

UNIONMET (SINGAPORE) LIMITED

(the "Company")

(Incorporated in Singapore)

(Co. Reg. No.: 200409104W)

DISPOSAL OF THE ENTIRE SHARE STAKE IN GUANGXI CRYSTAL UNION PHOTOELECTRIC MATERIALS CO., LTD. (THE "DISPOSAL")

1. SIGNING OF SALE AND PURCHASE AGREEMENT

The Board of Directors of the Company (hereinafter, together with its subsidiaries, to be referred to as the "**Group**") wishes to announce that the Company has on 23 May 2011 entered into a conditional sale and purchase agreement (the "**S&P Agreement**") with Metallianz Holdings Pte Ltd (the "**Purchaser**") pursuant to which the Company shall dispose its entire equity in its wholly-owned subsidiary, Guangxi Crystal Union Photoelectric Materials Co., Ltd. ("**GCU**"). Upon the completion of the Disposal, GCU will cease to be the wholly-owned subsidiary of the Company.

2. INFORMATION ON THE GCU

GCU is a company incorporated in the People's Republic of China ("**PRC**") on 17 September 2007 with a registered share capital of US\$3.64 million and a paid-up capital of US\$2.3 million. The principal activity of the GCU is that of the production and sale of Indium-Tin-Oxide ("**ITO**").

Based on the audited financial statements of GCU for the financial year ended 30 November 2010:

- (i) the net book value of GCU was RMB863,200 (equivalent to approximately US\$134,000 based on the exchange rate of RMB1: US\$6.4459 on the close of market day preceding the date of the S&P Agreement, published on The Business Times); and
- (ii) the net tangible asset value of GCU was RMB863,200 (equivalent to approximately US\$134,000 based on the exchange rate of RMB1: US\$6.4459 on the close of market day preceding the date of the S&P Agreement, published on The Business Times).

3. THE PROPOSED DISPOSAL

3.1 Details of Purchaser

The Purchaser is a company duly incorporated and validly existing under the laws of Singapore. As at the date of this announcement, Mr. Zeng Fuzu, being the Non-Executive Director and Chairman of the Company, is also the sole shareholder and director of the Purchaser.

Accordingly, Mr Zeng Fuzu is an interested person and the Disposal is an interested person transaction as defined under the listing manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”). Since the Consideration (as defined in paragraph 3.2 (a) below) represents approximately 0.06% of the of the Group’s latest audited net tangible assets, the Company is not required to make an immediate announcement or seek shareholders’ approval for the Disposal in accordance with Chapter 9 of the Listing Manual.

3.2 Salient Details of the Disposal

Pursuant to the terms and conditions of the S&P Agreement, it is agreed that:-

- (a) The Purchaser shall acquire the entire share capital of GCU at the consideration of RMB147,000 (equivalent to approximately US\$23,000 based on the exchange rate of RMB1 : US\$6.4459 on the close of the market day preceding the date of the S&P Agreement, published by The Business Times)(the “**Consideration**”). The Consideration was derived on a “willing buyer and willing seller” basis, and after taking into account, *inter alia*, the unaudited net book value of GCU as at 30 April 2011, being the date on which the latest management accounts were made up to. Based on the latest audited net tangible assets of the Group as at 30 November 2010 of approximately US\$37,004,000, the Consideration represents approximately 0.06% of the Group’s latest audited net tangible assets.
- (b) The Consideration shall be paid by the Purchaser in cash on a date falling five (5) Business Days after the fulfilment or waiver of the last of the conditions precedent as set out in and in accordance with Clause 2 of the S & P Agreement (such date to be notified in writing by the Company to the Purchaser), or such later date as may otherwise be agreed in writing between the Company and the Purchaser.

3.3 Rationale of the Disposal

As GCU has been making losses since the date of its incorporation and it is anticipated that the Company would have to make substantial investments on property, plant and equipment without any return on investment as GCU is not expected to be profitable in the foreseeable future, the Board of Directors of the Company is of the view that the Disposal would be in the best interest of the Company.

Furthermore, the Board has undertaken a strategic review of its businesses to improve overall profitability and longer term shareholder returns. Due to an opportunity to exit through an offer by the Purchaser to purchase the shares of GCU at this juncture, the Board is of the opinion that the Disposal is consistent with the Group’s strategic objectives and directions. The funds which were planned to be invested in GCU can be subsequently used by the Group to pursue

other business opportunities.

3.4 Non-Discloseable Transaction

As at 20 May 2011, being the market day preceding the date of the S&P Agreement, the relative figures for the Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST are set out as follows:

Rule 1006 (a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	0.06%
Rule 1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable ⁽¹⁾
Rule 1006 (c)	Aggregate value of the consideration given or received ⁽²⁾ , compared with the market capitalisation	0.09% ⁽³⁾
Rule 1006 (d)	Number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued	Not applicable ⁽⁴⁾

Notes:

- (1) *This is not applicable because GCU recorded a net loss of USD112,000 as at 30 April 2011.*
- (2) *The aggregate consideration of US\$23,000 is arrived based on the exchange rate of RMB1 : US\$0.1551 on the close of market day preceding the date of the S&P Agreement, published by The Business Times.*
- (3) *The market capitalisation of US\$25,070,484 is arrived based on the weighted average share price of S\$0.0503 on the market day preceding the date of the S&P Agreement, 613,553,995 issued shares and the exchange rate of S\$1 : US\$1.231 on the close of market day preceding the date of the S&P Agreement, published by The Business Times.*
- (4) *This is a disposal of assets.*

Accordingly, the Disposal constitutes a non-discloseable transaction within the meaning of Rule 1010 of the Listing Manual of the SGX-ST.

4. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS

Save as disclosed under paragraph 3.1 of this announcement, none of the other Directors or the controlling shareholders of the Company has any direct or indirect interest in the Disposal.

None of the Directors or the controlling shareholders of the Company are related to the Purchaser.

5. DOCUMENT FOR INSPECTION

A copy of the S&P Agreement will be made available for inspection by the shareholders of the Company during the normal business hours at 8 Shenton Way #42-02, Singapore 068811 for a period of 3 months from the date of this Announcement.

The Company will make the necessary follow-up announcement upon the completion of the Disposal.

On behalf of the Board of
UNIONMET (SINGAPORE) LIMITED

Meng Limin
Executive Director & Chief Executive Officer

23 May 2011