

**UNIONMET (SINGAPORE) LIMITED**  
(the “Company”)  
(Incorporated in Singapore)  
(Company Registration No.: 200409104W)

---

---

**PROPOSED ACQUISITION OF LAND**

---

---

**1. INTRODUCTION**

The Board of Directors (“the **Board**”) of Unionmet (Singapore) Limited (“the **Company**”, or together with its subsidiaries, to be referred to as the **“Group”**) wishes to announce that the Company’s wholly-owned subsidiary in the People’s Republic of China (“**PRC**”), Guangxi Intai Technology Co., Ltd (广西钢泰科技有限公司) (“**Intai**”), has on 4 August 2011 entered into an agreement (the **“Agreement”**) with the People’s Government of Liucheng County (柳城县人民政府)(the **“Liucheng Government”**), to construct and develop a production plant in Liucheng County for the production of high purity indium and zinc sulfate (the **“Project”**). As part of the Project, it was agreed between the parties that Intai will acquire the land use rights of a piece of industrial land with an area of approximately 50 mu (equivalent to approximately 33,333.5 square metres) located in Liutang District of Industrial Zone of Liucheng County (the **“Liucheng Land”**) to accommodate Intai’s business operations (the **“Proposed Acquisition”**).

**2. BACKGROUND INFORMATION**

As mentioned in the Company’s announcement dated 31 July 2009, the government authorities of Liuzhou City, Guangxi Province, as part of the local government’s township planning efforts, had requisitioned for certain pieces of land located at Road No. 2, High Technology Zone, Liuzhou City (柳州高新区科技工业苑), Guangxi Province, PRC, and No. 17 Baiyun Road, Liuzhou City, PRC (柳州市白云路 17 号), respectively, which were used by the Group for its business operations. As such, the Group has been looking for suitable lands to relocate Intai’s indium production facilities and factory buildings from the land located at Road No. 2, High Technology Zone, Liuzhou City (柳州高新区科技工业苑).

On 27 October 2010, the Company announced that Intai had on 26 October 2010 entered into an agreement (the **“Sifangtang Acquisition Agreement”**) with the Administration Committee of Liucheng Economic Development Zone (柳江县经济开发区管理委员会) (the **“Liujiang Committee”**) and the Preparation Sector of Administrative Committee of Guangxi Nongken Liuxing Industrial Zone (广西农垦柳兴产业园区管理委员会筹备处) (the **“Liuxing Committee”**) to acquire a piece of land with an area of approximately 31.98 mu (the **“Sifangtang Land”**). As at the date of this announcement, 50% of the consideration amounting to RMB2.5 million has been paid by Intai for the acquisition of the Sifangtang Land. In addition, Intai has also paid RMB0.3 million to the Liujiang Committee and the Liuxing Committee as refundable deposit for the construction of a new plant on the Sifangtang Land.

However, the public auction of the Sifangtang Land has been delayed continuously, and the environmental appraisal for the entire development zone has yet to be commenced, which may further delay the proposed acquisition of the Sifangtang Land. To prevent the delays from affecting the Group's relocation plans, Intai had on 3 August 2011 entered into a termination agreement (the "**Termination Agreement**") with the Liujiang Committee and the Liuxing Committee, pursuant to which it was agreed that the Sifangtang Acquisition Agreement shall be terminated and all payments made by Intai for the proposed acquisition of the Sifangtang Land (including deposits and part of the consideration for acquiring the land use rights of the Sifangtang Land) shall be refunded to Intai within seven (7) business days from the date of the Termination Agreement, and none of the parties shall have any claim of any nature whatsoever against any other party under the Sifangtang Acquisition Agreement.

In view of the termination of the Sifangtang Acquisition Agreement, the Group entered into the Agreement to acquire the Liucheng Land in order for it to relocate the production facilities onto the Liucheng Land.

### **3. SALIENT TERMS IN THE AGREEMENT**

Pursuant to the Agreement, it was agreed that the Liuzhou Government shall allocate the Liucheng Land to Intai for a total consideration of approximately RMB4.5 million. Notwithstanding signing of the Agreement, Intai shall acquire the Liucheng Land through a public auction to be conducted by the local land resources authority, which shall be conducted in accordance with the prescribed legal procedures under the PRC's laws and regulations. In the event that Intai is successful in its bid for the Liucheng Land, it will enter into a definitive land use right transfer agreement with the local land resources authority.

The Liucheng Government shall procure the local land resources authority to conduct the public auction for the Liucheng Land within thirty (30) days from the date of the Agreement, and procure the local land resources authority to issue the certificate for the land use rights of the Liucheng Land to Intai within thirty (30) days upon signing of the definitive land use right transfer agreement and receiving of full payment of the total consideration for the Liucheng Land from Intai.

Furthermore, pursuant to the Agreement, Intai has agreed that its annual production value and tax contribution shall achieve approximately RMB159 million and RMB6 million, respectively, after the completion of the Project.

**Shareholders should note that there is no assurance that Intai will achieve the above-mentioned annual production value and tax contribution targets.**

### **4. RATIONALE FOR PROJECT**

As mentioned in paragraph 2 of this announcement, the Company has been looking for suitable lands to relocate Intai's indium production facilities and factory buildings from the land located at Road No. 2, High Technology Zone, Liuzhou City (柳州高新区科技工业苑).

In light of the termination of the Sifangtang Acquisition Agreement, the Group intends to acquire the Liucheng Land in order to relocate Intai's production facilities onto the Liucheng Land.

Furthermore, to further protect the Group's interest, it has been clearly set out in the Agreement that the Liucheng Government shall procure the local land resources authority to conduct the public auction for the Liucheng Land within thirty (30) days from the date of the Agreement, and procure the local land resources authority to issue the certificate for the land use rights of the Liucheng Land to Intai within thirty (30) days upon signing of the definitive land use right transfer agreement and receipt of full payment of the total consideration for the Liucheng Land from Intai.

The Company intends to fund the Proposed Acquisition through the Company's internal resources. As at the date of this Announcement, the Directors are of the opinion that, after taking into account the Group's internal sources of funds, the effects of the Proposed Acquisition and the cash and other resources currently available to the Group, the working capital available to the Group is sufficient to meet the Group's present requirements. In addition, having regard to the final auction price of the Liucheng Land in the public auction, the Company will only complete the Proposed Acquisition if the Board is of the view that the Proposed Acquisition is in the interests of the Group and is not prejudicial to the Company's shareholders as a whole.

This transaction is not expected to have any material impact on the earnings and net tangible assets of the Company for the financial year ending 30 November 2011.

## 5. THE PROPOSED ACQUISITION AS A NON-DISCLOSEABLE TRANSACTION

### 5.1 Application of Rule 1006 of the Listing Manual

- (a) As at 3 August 2011, being the market day preceding the date of the Agreement, the relative figures for the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the assets acquired compared with the Group's net profits	Not applicable <sup>(1)</sup>
(c)	The aggregate value of US\$705,150 <sup>(2)</sup> for the total estimated consideration for the Proposed Acquisition, compared with the Company's market capitalisation of US\$19.4 million <sup>(3)</sup>	3.6%
(d)	Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	Not applicable

Notes:

- (1) There is no past profit and loss contribution for the Liucheng Land to be acquired.
- (2) The estimated aggregate consideration of US\$705,150 for the Proposed Acquisition is calculated based on the exchange rate of RMB1 : US\$0.1567 on the close of the market day preceding the date of the Agreement, published by The Business Times.

- (3) The market capitalisation of US\$19.4 million is calculated based on the weighted average share price of S\$0.038 on the market day preceding the date of the Agreement, 613,553,995 issued shares and the exchange rate of US\$1 : S\$1.2045 on the close of the market day preceding the date of the Agreement, published by The Business Times.

Accordingly, as the relative figures computed on the bases set out in Rule 1006 are below 5%, the Proposed Acquisition constitutes a non-discloseable transaction under Rule 1008 of the Listing Manual.

## **6. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Acquisition.

None of the Directors of the Company will be entering into any service contracts in connection with the Proposed Acquisition.

**The Company will announce any material updates when appropriate.**

**Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt when dealing in the Shares, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

On behalf of the Board of  
UNIONMET (SINGAPORE) LIMITED

Meng Limin  
Executive Director & Chief Executive Officer

Date: 4 August 2011