

HU AN CABLE HOLDINGS LTD.
(Incorporated in Singapore)
(Company Registration Number: 200810320N)

**PROPOSED PLACEMENT OF UP TO 424,859,316 NEW ORDINARY SHARES IN THE CAPITAL
OF HU AN CABLE HOLDINGS LTD – RESPONSE TO SGX QUERIES**

*Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcements dated 22 June 2021, 24 June 2021 and 30 June 2021 ("**30 June Announcement**").*

Hu An Cable Holdings Ltd. (the "**Company**") and its subsidiaries, the "**Group**") has, further to the 30 June Announcement in which the Company has responded to the SGX Queries, received further SGX Queries in relation to the 30 June Announcement.

The board of Directors (the "**Board**") of the Company has provided the following response to the SGX Queries.

SGX's Further Query in Respect of SGX Query 4 Under the 30 June Announcement

(ii) "In relation to the amount of the loan that was remitted to the Company's bank accounts and the dates of remittance: Please see the Company's response in (i) above."

SGX: When is the loan repayment date? What are the conditions attached to the loan? What is the interest rate?

(iii) "Payment of professional fees: S\$650,000"

SGX: Provide a breakdown of these professional fees, and to whom these were paid. Explain why the amount is so significant? Also disclose when these payments were made.

"Travel to China and legal fees incurred in relation to matters in connection with: (a) Dai Zhixiang, the ex-CEO of the Company; as well as (b) the liquidation of the Company's subsidiaries in China: S\$450,000."

SGX: Provide a breakdown between legal fees and travel expense of this significant amount of \$450,000.

"Payment of taxes and penalties of various companies in the Group: S\$200,000"

SGX: Provide details of these penalties.

(iv) "In view of the financial position of the Group, the Company is not in a position to repay the aforesaid loans. The Company is considering various options for repayment, and when this is finalised, will announce the same in due course."

SGX: What are the consequences and implications of non-repayment?

Company's Response:

In relation to (ii) above in respect of the loan, as set out in the Company's response dated 25 June 2021 to the queries from the Securities Investors Association of Singapore ("**25 June Announcement**"), and the 30 June Announcement, the loan extended to the Company by the Directors and their associates has no exact repayment date. Interest is charged at 6% per annum, but to date, no interests has yet been charged, paid or accrued upon the loan, taking into account the financial circumstances of the

Company. Also as updated by the Company in its previous announcements, the lenders of the loan are willing to capitalise the loan into shares of the Company, to be formalized at a later date. As a condition for the loans, the Directors can assign the benefits of the loan to third parties, upon notification to the Company.

In relation to (iii) above, in respect of the professional fees, the legal fees and travel expenses, and penalties, as set out in the 30 June Announcement, the Company had indicated that the amounts provided were approximate amounts and the specific amounts will be provided once the audit has been performed.

Professional fees

This comprises professional fees paid to Chris Chong & C T Ho LLP (about S\$112,000), FirstBoard Corporate Advisory Pte Ltd (about S\$98,000), Ernst & Young LLP (about S\$150,000), Harry Elias Partnership LLP (about S\$40,000), Boardroom Limited (about S\$20,000) and other professional vendors, for the period from 2017 to 2021 for recurring professional services rendered over this period, as well as in connection with the audit for the financial year ended 31 December 2015, and to obtain legal advice in connection with, *inter alia*, the Group and the various transactions entered into by the Group during this period.

Legal fees and travel fees

A rough breakdown between the legal fees and the travel expenses as follows:

- Travel to China from 2017 to 2019: approximately S\$100,000; and
- China legal and other fees in relation to matters of Dai and the liquidation of the PRC Subsidiaries: approximately S\$350,000.

Penalties

In respect of the penalties, the penalties paid to the Inland Revenue Authority of Singapore for not filing the taxes on time for the 3 Singapore entities including Hu An Cable Holding Pte, Ltd., Hu An Electric (Singapore) Pte. Ltd., and General Pacific Power Pte. Ltd. from 2015 to 2021 amounted to approximately S\$150,000, and other court charges amounted to approximately S\$50,000.

In relation to (iv) above, in respect of the consequences and implications of non-payment, the Company would like to highlight that the lenders of loan have borne the risks associated with such loan to the Company, in view of the fact that the repayment terms of the loan are to be finalised.

SGX's Further Query in Respect of SGX Query 5 Under the 30 June Announcement

“As at the latest practicable date of 29 June 2021, the Group has minimal amounts of cash, and is currently funded through on-going loans from the Directors.”

SGX: Quantify the amount loaned currently, and the amount outstanding. Disclose the terms of the loans, and the dates when the loans were disbursed to the Company.

Company's Response.

In addition to the S\$2.5 million loan disbursed in May 2018 and December 2018 (“**S\$2.5 Million Loan**”), the current outstanding loan from Directors is about S\$100,000, disbursed on an ad hoc basis to meet the cash flow requirements of the Company for the payment of invoices. The Directors have yet to enter into loan agreements with the Company in relation to the disbursement of the foregoing sums. It is the intention of the Directors and the Company that such loans would be entered into on the same terms and conditions as the S\$2.5 Million Loan.

By Order of the Board

Gao Hong
Executive Chairman
6 July 2021