

DISPOSAL OF AN ASSOCIATE COMPANY, TECH CHAIN LTD

The Board of Directors of Huan Hsin Holdings Ltd (the "**Company**") wishes to announce that the Company and its wholly owned subsidiary, Huan Hsin (China) Investment Co., Ltd has together entered into a Sale & Purchase Agreement to dispose of their entire 42.5% shareholding in the capital of Tech Chain Ltd ("**Tech Chain**"), a company incorporated in the British Virgin Islands, comprising 12,750,000 common shares for a total cash consideration of US\$16,517,000/- to Elite Services Business Limited (the "**Transaction**").

Details of the Transaction

The disposal is a Discloseable Transaction for the purposes of Chapter 10 of the SGX-ST Listing Manual and the Company wishes to provide the following information in accordance with Rule 1010 of the SGX-ST Listing Manual:-

- (1) The particulars of the assets disposed of is 12,750,000 common shares in the capital of Tech Chain. The purchaser of the assets is Elite Services Business Limited ("**Purchaser**").
- (2) Tech Chain is an investment holding company. Its sole asset is a wholly owned subsidiary, Zhan Yun (Shanghai) Electronic Co., Ltd ("**Zhan Yun**") which is involved in the production of notebook casing.
- (3) The aggregate value of the cash consideration of US\$16,517,000/- was arrived at on a willing buyer willing seller basis. The entire sum will be paid by the Purchaser on completion of the Transaction.
- (4) There are no other material conditions attaching to the Transaction. It is intended that completion of the sale will take place on 15 March 2007 upon full payment of the consideration by the Purchaser.
- (5) The book value, being the same as the net tangible asset value (both as at 1 October 2006) of the assets being disposed, is S\$25,933,732/-. There was no valuation of the assets for the purpose of the Transaction.
- (6) The deficit of the proceeds over the book value, being fair value loss arising from foreign exchange translation, is S\$613,000/-. The Company intends to use the sale proceeds for working capital purposes and to invest in other suitable joint venture projects or new businesses.
- (7) The net profits attributable to the assets being disposed of is S\$1,565,642/- (as at 30 September 2006). The amount of the loss on disposal is S\$613,000/- which amount was provided in the accounts for the year ended 31 December 2006.
- (8) The effect of the Transaction on the net tangible asset ("**NTA**") per share of the Company for the most recently completed financial year ended 31 December 2006 ("**FY 2006**") (assuming that the Transaction had been effected at the end of FY 2006) is a reduction of the NTA by 0.0015 cents per share.
- (9) The effect of the Transaction on the earnings per share ("**EPS**") of the Company for the most recently completed financial year, being FY 2006 (assuming that the transaction had been effected at the beginning of FY 2006) is a decrease of the EPS by 0.0088 cents per share.

- (10) The purpose of the Transaction is to enable the Company to rationalize its joint venture activities so as to allow it to focus on its own notebook casing production capability. The disposal is part of the Group's ongoing strategy to create better strategic alignment among its various business units. The Group is continuously reviewing and streamlining its businesses to pursue long term growth opportunities. As Tech Chain is no longer a strategic investment for the Group, hence the Group has decided to divests its entire interest.
- (11) 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.
- (12) There will not be any directors proposed to be appointed to the Company in connection with the Transaction.
- (13) The relative figures that were computed on the bases set out in Rule 1006 are as follows:

(a) The net asset value of the assets to be disposed of, compared with the group's net asset value as at 30 September 2006:

Net Asset of Tech Chain	S\$	25,933,732
Net Asset of Huan Hsin Group	S\$	311,614,000
	%	8.32%

(b) The net profits attributable to the assets disposed of, compared with the group's net profit as at 30 September 2006:

Net profit attributable to Tech Chain	S\$	1,565,642
Net profit of Huan Hsin Group	S\$	27,804,000
	%	5.63%

(c) The aggregate value of the consideration given or received, compared with the group's market capitalisation as at 24 January 2007.

Aggregate value of the consideration received	S\$	25,320,561
Market capitalisation	S\$	236,000,000
	%	10.73%

Copies of the Sale & Purchase Agreement will be available for inspection at the Company's registered office at 6 Shenton Way #28-00, DBS Building Tower Two, Singapore 068809 during normal business hours for three months from the date of this announcement.

Submitted by Juliana Loh, Company Secretary on 14/02/2007 to the SGX