

UNIONMET (SINGAPORE) LIMITED (THE "COMPANY")
(Incorporated in Singapore)
(Company Registration No: 200409104W)

PROPOSED INVESTMENT IN PT. YINCENINDO MINING INDUSTRY

A. INTRODUCTION

The Board of Directors of the Company wishes to announce that the Company has entered into a subscription agreement ("**Subscription Agreement**") with China Tin Group Co. Ltd. ("**China Tin**"), and PT. Yinchenindo Mining Industry ("**PT Yinchenindo**") dated 3 March 2011 in relation to the subscription of shares in PT Yinchenindo by a joint venture company (the "**JVC**") to be set up under a Joint Venture Agreement (as defined below) (the "**Proposed Subscription**").

In conjunction with the Proposed Subscription, the Company wishes to announce that it will also be entering into a joint venture agreement ("**Joint Venture Agreement**") with China Tin in relation to the proposed formation of the JVC (the "**Proposed Joint Venture**").

(The Proposed Joint Venture and the Proposed Subscription collectively, the "**Proposed Transactions**").

B. THE PROPOSED SUBSCRIPTION

1. Information on PT Yinchenindo

PT Yinchenindo was incorporated on 20 April 2004 under the laws of Indonesia. PT Yinchenindo has an authorised share capital of Rp150,000,000,000 divided into 1,500 ordinary shares with a par value of Rp100,000,000 each, and an issued and paid-up share capital of Rp100,000,000,000 divided into 1,000 ordinary shares with a par value of Rp100,000,000 each. PT Yinchenindo is in the business of manufacturing basic metal and non-iron and mining consulting services.

The existing shareholders of PT Yinchenindo are Zuhri Sjahin Herman (99%) and Billeam Pramudya (1%). Upon Completion, the shares in PT Yinchenindo held by the existing shareholders will be transferred to Mr Wu Bor Yin ("**Mr Wu**"), who will then be the sole existing shareholder of PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung.

PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung are companies incorporated in Indonesia which collectively hold 11 (eleven) mining rights, totalling approximately 1,200 hectares, in respect of tin mines in Belitung Island, Indonesia.

The existing shareholders of PT Yinchenindo Belitung are Billeam Pramudya (55%), Wilfred TE (30%) and Ishak Zainuddin (15%).

The existing shareholders of PT Yinchen Tinindo Belitung are Zuhri Sjahin Herman (70%) and Billeam Pramudya (30%).

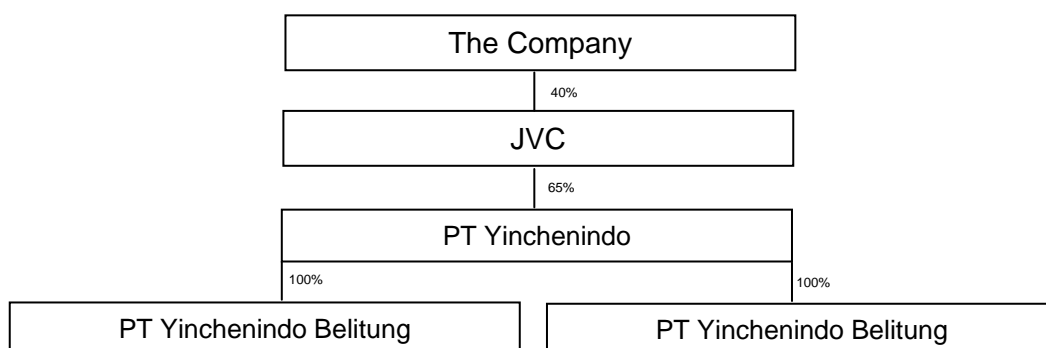
Under the terms of the Subscription Agreement, it is a condition precedent that the shares in PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung held by the existing shareholders will be transferred to PT Yinchenindo. Upon the completion of the Proposed Subscription, PT Yinchenindo will then be the sole existing shareholder of PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung. In consideration of the transfer of the shares in PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung to PT Yinchenindo, PT Yinchenindo will undertake to pay to Mr Wu Bor Yin dividends totalling US\$1,500,000 from such profits of PT Yinchenindo as may be distributable as dividends by PT Yinchenindo from time to time, provided that if not all of the mining rights owned by PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung have been renewed by completion on terms satisfactory to the JVC, in its sole and absolute discretion, the amount payable by PT Yinchenindo to Mr Wu Bor Yin by way of dividends shall be reduced by such amount as may be determined by the JVC in its sole and absolute discretion. The JVC will assign any dividends to which it may be entitled from PT Yinchenindo to Mr Wu Bor Yin until Mr Wu Bor Yin has received dividends from PT Yinchenindo totalling US\$1,500,000.

Mr Wu has confirmed and undertaken that he does not and for so long as he is a shareholder in PT Yinchenindo, he will not have any interest in any entity carrying on or dealing in the same businesses or services as PT Yinchenindo, PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung which gives rise to a material conflict of interest.

Under the Subscription Agreement, it is proposed that the JVC will subscribe for one thousand eight hundred and sixty new shares in the capital of PT Yinchenindo (“**Subscription Shares**”) to be issued and allotted to the JVC pursuant to the Subscription Agreement, which represents approximately 65% of the enlarged share capital of PT Yinchenindo after such issue and allotment. Mr Wu Bor Yin will hold approximately 35% of the enlarged share capital of PT Yinchenindo upon the completion of the Proposed Subscription.

Upon the completion of the Proposed Subscription, a shareholders’ agreement (“**Shareholders’ Agreement**”) will also be entered into between the JVC and Mr Wu Bor Yin to govern their rights as shareholders of PT Yinchenindo.

Upon the completion of the Proposed Transactions, the JVC will be an associated company of the Company as per the shareholding structure below:



2. Consideration payable pursuant to the Proposed Subscription

The aggregate value of the consideration (“**Aggregate Consideration**”) for the Proposed Subscription is the sum of US\$10 million. The Aggregate Consideration is based on a subscription price of approximately USD5,376 for each Subscription Share, and represents a 73.2% premium to the net tangible assets per share in PT Yinchenindo based on the unaudited management accounts of PT Yinchenindo as at 31 December 2010 (assuming that the shares PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung have been transferred to PT Yinchenindo). The Aggregate Consideration was determined on a willing buyer and willing seller basis after arm’s length negotiations and was based, inter alia, on the net tangible asset value of PT Yinchenindo as at 31 December 2010. The consideration shall be satisfied in cash by the payment thereof by the JVC to PT Yinchenindo in accordance with the terms of the Subscription Agreement.

Under the terms of the Joint Venture Agreement, it is intended that the Company will contribute US\$4 million (representing 40% of the Aggregate Consideration) to the JVC for the purposes of satisfying the payment of the Aggregate Consideration. This payment will be funded from the Company’s internal resources. China Tin will contribute the remaining 60% of the Aggregate Consideration.

3. Material conditions of the Subscription Agreement

The obligations of the JVC to subscribe for the Subscription Shares under the Joint Venture Agreement are conditional upon, inter alia, the following conditions having been fulfilled or waived in accordance with the Joint Venture Agreement:

- (a) the results of a due diligence exercise over the business, liabilities, operations, assets, financial condition, tax, prospects, mining rights records and other affairs of PT Yinchenindo and its subsidiaries (the “**Target Group Companies**”) being satisfactory to the JVC in its sole and absolute discretion, and such representations, warranties, guarantees, indemnities and / or undertakings in addition to those being given under the Subscription Agreement by

the Company and Mr Wu Bor Yin as may be requested by the JVC in its sole and absolute discretion taking into account the results of the due diligence exercise;

- (b) the approval by the directors and shareholders of the Company, the JVC and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (where applicable) of the transactions contemplated under the Joint Venture Agreement and the Shareholders’ Agreement, including the subscription of the Subscription Shares by the JVC and the entry into any joint venture agreement in relation to the JVC;
- (c) the completion of the transfer of one hundred per cent of the registered capital of each of PT Yinchen Tinindo Belitung (inclusive of its 9 mining rights) and PT Yinchenindo Belitung’s (inclusive of its 2 mining rights) to PT Yinchenindo or its subsidiaries on terms satisfactory to the JVC, in its sole and absolute discretion;
- (d) legally binding settlement agreement being entered into by PT Yinchenindo, the relevant Group Company(s), Mr Wu Bor Yin and certain creditors (“**Creditors**”) of PT Yinchenindo on terms satisfactory to the JVC, in its sole and absolute discretion, including but not limited to the following terms:
 - (i) confirmation by the Creditors of the total outstanding liabilities owing by the Target Group Companies to the Creditors and an undertaking by Mr Wu Bor Yin to indemnify the Group for any outstanding liabilities beyond such confirmed total outstanding liabilities;
 - (ii) the settlement agreement shall be enforceable upon the completion date of the Subscription Agreement; and
 - (iii) the Creditors agree that all charges and securities over the assets and obligations of the Target Group Companies shall be fully discharged within 5 working days after the date of repayment of the agreed amounts payable by PT Yinchenindo and / or the relevant Target Group Company(s) under the settlement agreement as a full and final settlement of all outstanding liabilities by the Group to the Creditors;
- (e) Mr Wu Bor Yin having provided to PT Yinchenindo (i) a warranty that the total outstanding liabilities of the Target Group Companies owing to the Creditors and all under all debts, obligations, undertakings, liabilities, commitments or claims (whether known or unknown, liquidated or unliquidated, contingent or accrued, or otherwise) of or against any of the Target Group Companies does not and shall not exceed US\$4 million as at the completion date of the Subscription Agreement; and (ii) an undertaking to indemnify the Target Group Companies for any such outstanding liabilities exceeding US\$4 million;
- (f) A legally binding settlement agreement being entered by PT Yinchenindo, Mr Wu Bor Yin and Tennant Metals Pty Limited on terms satisfactory to the JVC, in its sole and absolute discretion, including but not limited to the following terms:
 - (i) an undertaking by the parties to revise the offtake arrangements to which PT Yinchenindo is a party, on terms and conditions satisfactory to the JVC in its sole and absolute discretion;
 - (ii) an undertaking by Tennant Metals Pty Limited to fully discharge all charges and securities over the assets of the Target Group Companies within 5 working days after the date of repayment of the agreed amount payable by PT Yinchenindo in the settlement agreement as a full and final settlement of all outstanding liabilities by the Target Group Companies to Tennant Metals Pty Limited; and
 - (iii) the settlement agreement being enforceable upon the Completion Date; and
 - (iv) an undertaking by Mr Wu Bor Yin to fully settle and discharge all debts, obligations, undertakings, liabilities, commitments or claims due to Tennant Metals Pty Limited by the Group before the Completion Date.

- (g) without prejudice to the other conditions, evidence being delivered by PT Yinchenindo to the JVC that the total liabilities of the Group as at completion shall not exceed US\$4 million and that all security or encumbrance if any over all or any part of the assets of the Target Group Companies will be fully discharged upon repayment, such evidence being subject to the satisfaction of the JVC in its sole and absolute discretion;
- (h) an indemnity to be executed by Wu Bor Yin in favour of the JVC undertaking as to all outstanding liabilities of the Target Group Companies, including without limitation, tax liabilities, on terms satisfactory to the JVC, in its sole and absolute discretion;
- (i) PT Yinchenindo Belitung and PT Yinchen Tinindo Belitung having undertaken that PT Yinchenindo will be appointed to manage the entire mining operations based on terms and conditions previously accorded to the middleman (盘商), subject to the satisfaction of the JVC in its sole and absolute discretion;
- (j) the Target Group Companies having submitted and cleared its tax returns with the tax authorities at least up to the financial year ended 31 December 2009 and providing the JVC with evidence thereof which is satisfactory in the sole and absolute discretion of the JVC;
- (k) there being no default by any of the Target Group Companies in any of its or their obligations by which any Target Group Company may become bound or liable to be called upon to repay prematurely any loan capital or borrowed monies;
- (l) on or prior to the completion date, the JVC having received and found satisfactory the service agreements entered into by key management of the Target Group Companies;
- (m) the JVC having received and found satisfactory the audited accounts of PT Yinchenindo for the financial year ended 31 December 2010 and management accounts of PT Yinchenindo for the financial period ending 30 June 2011;
- (n) the shareholders approval of PT Yinchenindo having been obtained on or prior to the long-stop date (being 31 July 2011) on terms acceptable to the JVC in its sole and absolute discretion and such approval remaining in full force and effect on the completion date and, if such approval is subject to any conditions which are required to be fulfilled on or prior to the completion date, such conditions are so fulfilled;
- (o) the delivery to the JVC or its advisers of evidence satisfactory in the sole and absolute discretion of the Subscriber that all debts, obligations, undertakings, liabilities, commitments or claims owing by the Target Group Companies to any or all of its existing shareholders have been or will be fully and finally waived as at Completion; and
- (p) the completion of the transfer of 1,000 ordinary shares in the share capital of PT Yinchenindo (representing 100% of the share capital of PT Yinchenindo immediately prior to completion) by Zuhri Sjahin Herman and Billeam Pramudya (being the existing shareholders of PT Yinchenindo) to Mr Wu Bor Yin.

Under the Subscription Agreement, PT Yinchenindo irrevocably undertakes to keep the JVC and its representatives fully and effectively indemnified against any and all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney's fees on a full indemnity basis) that the JVC or any of its representatives may incur or suffer in connection with or arising from any breach (actual or alleged) or inaccuracies of any of the warranties and/or any default by PT Yinchenindo of its obligations under the Subscription Agreement and for the conduct of the businesses of the Target Group Companies provided that (a) "claim" means any claim which would (disregarding the foregoing provisions) be capable of being made against PT Yinchenindo for breach of the warranties; and (b) notwithstanding the foregoing provisions, PT Yinchenindo will be under no liability under the warranties if and to the extent that a claim arises or is increased as a result of the passing of, or any change in, any law, regulation or rule enacted after the date of the Subscription Agreement.

4. Financial effects of the Proposed Transactions

The pro-forma financial effects of the Proposed Transactions is for illustration purposes only and do not reflect the actual financial results of the Company or the Company and its subsidiaries (“Group”) after the completion of the Proposed Transactions.

The following pro-forma financial effects have been prepared based on the unaudited management accounts of PT Yinchenindo as at 31 December 2010 and based on the latest unaudited consolidated financial statements of the Company for the financial year ended 30 November 2010, and assuming that the Proposed Transactions had been completed on:

- (a) 1 December 2009 for illustrating the financial effect on the consolidated earnings and earnings per share of the Group; and
- (b) 30 November 2010 for illustrating the financial effect on the consolidated net tangible assets and consolidated net asset value of the Group.

Earnings / (Losses) per Share

	Earnings / (Losses) attributable to Shareholders (US\$'000)	Weighted average number of Shares	Earnings / (Losses) per Share (US\$ cents)
Before the Proposed Transactions	312	613,553,995	0.05
After the Proposed Transactions	348	613,553,995	0.06

Net Tangible Asset (“NTA”)

	NTA (US\$'000)	Number of Shares as at 30 November 2010	NTA per Share (US\$ cents)
Before the Proposed Transactions	37,004	613,553,995	6.03
After the Proposed Transactions	37,004	613,553,995	6.03

5. Relative figures under Rule 1006 applicable to the Proposed Transactions

Based on the latest announced unaudited consolidated statements of the Company for the financial year ended 30 November 2010, the relative figures computed on the bases pursuant to Rule 1006 (a) to (d) of the Listing Manual of the SGX-ST are as follows:

		Relative figures (%)
Rule 1006 (a)	Net asset value of assets being disposed, as compared with the Group’s net asset value	N.A.
Rule 1006 (b)	Net profits attributable to the Proposed Transactions as compared with net profits of the Group	11.4%
Rule 1006 (c)	Aggregate value of consideration given for the Proposed Transactions, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	13.0%

		Relative figures (%)
Rule 1006 (d)	The number of equity securities to be issued by the Company as consideration for the Proposed Transactions, compared with the number of equity securities previously in issue	N. A.

The Proposed Transactions will constitute a discloseable transaction to the Company within the meaning of Chapter 10 of the Listing Manual of the SGX-ST, as computed on the above bases.

C. THE PROPOSED JOINT VENTURE

China Tin is a company incorporated in Guangxi Zhuang Autonomous Region of the People's Republic of China specialising in the mining smelting industries, with over 30 factories and mines in the People's Republic of China.

Under the terms of the Joint Venture Agreement to be entered into with China Tin, it is proposed that the JVC be incorporated for the purposes of investment in mining activities in Indonesia or the acquisition of other mining or resource businesses or such other activities as the parties may decide.

The Joint Venture Agreement is conditional upon the satisfaction of, inter alia, the following conditions precedent:

- (a) the completion of the Proposed Subscription to the satisfaction of the parties; and
- (b) the participation in the transactions referred to or contemplated in the Joint Venture Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Singapore (except that the requirement to obtain any licence, approval or permit or to make any filings or registrations shall not be regarded as a prohibition or restriction).

The Board of Directors of the JVC will comprise 2 nominees of the Company, and 3 nominees of China Tin. The JVC will have an initial paid-up share capital of S\$5 divided into 5 ordinary shares.

The Company will hold 2 (40%), ordinary shares in the paid-up share capital of the JVC and China Tin will hold 3 ordinary shares (60%) in the paid-up share capital of the JVC.

Prior to the completion of the Proposed Subscription, the JVC will have a paid-up share capital of US\$11 million, out of which US\$6.6 million (equivalent to 60% of the paid-up share capital of the JVC) will be contributed by China Tin, and US\$4.4 million (equivalent to 40% of the paid-up share capital of the JVC) will be contributed by the Company. The consideration towards the paid-up share capital of the JVC will be funded from the Company's internal resources.

Accordingly, the Company will hold 40% of the paid-up capital of the JVC (which will be an associated company of the Company) upon the completion of the Proposed Transactions.

D. OTHER INFORMATION

1. Rationale

The Directors believe that the Proposed Transactions will enable the Company to expand its operations to capitalise on opportunities in the mining industry in Indonesia, complement its extensive experience in the manufacturing and trading of nonferrous metals, and are likely to provide significant revenue generating opportunities and lead to better shareholder value and benefits in future. The Directors also believe that the Company will be able to draw on China Tin's extensive experience in tin mine and smelter.

2. Circular to shareholders of the Company

As the entry into the Proposed Transactions will entail a deviation from the Company's core business, the Company will be despatching a circular to shareholders containing further details of the Proposed Transactions and enclosing the notice of the extraordinary general meeting to be convened in connection therewith to be despatched to shareholders of the Company in due course.

Shareholders should note that the completion of the Proposed Transactions are conditional upon, *inter alia*, the approval of shareholders of the Company. Shareholders and potential investors of the Company are advised to exercise caution when trading in the shares of the Company.

3. Interests of Directors or Controlling Shareholders

None of the Directors and none of the controlling shareholders of the Company (other than in his capacity as a Director or controlling shareholder of the Company) have any interest, direct or indirect, in the Proposed Transactions.

There are no directors proposed to be appointed to the Company in connection with the Proposed Transactions.

4. Documents for inspection

Copies of the Subscription Agreement are available for inspection during normal business hours at the Company's registered office for 3 months from the date of this announcement.

BY THE ORDER OF THE BOARD

Meng Limin
Executive Director/CEO
3 March 2011