

**HUAN HSIN HOLDINGS LTD (Company Registration No. 199509142R)**

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**DILUTION OF SHAREHOLDING IN SHANGHAI KORITSU TECHNOLOGIES CO., LTD**

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The Board of Directors of Huan Hsin Holdings Ltd (the "Company" and together with its subsidiaries, the "Group") wishes to announce that its associated company, Shanghai Koritsu Technology Co., Ltd ("SKT") incorporated in China, had recently increased its paid up capital from US\$2,000,000/- to US\$2,880,000/-. As the Company did not subscribe to the additional capital in SKT, the Company's equity interest in SKT has therefore diluted from 35% to 24.3%.

SKT is principally engaged in the manufacturing of casings for telecommunications and electronic products, such as mobile phone casings.

The dilution has no material impact on the net tangible assets and earnings per share of the Company and the Group for the current financial year ending 31 December 2006.

None of the Directors or substantial shareholders of the Company has any interest in the above transaction save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

Submitted by Tan Cheng Siew, Company Secretary on 08/08/2006 to the SGX