

UNIONMET (SINGAPORE) LIMITED (THE "COMPANY")

(Incorporated in Singapore)
(Company Registration No: 200409104W)

PROPOSED ACQUISITION OF LAND AND ASSETS

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 earmarked approximately RMB24 million (equivalent to approximately SGD\$4.7 million) for the acquisition of land and construction of a new plant to facilitate the relocation of the present production facilities of its wholly-owned People's Republic of China (the "**PRC**") subsidiary, Guangxi Crystal Union Photoelectric Materials Co., Ltd (广西晶联光电材料有限责任公司) ("**GCU**") (the "**Proposed Transactions**").

The Proposed Transactions would consist of two parts, namely:

- (a) the acquisition (the "**Proposed Acquisition**") of a piece of industrial land with an area of approximately 20 mu (equivalent to approximately 13,320 square metres) located in Luowei Industrial Zone of Liuzhou City (柳州洛维工业集中区)(the "**Land**"); and
- (b) the construction of a new plant on the Land for the business of manufacturing indium-tin-oxide (the "**Plant**").

In connection with the Proposed Transactions, the Company has on 18 February 2011 entered into an agreement (the "**Agreement**"), with the People's Government of Yufeng District of Liuzhou City (柳州市鱼峰区人民政府) ("**Yufeng Government**").

1. SALIENT TERMS IN THE AGREEMENT

(a) *Acquisition of the Land through a public auction*

GCU shall acquire the 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 GCU is successful in its bid for the Land, it will enter into a definitive land use right transfer agreement with the local land resources authority to acquire the Land at the auction price (the "**Auction Price**") to be determined at the public auction, which can be paid by way of installment or a lump sum payment. The Company expects that the Auction Price will not exceed a tentative price of RMB230,000 per mu, based on prices of comparable properties in the same locality. The land use right certificate will only be issued upon the Auction Price being fully settled. The tenure of the Land will be fifty years commencing from the date of the date appearing on the land use right certificate.

(b) *Construction of the Plant*

GCU shall pay RMB1.0 million within 60 days of the Agreement as refundable deposit (the "**Deposit**") for the construction of the Plant. In addition, upon the handover of the Land by the Yufeng government, GCU shall, *inter alia*:

- (i) incorporate a legal entity in Yufeng District of Liuzhou City before 31 December 2011;

- (ii) commence construction of the Plant within 90 days; and
- (iii) commence production operation in the Plant within 18 months,

failing which GCU shall be subject to a default penalty of 0.03% of the Deposit for every twenty-days' delay, unless such delay is attributed to Yufeng Government, or Yufeng Government, upon written application by GCU, approves such extension of the relevant timeline.

The Deposit will be refunded to GCU in the following steps:

- (i) 50% of the Deposit, being RMB500,000, to be refunded within 30 days upon completion of the ground foundation of the Plant;
- (ii) 40% of the Deposit, being RMB400,000, to be refunded within 30 days upon the completion of construction of the Plant and verification by the relevant construction authority; and
- (ii) 10% of the Deposit, being RMB100,000, to be refunded within 15 days upon submission of the audit report provided by an independent auditor confirming that the annual production value of GCU has achieved RMB48 million, where annual production value refers to the total quantity of indium-tin-oxide produced (including those which remains unsold) multiplied by the selling price of the indium-tin-oxide.

The Company expects that the total cost of construction of the Plant will not exceed RMB 20 million.

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

As mentioned in the Company's full year financial results announcement dated 25 January 2011, the current location occupied by the GCU has been sold by the landlord to a third party (the "**New Owner**"). While GCU will continue to rent the current location from the New Owner, it is in the interests of the Group to source for a permanent site so as to reduce GCU's reliance on the third party providing the production premises and ensure GCU's continuing research and development activities, operations and future expansion.

The Company intends to fund the Proposed Transactions 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 Transactions 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. Having regard to the final auction price in the public auction, the Company will only complete the Proposed Transactions if the Board is of the view that the Proposed Transactions are in the interests of the Group and are not prejudicial to the Company's shareholders as a whole.

These transactions are 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.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The pro-forma financial effects of the Proposed Transactions are purely for illustrative purposes only and do not reflect the future actual financial position of the Company after completion of the Proposed Transactions.

The following pro-forma financial effects have been prepared based on the unaudited consolidated financial statements of the Company for the financial year ended 30 November 2010. Assuming that the Proposed Transactions had been completed at the beginning of the financial year for the computation of the effect on the earnings per share, and at the end of the financial year for the computation of the effect on the net tangible assets per share.

Earnings per share ("EPS")

	Before the Proposed Transactions	After the Proposed Transactions
Profit after tax attributable to equity holders (USD'000)	312	11
Weighted average number of shares (millions)	613,553,995	613,553,995
EPS (cents)	0.051	0.002
Weighted average number of shares – diluted (millions)	613,553,995	613,553,995
EPS – diluted (cents)	0.051	0.002

Net Tangible Assets ("NTA") per share

	Before the Proposed	After the Proposed
NTA as at 30 November 2010 (USD'000)	37,005	37,005
Number of shares in issue (millions)	613,553,995	613,553,995
NTA per share (cents)	6.03	6.03

5. DISCLOSEABLE TRANSACTION

The relative figures for the Proposed Transactions computed on the applicable bases set out in Rule 1006 of the Listing Manual are set out as below. These figures are provided for illustrative purposes only, as (i) the exact costs to be incurred by the Group for the Proposed Transactions cannot be ascertained as at the date of this Announcement and (ii) the Proposed Transactions will be conducted in 2 stages.

The total cost of approximately RMB24 million (equivalent to approximately SGD\$4.7 million) for the Proposed Transactions accounted for 10.9% of the Company's market capitalisation of RMB220.5 million (equivalent to approximately SGD\$42.9 million) as at 18 February 2011, being the preceding market date of this Announcement (the "**Latest Practicable Date**"). This is based on the weighted average share price of S\$0.07 on the Main Board of SGX-ST on the Latest Practicable Date, 613,553,995 issued shares and exchange rate of S\$1: RMB5.139 on the close of Latest Practicable Date published in The Business Times.

The Company has used the Latest Practicable Date for the purpose of calculating its market capitalisation. As at the Latest Practicable Date, the relative percentage details under Rule 1006 are as follows:

Rule 1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable ⁽¹⁾
Rule 1006 (b)	Net profits attributable to the assets acquired compared with the group's net profits	Not applicable ⁽²⁾
Rule 1006 (c)	Aggregate value of the consideration given, compared with the market capitalization ⁽³⁾	10.9%
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 a disposal of assets.
- (2) There is no past profit and loss contribution for the Land to be acquired and the Plant to be constructed.
- (3) The market capitalisation of RMB220.5 million is based on the weighted average share price of S\$0.07 on 18 February 2011, being the preceding market date of this Announcement, 613,553,995 issued shares and exchange rate of S\$1: RMB5.139 on the close of 18 February 2011 published in The Business Times.
- (4) No equity securities will be issued as consideration for the Proposed Transactions.

Accordingly, the Proposed Transactions constitute a discloseable transaction within the meaning of Rule 1010 of the Listing Manual.

The total investment amount on the Proposed Transactions is based on estimates and subject to the final acquisition consideration of the Land and the construction costs of the Plant. In the event that the Company needs to acquire the Land and/or construct the Plant at a higher cost than the estimated investment amount of RMB24 million, the Board will, after taking into account the Group's internal sources of funds, the effects of the Proposed Transactions, give its opinion on whether the Proposed Transactions are in the interests of the Group and are not prejudicial to Shareholders as a whole.

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 Transactions.

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

7. DOCUMENT FOR INSPECTION

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

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.

**BY ORDER OF THE BOARD OF
UNIONMET (SINGAPORE) LIMITED**

Meng Limin
Executive Director & Chief Executive Officer

21 February 2011