is not satisfied. The Company will update the shareholders as and when there are any material developments on such exit offer.
- 4.4. The EGM Waiver application was sought on the following grounds:
- A. The Property being disposed of in the Proposed Disposal is a non-core and loss-making asset**
- (i) The Company had applied for the EGM Waiver on the ground that the Property being disposed of is a non-core and loss-making asset and as such shareholders would not be concerned with the Proposed Disposal.
 - (ii) Pursuant to Paragraph 3.3.3 of Practice Note 10.1 of the Listing Manual, where an issuer proposes to dispose of a non-core asset (for example, a vacant factory) without affecting the nature of its main business, it is reasonable in normal circumstances to expect shareholders to not be overly concerned about the disposal, and the SGX-ST may grant a waiver under such circumstances. There are currently no operations on the Property as the seller (i.e. Shandong Dong Hsin Electronics Co., Ltd (山东东鑫电子有限公司), a wholly-owned subsidiary of the Company) (“**Seller**”) had ceased the relevant operations since 2014. The Property is therefore akin to a “vacant factory” and would be a “non-core asset” of the Company and its group

("Group") that is not and will not be generating any revenue. Further, the relative figure computed on the bases of comparison under Rule 1006(b) of the Listing Manual is less than 20% - this further illustrates that the Property does not constitute a core asset of the Group (as the Group is loss-making, the relative figure computed on the bases of comparison under Rule 1006(a) is not meaningful). The Company therefore submitted that as the shareholders will not be concerned with the Proposed Disposal, the Company should be granted the EGM Waiver.

- (iii) Paragraph 4.1 of Practice Note 10.1 of the Listing Manual further provides that shareholders generally are less concerned if the assets to be disposed of are non-core or **loss-making**, and that for such disposals, the SGX-ST may grant a waiver of Rule 1014 from the requirement to seek shareholder approval for the disposal. As explained in Paragraph 4.4A(ii) above, the Proposed Disposal is a disposal of a non-core asset. The Company wishes to point out that on top of the fact that there are no operations on the Property, the continued ownership of the Property by the Seller also translates into significant, unnecessary and recurring costs for the Group, as the Seller is required to pay Land Use Tax (土地使用税) which amounts to about RMB1,545,115.00 per year. In other words, the Property is not only non-core, it is also **loss-making**. The Proposed Disposal would enable the Group to stem the flow of unnecessary costs via recurring payments of the Land Use Tax for a property which generates **zero revenue** for the Group, and therefore shareholders would be unconcerned with the disposal of such non-core, loss-making and inoperative property.

B. The Proposed Disposal is in the interests of Shareholders

- (i) As the Property being disposed of is a non-core and loss-making asset, shareholders would not be concerned with the Proposed Disposal.
- (ii) As stated in Paragraph 2 of the Proposed Disposal Announcement, the Company has been looking to dispose of non-performing assets to reduce the operating costs and losses of the Group. The Proposed Disposal provides the Company with such an opportunity to not only reduce the losses of the Group but also to realise an immediate gain. The Group intends to utilise approximately 70% of the net proceeds from the Proposed Disposal to repay existing borrowings and liabilities. The balance of the net proceeds will be retained as working capital to support the Group's core businesses.
- (iii) The Company also wishes to highlight that the consideration for the Proposed Disposal (i.e. the sum of RMB92,423,777.00) ("**Consideration**") is significantly higher than the value of the Property as indicated by Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd. (the valuer engaged by the Company), which as stated in Paragraph 4.3.2 of the Proposed Disposal Announcement is estimated at the range of RMB58,033,386.00 to RMB75,725,570.00 - the Consideration is therefore about 22.1% to 59.3% higher than the said indicated valuation. The Consideration also represents a premium of approximately 118.3% over the book value of the Property, which as stated in Paragraph 4.2 of the Proposed Disposal Announcement, was approximately RMB42,345,808.00 as at 31 December 2017. The Company is therefore of the view that, considering the lack or absence of operations on the Property, the Consideration offered is favourable to the Company.

- (iv) The Proposed Disposal would also bring about positive financial effects for shareholders – the losses per share of the Group will be reduced from S\$0.0515 per Share to S\$0.0264 per share (calculated on the assumption that the Proposed Disposal was completed on 1 January 2017). Please refer to Paragraph 7 of the Proposed Disposal Announcement for further details on the financial effects of the Proposed Disposal.

C. The Proposed Disposal is in the interests of Shareholders

- (i) As mentioned in paragraph 4 of the Company's announcement dated 19 December 2018 in respect of the Delisting Notification, the Company or its controlling shareholder(s) are required to provide a reasonable exit offer to shareholders.
- (ii) In the event that a potential offeror(s) makes a formal exit offer to shareholders, the Company will have to consult various professional advisers and will have to incur significant professional costs in relation to the said exit offer (such as preparation of relevant announcements, letter to shareholders, engagement of independent financial adviser etc).
- (iii) If shareholder's approval at an EGM is required for the Proposed Disposal, the Company will however also have to dedicate a significant amount of time and resources for such EGM which would further delay the completion of the Proposed Disposal. The Company submits that this is unnecessary for the reasons set out in Paragraphs 4.4A and 4.4B above, as the Proposed Disposal is in the interest of shareholders and shareholders would be least concerned with the disposal of a non-core and loss-making asset. Further, if the Company is required to hold an EGM for the Proposed Disposal, the Company will also face delays in the implementation and completion of any exit offer as it would have to hold the EGM for the Proposed Disposal first. As such, the Company submits that it would be in the interests of both the Company and shareholders to avoid incurring such unnecessary costs, expenses and time in convening an EGM to vote on the Proposed Disposal in the present case, given the Company's circumstances – its resources are better conserved and spent elsewhere, such as on the preparation and implementation for an exit offer of the Company (when it is made) instead.

D. The support from shareholders holding a controlling interest in the Company for the Proposed Disposal means that the results of any EGM are practically pre-determined

- (i) Shareholders holding in aggregate of approximately 37.98% of the Shares in the share capital of the Company have indicated to the Company that they are in favour of the Proposed Disposal, and if required, they would be willing to undertake to vote in favour of the Proposed Disposal if an EGM to approve the same is required to be convened.
- (ii) The said shareholders comprise Mr Hsu Hung Chun, Mr Hsu Cheng Chien and their affiliates (collectively referred to as the "**Hsu Family**"), further details of which are set out in the table below for reference. To clarify, each of Mr Hsu Hung Chun and Mr Hsu Cheng Chien is deemed interested in approximately 18.93% of the Shares in the capital of the Company, and Mr Hsu Cheng Chien has a direct interest in approximately 0.13% of the Shares in the capital of the Company - these represent a collective interest of 37.98% (due to rounding, the percentage figures may not add precisely to the total indicated). Please also refer to the explanatory notes below for

further details on the deemed interests of Mr Hsu Hung Chun and Mr Hsu Cheng Chien.

Table setting out details of the Hsu Family's Shareholdings in the Company

	As at the date of this application			
	Direct Interest		Deemed Interest	
Shareholders	No. of Shares	%	No. of Shares	%
Hsu Hung Chun⁽¹⁾	-	-	75,712,234	18.93%
HungChun Holdings Limited ⁽¹⁾	54,534,175	13.63%	-	-
HungChun Assets Limited ⁽¹⁾	18,178,059	4.54%	-	-
Hsu Chang Yu-Mei ⁽¹⁾	3,000,000	0.75%	72,712,234	18.18%
Hsu Cheng Chien⁽²⁾	500,000	0.13%	75,712,233	18.93%
CCH Holdings Limited ⁽²⁾	54,534,175	13.63%	-	-
CCH Assets Limited ⁽²⁾	18,178,058	4.54%	-	-
Yang Yu Lin ⁽²⁾	3,000,000	0.75%	73,212,233	18.30%

Notes:

- (1) Mr Hsu Hung Chun is, by virtue of (i) his interest in HungChun Holdings Limited which holds 54,534,175 Shares; (ii) his interest in HungChun Assets Limited which holds 18,178,059 Shares; and (iii) his wife Ms Hsu Chang Yu-Mei holding 3,000,000 Shares, deemed to be a substantial shareholder of the Company. HungChun Holdings Limited and HungChun Assets Limited are companies incorporated in the British Virgin Islands and wholly-owned by Mr Hsu Hung Chun.
- (2) Mr Hsu Cheng Chien is, by virtue of (i) his direct interest of 500,000 Shares; (ii) his interest in CCH Holdings Limited which holds 54,534,175 Shares; (iii) his interest in CCH Assets Limited which holds 18,178,058 Shares; and (iv) his wife Ms Yang Yu Lin holding 3,000,000 Shares, deemed to be a substantial shareholder of the Company. CCH Holdings Limited and CCH Assets Limited are companies incorporated in the British Virgin Islands and wholly-owned by Mr Hsu Cheng Chien.

5. CAUTIONARY STATEMENT

- 5.1. Shareholders should note that the waivers granted in the SGX-ST 5 March 2020 Letter will not be effective if any of the conditions have not been fulfilled, and that the SGX-ST reserves

the right to amend and/or vary the above decisions and such decisions are subject to changes in the SGX-ST's policies.

- 5.2. The Company will keep shareholders updated on any developments and make the appropriate announcements as and when there are any material updates.

BY ORDER OF THE BOARD

Hsu Hung Chun
Chairman

6 March 2020