

UNIONMET (SINGAPORE) LIMITED
(Company Registration No: 200409104W)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF WHOLLY-OWNED SUBSIDIARY

1. INTRODUCTION

The Board of Directors of Unionmet (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), wishes to announce that it has on 2 January 2015 entered into a sale and purchase agreement (the “**Agreement**”) with Divine Season Limited (the “**Purchaser**”) for the proposed disposal (the “**Proposed Disposal**”) by the Company to the Purchaser of the entire issued and paid-up share capital of Liuzhou Union Zinc Industry Co. Ltd (“**LUZ**”).

2. INFORMATION ON LUZ

Liuzhou Union Zinc Industry Co., Ltd. (“**LUZ**”) is a 100% subsidiary of the Company which are providing services in the trading of (i) ferrous, non-ferrous and precious metals; (ii) kaolin and barite; and coal and coke.

3. RATIONALE FOR THE PROPOSED DISPOSAL

- 3.1 LUZ has been loss making since year 2011 and despite the management efforts to turnaround the company over the last few months, have been unsuccessful. In the preceding quarter ending August 2014, LUZ did not record any revenue and incurred a net loss of RMB0.35 million. The disposal of LUZ will reduce the Group's overheads and losses and consolidate the Group's cash position to be diverted for its new business.
- 3.2 The Company has proceeded firmly on its new business strategies in the property development and oil blending businesses as approved by the shareholders of the Company in various meetings over 2014 and completed its 51% acquisition of Biofuel Research Pte. Ltd (“**Biofuel**”) in October 2014. The Company expects the new businesses, including Biofuel will contribute substantially to the Company moving forward.
- 3.3 The Company has been considering its options for the last few months and have explored the disposal with various buyers. The Company decided to enter into the Agreement with the Purchaser as they are the highest bidder.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The total consideration for the sale of LUZ to the Purchaser shall be a sum of S\$4,500,000.00 (Singapore Dollars Four Million and Five Hundred Thousand only). This sum will be paid in cash and was arrived at on an arms' length, willing-buyer, willing-seller basis and took into account the current prospects of the business of LUZ and other potential offers received by the Company.

4.2 Effective Date of Completion

Subject to completion taking place, the parties agree that the effective date of transfer shall be deemed to be 1 December 2014 ("Effective Date").

5. FINANCIAL EFFECTS

5.1 The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Disposal. The financial effects of the Proposed Disposal set out below have been prepared based on the Group's audited consolidated financial statements for the financial year ended 30 November 2013.

5.1.1 Net tangible assets ("NTA")

The effects of the Proposed Disposal on the audited consolidated NTA per share of the Group as at FY2013, assuming that the Proposed Disposal had been effected on 30 November 2013, are summarized below:-

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA (US\$'000)	34,772	30,967
Number of shares	613,553,995	613,553,995
Consolidated NTA per share (US cents)	5.67	5.05

5.1.2 Earnings per Share ("EPS")

The effects of the Proposed Disposal on the audited consolidated EPS of the Group for FY2013, assuming that the Proposed Disposal had been effected on 1 December 2012 are summarized below:-

	Before the Proposed Disposal	After the Proposed Disposal
Earnings attributable to equity holders of the Company (US\$'000)	(3,159)	(2,987)
Weighted average number of shares	613,553,995	613,553,995
Consolidated EPS (US cents)	(0.51)	(0.49)

5.2 Other financial information

The net book value ("Net Book Value") (as well as net tangible asset value) attributable to LUZ as at 30 November 2014 is US\$3.8 million. The deficit of proceeds of the LUZ over the Net Book Value is approximately US\$0.35 million. As at 30 November 2014, the net cash position of LUZ is RMB15.25 million (circa US\$2.48 million), after excluding third party loans. The gain of proceeds over the Proposed Disposal over the net cash position is US\$0.97 million. (assume US\$: RMB of 1: 6.1468)

6. Rule 1006

6.1 The relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "Listing Manual"), based on the Group's audited consolidated financial statements for FY2013, being the latest announced audited consolidated financial statements of the Group as at the date of the Agreement, are as follows:-

Rule 1006(a)	Net asset value of LUZ compared with the Group's net asset value	10.96%
Rule 1006(b)	Net loss attributable to LUZ, compared with the Group's net loss.	5.44%
Rule 1006(c)	Consideration received for the Proposed Disposal compared with the Company's market capitalization	15.26%
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	Not applicable
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Having regard to the above, the Acquisition is a "Discloseable Transaction" under Rule 1010 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and the controlling shareholders of the Company have any interest or are deemed to be interested in the Proposed Disposal.

8. DIRECTORS' SERVICE CONTRACTS

Not applicable

9. MISCELLANEOUS

The Agreement is available for inspection at the registered office of the Company at 8 Shenton Way, #42-02 AXA Tower, Singapore 068811, during normal business hours for three (3) months from the date of this announcement.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfillment (or waiver) of, inter alia, the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD
Unionmet (Singapore) Limited

Li Hua
Executive Chairman and Chief Executive Officer
2 January 2015