

UNIONMET HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200409104W)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

Introduction

The Board of Directors (the “**Directors**”) of Unionmet Holdings Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 245,421,597 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.02 for each Rights Share on the basis of two (2) Rights Share for every three (3) existing ordinary share in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a time and date (the “**Books Closure Date**”) to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue, fractional entitlements to be disregarded.

Proposed Principal Terms of the Rights Issue

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the “**CDP**”), as the case may be, are in Singapore as the Books Closure Date, or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Entitled Shareholders**”). Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Substantial Shareholders and Directors will rank last in priority.

The issue price of S\$0.02 for each Rights Share represents a discount of approximately 50% to the last transacted price of S\$0.04 per Share on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 23 March 2009 (being the last trading day of the Shares prior to the release of this announcement).

The Rights Shares will be payable in full upon acceptance and/or applicable. The Rights Shares, when allotted and issued and fully paid-up, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions. The record date for which falls before the date of issue of the Rights Shares. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will NOT be offered to Shareholders whose registered addresses with the Company or CDP, as the case may be, are outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior thereto, provided to the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares, which otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil paid” on the Main Board of the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statements to be issued by the Company in connection with the Rights Issue (the “**OIS**”).

Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

The proposed Rights Shares will be granted pursuant to the authority granted by the share issue mandate approved by the shareholders of the Company ("**Shareholders**") at the Annual General Meeting held on 17 March 2009 (the "**Share Issue Mandate**"). The Share Issue Mandate authorized, inter alia, the Directors to allot and issue shares and convertible securities of not more than 100% of the total number of issued shares excluding treasury shares in the capital of the Company pursuant to a pro-rata renounceable rights issues, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing Shareholders shall not be more than 20% of the total number of issued shares excluding treasury shares in the capital of the Company.

Based on the Company's issued share capital of 368,132,396 as at the date of this announcement, the Company may issue up to 245,421,597 Rights Shares pursuant to the Rights Issue.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. Any changes in the terms and conditions of the Rights Issue will be announced accordingly.

Irrevocable Undertakings, Excess Application Undertaking and Underwriting

As at 23 March 2009, Zeng Fuzu and his concert party (collectively the "**Concert Party Shareholders**"), namely, Ultra Plus Ventures Ltd, hold an aggregate of 62,702,770 Shares constituting an aggregate voting interest of 17.03% in the Company (based on the Existing Share Capital), with their respective interests in the Company as follows:

- (a) Zeng Fuzu holds 56,035,150 Shares; and
- (b) Ultra Plus Ventures Ltd holds 6,667,620 Shares.

Zeng Fuzu, Co-Chairman and Non-Executive Director of the Company, is deemed interested in the 6,667,620 Shares held through Ultra Plus Ventures Ltd.

In connection with the Rights Issue:

- (a) The Concert Party Shareholders have given irrevocable undertakings to subscribe in full for their allocation of the Rights Shares, representing an aggregate of 41,801,846 Rights Shares (collectively, the "**Irrevocable Undertakings**");
- (b) In addition to the Irrevocable Undertakings, Ultra Plus Ventures Ltd has undertaken to make excess applications to subscribe for the balance Rights Shares which are not taken up by the other Shareholders under the Rights Issue and which are not subject to the Irrevocable Undertakings (the "**Excess Application Undertaking**"); and
- (c) Zeng Fuzu has given irrevocable undertaking to procure the provision of the said Irrevocable Undertaking by Ultra Plus Ventures Ltd and the Excess Application Undertaking under points (a) and (b) respectively.

Waiver of Mandatory Offer Obligation Arising from Participation in The Rights Issue by The Relevant Shareholders

The Company intends to seek approval from Shareholders, other than the Concert Party Shareholders, for a waiver of the obligation of the Concert Party Shareholders to make a mandatory offer (the "**Whitewash Resolution**"), pursuant to the Singapore Code on Takeovers and Mergers (the "**Code**"). The Rights Issue is conditional upon the passing of the Whitewash Resolution. In view of this, in the event that the Whitewash Resolution is not passed, the Rights Issue will not take place.

To illustrate, assuming that all subscribe for all their pro-rata Rights Shares entitlements under the Rights Issue and the Concert Party Shareholders subscribe for their respective entitlements pursuant to the Irrevocable Undertakings (the “**Maximum Subscription Scenario**”), the maximum possible shareholding the Concert Party Shareholders will hold represents 17.03% of the Company’s voting rights after the Rights Issue (based on the enlarged share capital after the Rights Issue and assuming the above scenario).

Assuming that only the Concert Party Shareholders subscribe in full for their allocation of the Rights Shares under the Irrevocable Undertakings (and none of the other Shareholders of the Company subscribe for their allocation of the Rights Shares and/or apply for excess Rights Shares), Ultra Plus Ventures Ltd subscribes for 203,619,751 Rights Shares under the Excess Application Undertaking (the “**Minimum Subscription Scenario**”), the voting rights of the Company held by the Concert Party Shareholders and represented by their shareholding will increase from an aggregate of 17.03% (based on the Existing Share Capital) to 50.22% (based on the enlarged share capital after the Rights Issue and assuming the above scenario).

In the Minimum Subscription Scenario, the Concert Party Shareholders will be required to make a mandatory offer for the Company (“**Mandatory Offer**”) under Rule 14 of the Code, unless the obligation to make a Mandatory Offer is waived by the Securities Industry Council (“**SIC**”) on such terms and conditions as it may impose.

In connection with the waiver of the obligation of the Concert Party Shareholders to make a Mandatory Offer (the “**Whitewash Waiver**”), the Company will apply to the SIC for such waiver accordingly. The waiver may be subject to certain conditions, including, amongst other things, the passing of the Whitewash Resolution at an Extraordinary General Meeting (“**EGM**”) to be convened and the appointment of an independent financial adviser on the Whitewash Resolution. The Company will appoint an independent financial advisor in respect of the Whitewash Resolution. The Company will make the appropriate announcement in due course.

Purpose of the Rights Issue and the Use of Proceeds

Assuming that the Rights Issue is fully subscribed to, the estimated net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$0.13 million, will amount to approximately S\$4.78 million. The Company intends to utilize the full amount of the proceeds from the Rights Issue to strengthen its capital base, support its business development and provide liquidity for business expansion through acquisitions, joint ventures and collaborations as and when opportunities arise.

Pending the deployment of the proceeds from the Rights Issue, the proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Company and its subsidiaries.

Pursuant to the Share Issue Mandate, the Company is required to make periodic announcements on the use of the proceeds as and when funds are materially disbursed and to provide a status report on the use of proceeds in the Annual Report.

Approvals

The Rights Issue is subject, *inter alia*, to the following:

- (a) the approval in-principal of the SGX-ST, for the listing and quotation of the Rights Shares on the Official List of the SGX-ST;
- (b) the Whitewash Resolution having been passed by Shareholders at the EGM; and
- (c) the lodgement by the Company of the OIS with the Monetary Authority of Singapore.

An application will be made to the SGX-ST for permission to deal in and for the listing and quotation of the Rights Shares on the Main Board of the SGX-ST. Any appropriate announcement on the outcome of the application will be made in due course.

Circular to Shareholders

The circular to Shareholders containing, inter alia, the notice of the EGM and the terms and conditions of the Rights Issue will be dispatched to the Shareholders in due course. Thereafter, the OIS will be lodged with the Monetary Authority of Singapore and dispatched by the Company to the Entitled Shareholders following the EGM in due course if the Rights Issue is approved at the EGM.

Where there are any variations or amendments to the proposed Rights Issue, the Company will make further announcements as and when appropriate.

Responsibility Statement

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

Meng Limin
Executive Director/CEO

23 March 2009