

HUAN HSIN HOLDINGS LTD
(Company registration No: 199509142R)
RESPONSE TO SGX'S QUERY

In response to the following queries from Singapore Exchange Securities Trading Limited ("**SGX-ST**") dated 27 March 2018, the Board of Directors (the "**Board**") of Huan Hsin Holdings Ltd (the "**Company**") (together with its subsidiaries, the "**Group**") wishes to respond as follows:

For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on going concern issues, please provide the following information by the close of business on Wednesday, 28 March 2018:-

- (a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.*
- (b) the Board's confirmation that all material disclosures have been provided for orderly trading of the Company's shares to continue.*

Company's Response:

- (a) The Board is of the opinion that the Company will be able to operate as a going concern, having taken into account the following:
 - i. The Group will continue with its 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.
 - ii. As at 31 December 2017, the Group has committed short-term borrowing facilities of approximately S\$6 million which are unutilised. If necessary, the Group will be able to roll forward its existing trade and banking facilities.
 - iii. As at the date of this announcement, the Group's current borrowings can be rolled forward under existing terms. The Group has never been in breach of any financial covenants.
 - iv. On 24 February 2016, a subscription agreement ("**Subscription Agreement**") was signed between the Company, Oriental Straits Investment Limited and China Capital Impetus Investments Limited ("**CCIL**"). On 4 March 2018, CCIL 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, so as to facilitate the Company's plans for the Proposed Acquisition (*as define below*) to revitalise its business.

On 4 March 2018, The Company entered into a conditional acquisition agreement with Jade Merit Developments Limited 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 ("**Proposed Acquisition**").

The Proposed Acquisition provides the Company with an opportunity to acquire an asset with a potential upside valuation and is expected to give the Company a new lease of life. As previously announced, the additional listing application in relation to the proposed subscription was submitted to the SGX-ST on 15 March 2018.

The Proposed Acquisition, if completed, is expected to result in a very substantial acquisition or a reverse-takeover of the Company and is subject, *inter alia*, to the approval of the SGX-ST and the shareholders of the Company at an extraordinary general meeting to be convened.

- (b) The Board confirms that, to the best of their knowledge, all material disclosures have been provided for orderly trading of the Company's shares to continue.

By Order of the Board
Hsu Hung Chun
Chairman
28 March 2018