

APPENDIX DATED 8 APRIL 2014

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Appendix is issued by Hu An Cable Holdings Ltd. (the “**Company**”). If you are in doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold all your ordinary shares in the capital of the Company, you should immediately hand this Appendix to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

The approval-in-principle from the SGX-ST is not an indication of the merits of the Share Buyback Mandate (as defined in the Appendix), the Company, its subsidiaries, its associated companies or the Shares (as defined in the Appendix).



HU AN CABLE HOLDINGS LTD.

(Incorporated in the Republic of Singapore on 26 May 2008)
(Company Registration No. 200810320N)

APPENDIX TO NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

The purpose of this Appendix is to provide Shareholders with information pertaining to and to explain the rationale for the proposed renewal of the Share Buyback Mandate (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be held on 30 April 2014 at 10 a.m. at 31 Bukit Batok Crescent, #01-10 The Splendour, Singapore 658070 (the “2014 AGM”).

The notice of the 2014 AGM and the Proxy Form have been, or will be, announced on the same date as the date of this Appendix.

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DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

<i>“2013 Mandate”</i>	:	The general and unconditional mandate granted by the Shareholders to the Directors on 24 April 2013 to exercise all powers of the Company to purchase or otherwise acquire its issued Shares.
<i>“2014 AGM”</i>	:	The annual general meeting of the Company to be held on 30 April 2014
<i>“Appendix”</i>	:	This appendix to the notice of annual general meeting dated 8 April 2014
<i>“Articles”</i>	:	The Articles of Association of the Company
<i>“Associates”</i>	:	Shall bear the meaning assigned to it by the Listing Manual
<i>“Board”</i>	:	The board of Directors of the Company from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Company”</i>	:	Hu An Cable Holdings Ltd.
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
<i>“Companies Amendment Act”</i>	:	The Companies (Amendment) Act 2005 of Singapore
<i>“Controlling Shareholder”</i>	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or (b) in fact exercises control over a company
<i>“Council”</i>	:	The Securities Industry Council
<i>“Directors”</i>	:	Directors of the Company from time to time
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Director”</i>	:	Executive Director of the Company
<i>“FY” or “Financial Year”</i>	:	Financial year ending or ended 31 December
<i>“Group”</i>	:	The Company and its Subsidiaries
<i>“Independent Directors”</i>	:	Mr Wee Liang Hiam, Mr Chen Timothy Teck Leng @ Chen Teck Leng, Mr Chan Cheng Hai, and Mr Chen Hsin Yuan, and each of them is an Independent Director

<i>“Latest Practicable Date”</i>	:	27 March 2014, being the latest practicable date prior to the printing of this Appendix
<i>“Listing Manual”</i>	:	The Listing Manual of the SGX-ST, as amended, varied or supplemented from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Market Purchase”</i>	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
<i>“Maximum Price”</i>	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix
<i>“Memorandum”</i>	:	The Memorandum of Association of the Company
<i>“Notice of AGM”</i>	:	Notice of the 2014 AGM dated 8 April 2014
<i>“NTA”</i>	:	Net tangible assets
<i>“Off-Market Purchase”</i>	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
<i>“Registrar”</i>	:	The Accounting and Corporate Regulatory Authority of Singapore
<i>“Relevant Period”</i>	:	The period commencing from the date the last AGM was held or was required by law to be held before the resolution relating to the Share Buyback Mandate is passed, and expiring on the date the next AGM is or required by law to be held, whichever is the earlier, after the said resolution is passed
<i>“ROE”</i>	:	Return on Equity
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Buyback”</i>	:	The buyback of Shares by the Company pursuant to the terms of the Share Buyback Mandate
<i>“Share Buyback Mandate”</i>	:	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 2 of this Appendix
<i>“Shareholders”</i>	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose securities accounts with CDP are credited with the Shares
<i>“Shares”</i>	:	Ordinary shares in the share capital of the Company

- “Subsidiaries”* : The subsidiaries of a company (as defined in Section 5 of the Companies Act) and “Subsidiary” shall be construed accordingly
- “Substantial Shareholder”* : A Shareholder whose interests in the Company’s issued share capital is equal to or more than 5 per cent. (5%)
- “Taiwan Depository Receipts”* : 154,462,904 Taiwan depository receipts listed on the Taiwan Stock Exchange on 28 October 2010, comprising 193,078,630 Shares
- “Take-over Code”* : The Singapore Code on Take-overs and Mergers, as amended from time to time

Currencies and others

- “RMB”* : PRC Renminbi
- “S\$” or “SGD”* : Singapore dollars
- “%” or “per cent”* : Per centum or percentage

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act. The term “treasury shares” shall have the meaning ascribed to it in Section 4 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

Any reference to a time of a day in this Appendix is a reference to Singapore time.

HU AN CABLE HOLDINGS LTD.

(Incorporated in the Republic of Singapore on 26 May 2008)
(Company Registration No. 200810320N)

LETTER TO SHAREHOLDERS

Directors:

Dai Zhi Xiang (Executive Chairman & CEO)
Wee Liang Hiam (Lead Independent Director)
Chen Timothy Teck Leng @ Chen Teck Leng (Independent Director)
Chan Cheng Hai (Independent Director)
Chen Hsin Yuan (Independent Director)

Registered Office:

31 Bukit Batok Crescent
#01-10 The Splendour
Singapore 658070

8 April 2014

To: The Shareholders of Hu An Cable Holdings Ltd.

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

Dear Sir/Madam,

1. INTRODUCTION

The Directors refer to the Notice of AGM which has been, or will be, announced on the same date as the date of this Appendix (the “**Notice of AGM**”) in relation to the AGM to be held on 30 April 2014 (the “**2014 AGM**”).

The purpose of this Appendix is to provide Shareholders with the relevant information pertaining to, and to seek Shareholders’ approval at the 2014 AGM for the proposed renewal of a general and unconditional mandate to be given for purchase or acquisition by the company of its issued ordinary shares (the “**Share Buyback Mandate**”).

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1. Background

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Companies Act, the Listing Manual, the Articles and such other laws and regulations as may for the time being be applicable.

At the annual general meeting of the Company held on 24 April 2013, Shareholders had granted a general and unconditional mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares, on the terms of that mandate (the “**2013 Mandate**”). The 2013 Mandate will expire on 30 April 2014, being the date of the 2014 AGM. It is proposed that such authority be renewed.

Accordingly, the Share Buyback Mandate is to seek Shareholders’ approval at the 2014 AGM for a renewed general and unconditional mandate to be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its Shares on the terms of such mandate. If approved at the 2014 AGM, the authority conferred by the Share Buyback Mandate will continue in force until the date the next AGM is held or is

required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the date the next AGM is held or is required by law to be held, whichever is earlier).

2.2. Rationale

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net tangible asset value per Share.

The Directors further believe that share buybacks by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence.

Shares purchased by the Company can also be held as treasury shares which the Company can choose to re-issue to employees pursuant to an employees' share scheme in order to reward, retain and motivate them.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases via market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.3. Authority and Limits of the Share Buyback Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Buyback Mandate are summarised below:

2.3.1. Maximum number of shares

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the 2014 AGM on which the Share Buyback Mandate is renewed.

Purely for illustrative purposes, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of S\$157,800,000 comprising 1,011,569,800 Shares, and assuming that no further Shares are issued on or prior to the 2014 AGM, not more than 101,156,980 Shares (representing approximately ten per cent. (10%) of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

2.3.2. Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2014 AGM, at which the grant of the Share Buyback Mandate is approved, up to the earlier of:

- (a) the date on which the next annual general meeting is held or required by law to be held;
- (b) the date on which the share buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by Shareholders of the Company in a general meeting.

2.3.3. Manner of purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

- (a) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, rule 885 of the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the information required under the Companies Act;
- (d) the reasons for the proposed share buyback;
- (e) the consequences, if any, of share buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (f) whether the share buyback, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (g) details of any share buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

2.3.4. Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes “**Average Closing Price**” means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or the date on which the Company announces an Off-Market Purchase Offer stating the purchase price and the relevant terms of the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

2.4. **Status of purchased Shares under the Share Buyback Mandate**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.5. Treasury shares

Under the Companies Act, as amended by the Companies Amendment Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under (i) the Listing Manual, and (ii) the Companies Act, as amended by the Companies Amendment Act, are summarised below:

2.5.1. Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares.

In the event that the Company holds more than 10.0% of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out in section 2.5.3 below within 6 months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2. Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3. Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.5.4 Reporting obligation under the Listing Manual

Under rule 704(28) the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6. **Sources of funds for the Share Buyback Mandate**

Previously, any purchase of Shares could only be made out of the Company's distributable profits that are available for payment as dividends. However the Companies Act, as amended by the Companies Amendment Act, now permits the Company to also purchase its own Shares out of capital, as well as from its distributable profits, provided that:

- (a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities.

Further, for the purposes of determining the value of a contingent liability, the Directors or managers of the Company may take into account the following:

- (a) the likelihood of the contingency occurring; and
- (b) any claim the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company will use internal resources and/or external borrowings and/or a combination of both to finance purchases of Shares pursuant to the Share Buyback Mandate.

The Directors will only carry out the Share Buybacks as and when they consider it to be in the best interest of the Company; and in circumstances that they believe would not result in a material adverse effect on the liquidity and working capital of the Company and the Group.

2.7. Financial effects of the Share Buyback Mandate

If the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. The consideration to be paid by the Company for the purchase or acquisition of Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there is no change in the Company's issued capital. However, there will be financial effects as illustrated in paragraphs 2.7.3 below.

The financial effects on the Company and the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Buyback Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares are cancelled or held in treasury. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2013, are based on the following principal assumptions:

- (a) the acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 31 December 2013 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 31 December 2013 for the purpose of computing the financial effects on the shareholders' equity, NTA per share and gearing of the Group and the Company; and
- (c) transaction costs incurred for the acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

2.7.1. Purchase or acquisition out of capital or profits

Under the Companies Act, as amended by the Companies Amendment Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the value of the Shares purchased. Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.7.2. Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued and paid-up capital of the Company is S\$157,800,000 comprising 1,011,569,800 Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date.

2.7.3. Financial effects

For illustration purposes only, and on the basis of the assumptions set out above, the financial effects of the:

- (a) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and cancelled;

based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2013 are set out in the sections below. The SGD:RMB exchange rate used for illustration of the financial effects in the sections below is S\$1:RMB4.9100 as at the Latest Practicable Date.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Appendix.

2.7.3.1. Market purchase

Purely for illustrative purposes, in a market purchase, assuming that the Maximum Price is S\$0.105 which is 105% of the Average Closing Price of the Shares over the five (5) trading days preceding the Latest Practicable Date on which transactions in the Shares were recorded, the maximum amount of funds required for the purchase of up to 101,156,980 Shares is S\$10,621,483 (equivalent to approximately RMB52,151,481). On this assumption, the impact of the Share Buyback by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2013 is as follows:

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
As at 31 December 2013						
Net profit/(loss) after tax	62,587	62,587	62,587	(8,274)	(8,274)	(8,274)
Share Capital	746,266	694,115	694,115	746,266	694,115	694,115
Treasury shares	–	–	52,151	–	–	52,151
Accumulated profits/(losses)	547,884	547,884	547,884	(18,438)	(18,438)	(18,438)
Reserves	15,808	15,808	15,808	7,871	7,871	7,871
Total equity	1,309,958	1,257,807	1,309,958	735,699	683,548	735,699
NTA	1,175,853	1,123,702	1,123,702	735,699	683,548	735,699
Current assets	2,291,737	2,239,586	2,239,586	64,957	12,806	12,806
Current liabilities	1,494,396	1,494,396	1,494,396	1,590	1,590	1,590
Cash and bank balances	528,166	476,015	476,015	765	(51,386)	(51,386)
Total borrowings	777,229	777,229	777,229	–	–	–
Number of shares ('000)	1,011,570	910,413	1,011,570	1,011,570	910,413	1,011,570
Financial Ratios						
NTA per share (RMB cents) ⁽¹⁾	1.16	1.23	1.11	0.73	0.75	0.73
Net Gearing (times) ⁽²⁾	0.20	0.26	0.25	–	–	–
Current ratio (times)	1.53	1.50	1.50	40.85	8.05	8.05
EPS (RMB cents) ⁽¹⁾	0.06	0.07	0.06	n.a.	n.a.	n.a.
ROE (%)	5.16	5.28	5.16	n.a.	n.a.	n.a.

Notes:

- (1) The NTA per Share and EPS are computed based on the total number of Shares in issue as at the Latest Practicable Date, instead of the weighted average number of Shares in issue for the respective period presented.
- (2) Calculated based on the total loans and borrowings less cash and cash equivalents divided by the total capital.

2.7.3.2. Off-Market Purchase

Purely for illustrative purposes, in an off-market purchase, assuming that the Maximum Price is S\$0.120, which is 120% of the Average Closing Price, the maximum amount of funds required for the purchase of up to 10% is S\$12,138,838 (equivalent to approximately RMB59,601,693). On this assumption, the impact of the Share Buyback by the Company undertaken in accordance with the proposed Share Buyback Mandate on the Company's and the Group's audited financial statements for the financial year ended 31 December 2013 is as follows:

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
As at 31 December 2013						
Net profit/(loss) after tax	62,587	62,587	62,587	(8,274)	(8,274)	(8,274)
Share Capital	746,266	686,664	686,664	746,266	686,644	686,664
Treasury shares	–	–	59,602	–	–	59,602
Accumulated profits/(losses)	547,884	547,884	547,884	(18,438)	(18,438)	(18,438)
Reserves	15,808	15,808	15,808	7,871	7,871	7,871
Total equity	1,309,958	1,250,356	1,309,958	735,699	676,097	735,699
NTA	1,175,853	1,116,251	1,116,251	735,699	676,097	735,699
Current assets	2,291,737	2,232,135	2,232,135	64,957	5,355	5,355
Current liabilities	1,494,396	1,494,396	1,494,396	1,590	1,590	1,590
Cash and bank balances	528,166	468,564	468,564	765	(58,837)	(58,837)
Total borrowings	777,229	777,229	777,229	–	–	–
Number of shares ('000)	1,011,570	910,413	1,011,570	1,011,570	910,413	1,011,570
Financial Ratios						
NTA per share (RMB cents) ⁽¹⁾	1.16	1.23	1.10	0.73	0.74	0.73
Net Gearing (times) ⁽²⁾	0.20	0.27	0.25	–	–	–
Current ratio (times)	1.53	1.49	1.49	40.85	3.37	3.37
EPS (RMB cents) ⁽¹⁾	0.06	0.07	0.06	n.a.	n.a.	n.a.
ROE (%)	5.16	5.29	5.16	n.a.	n.a.	n.a.

Notes:

- (1) The NTA per Share and EPS are computed based on the total number of Shares in issue as at the Latest Practicable Date, instead of the weighted average number of Shares in issue for the respective period presented.
- (2) Calculated based on the total loans and borrowings less cash and cash equivalents divided by the total capital.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for the financial year ended 31 December 2013 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

2.8. Listing Manual

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m., (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “**insider**” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of two weeks and one month immediately preceding the announcement of the Company’s interim results and the annual (full-year) results respectively.

Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, approximately 35.29%⁽¹⁾ of the issued Shares are held by public Shareholders. As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate, approximately 30.60% of the issued Shares will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

Note:

(1) This excludes the Shares which have been listed as Taiwan Depository Receipts.

2.9. Taxation

Section 10J of the Income Tax Act, Chapter 134, of Singapore stipulates that when a company buys back its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder.

Since the Companies (Amendment) Act has come into operation, purchases of Shares made by the company may be paid out of the company's capital or profits so long as the company is solvent. Where the company purchases its shares out of contributed capital, it shall not be regarded as having paid a dividend to its shareholders.

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.10. Take-over Obligations

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.10.1. Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.10.2. Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) A company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies (for this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company) and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

- (c) A company with any of its pension funds and employee share schemes;
- (d) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) A financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) Partners; and
- (h) An individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions and companies controlled by the individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.3. Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, subject to the conditions listed in paragraph 3(a) of Appendix 2 of the Take-over Code, Directors of the Company and persons acting in concert with them will be exempted from the requirement to make a takeover offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

2.10.4 Application of the Take-over Code

The shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date and after the purchase by the Company (other than from the Substantial Shareholders) of the maximum of 10% of the issued share capital of the Company pursuant to the Share Buy-back Mandate as the case may be, are as follows:

Directors	Before Share Buy-back			After Share Buy-back		
	Direct Interest	Deemed Interest	Total Interest (%)	Direct Interest	Deemed Interest	Total Interest (%)
Dai Zhi Xiang ⁽¹⁾	101,389,000	110,119,000	20.91	101,389,000	110,119,000	23.23
Wee Liang Hiam	–	–	–	–	–	–
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	–	–	–	–
Chan Cheng Hai	–	–	–	–	–	–
Chen Hsin Yuan	–	–	–	–	–	–

Substantial Shareholders	Before Share Buy-back			After Share Buy-back		
	Direct Interest	Deemed Interest	Total Interest (%)	Direct Interest	Deemed Interest	Total Interest (%)
Dragon Sea Power Limited ⁽¹⁾	105,049,000	–	10.39	105,049,000	–	11.54
Asia Fullway Group Limited ⁽²⁾	99,999,900	–	9.89	99,999,900	–	10.98
Wu Wing Yeu Michael ⁽³⁾	83,333,333	–	8.24	83,333,333	–	9.15
Kenyon Group Limited ⁽⁴⁾	66,666,667	–	6.60	66,666,667	–	7.32

Notes:

- (1) Dragon Sea Power Limited is a company incorporated in the British Virgin Islands and the beneficial owner of 105,049,000 Shares, of which 780,000 are held by Phillip Securities Pte Ltd, 4,269,000 are currently held by HSBC (Singapore) Nominees Pte Ltd and 100,000,000 are held by United Overseas Bank Nominees as nominees. Dai Zhi Xiang is deemed interested in the 105,049,000 Shares by virtue of his 100% shareholding interest held in Dragon Sea Power Limited. He is also deemed interested in the 5,070,000 Shares in the Company held by his spouse Wu Shun Mei.
- (2) Asia Fullway Group Limited is a company incorporated in Hong Kong and the beneficial owner of 99,999,900 Shares which are currently held by DBS Vickers Securities as nominee. Zhang Rongming and Zhu Ronghua are deemed interested in the 99,999,900 Shares by virtue of their 65% and 35% shareholding interest held in Asia Fullway Group Limited respectively.
- (3) Wu Wing Yeu Michael is the beneficial owner of 83,333,333 Shares which are currently held by Citibank Nominees Singapore Pte Ltd as nominee.
- (4) Kenyon Group Limited is a company incorporated in the British Virgin Islands and the beneficial owner of 66,666,667 Shares which are currently held by CIMB Securities (Singapore) Pte. Ltd. as nominee. Teo Yi-Dar is deemed interested in the 66,666,667 Shares by virtue of his 100% shareholding interest held in Kenyon Group Limited.

Based on the above interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Share Purchases by the Company of the maximum limit of 10.0% of the total number of issued Shares as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company pursuant to the Share Buyback Mandate.

2.11. Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchase of Shares by the Company, the Directors shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority (the "Registrar").

Within thirty (30) days of a share buyback by the Company, the Directors shall lodge a notice of share purchase with the Registrar. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of treasury shares held, the Company's issued share capital before and after the purchases, the amount of consideration paid by the Company for the purchases and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge the notice of cancellation or disposal of treasury shares in the prescribed form with the Registrar.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' shareholdings, and the interests of the substantial Shareholders in the Shares (being a Shareholder whose interests in the Company's issued share capital is equal to or more than 5 per cent. (5%)), as extracted from the Register of Substantial Shareholders, are as follows:-

Directors	Number of Shares			
	Direct Interest	%	Deemed Interest	%
Dai Zhi Xiang ⁽¹⁾	101,389,000	10.02	110,119,000	10.89
Wee Liang Hiam	–	–	–	–
Chen Timothy Teck Leng @ Chen Teck Leng	–	–	–	–
Chan Cheng Hai	–	–	–	–
Chen Hsin Yuan	–	–	–	–

Substantial Shareholders	Number of Shares			
	Direct Interest	%	Deemed Interest	%
Dragon Sea Power Limited ⁽¹⁾	105,049,000	10.39	–	–
Asia Fullway Group Limited ⁽²⁾	99,999,900	9.89	–	–
Wu Wing Yeu Michael ⁽³⁾	83,333,333	8.24	–	–
Kenyon Group Limited ⁽⁴⁾	66,666,667	6.60	–	–

Notes:

- (1) Dragon Sea Power Limited is a company incorporated in the British Virgin Islands and the beneficial owner of 105,049,000 Shares, of which 780,000 are held by Phillip Securities Pte Ltd, 4,269,000 are currently held by HSBC (Singapore) Nominees Pte Ltd and 100,000,000 are held by United Overseas

Bank Nominees as nominees. Dai Zhi Xiang is deemed interested in the 105,049,000 Shares by virtue of his 100% shareholding interest held in Dragon Sea Power Limited. He is also deemed interested in the 5,070,000 Shares in the Company held by his spouse, Wu Shun Mei.

- (2) Asia Fullway Group Limited is a company incorporated in Hong Kong and beneficial owner of 99,999,900 Shares which are currently held by DBS Vickers Securities as nominee. Zhang Rongming and Zhu Ronghua are deemed interested in the 99,999,900 Shares by virtue of their 65% and 35% shareholding interest held in Asia Fullway Group Limited respectively.
- (3) Wu Wing Yeu Michael is the beneficial owner of 83,333,333 Shares which are currently held by Citibank Nominees Singapore Pte Ltd as nominee.
- (4) Kenyon Group Limited is a company incorporated in the British Virgin Islands and the beneficial owner of 66,666,667 Shares which are currently held by CIMB Securities (Singapore) Pte. Ltd. as nominee. Teo Yi-Dar is deemed interested in the 66,666,667 Shares by virtue of his 100% shareholding interest held in Kenyon Group Limited.

As disclosed in paragraph 2.10.3 above, in the event that the Company undertakes Share Buybacks of up to ten per cent. (10%) of the issued share capital of the Company as permitted by the Shares Buyback Mandate, none of the Directors and Substantial Shareholders are required to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

4. DETAILS OF SHARE BUYBACK PURSUANT TO A SHARE BUYBACK MANDATE

The Company has not undertaken any share buy-back pursuant to the Share Buy-Back Mandate in the 12 months immediately preceding the Latest Practicable Date.

5. LIMITS ON SHAREHOLDINGS

The Company does not have any limits on the shareholding of any Shareholder.

6. DIRECTORS' RECOMMENDATIONS

Having considered, amongst others, the rationale and information relating to the Share Buyback Mandate, the Directors are of the opinion that the Share Buyback Mandate is in the interests of the Company and not prejudicial to Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Share Buyback Mandate to be proposed at the 2014 AGM.

7. ANNUAL GENERAL MEETING

The 2014 AGM, notice of which has been announced on 8 April 2014, will be held on 30 April 2014 at 10 a.m. at 31 Bukit Batok Crescent, #01-10 The Splendour, Singapore 658070 for the purpose of considering and, if thought fit, passing, with or without modification the resolutions set out in the Notice of AGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2014 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 31 Bukit Batok Crescent, #01-10 The Splendour, Singapore 658070, not later than 48 hours before the time fixed for the 2014 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2014 AGM if he so wishes in place of the proxy if he finds that he is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2014 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Division 7A of Part IV of the Companies Act at least 48 hours before the 2014 AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents may be inspected at the registered office of the Company at 31 Bukit Batok Crescent, #01-10 The Splendour, Singapore 658070, during normal business hours from the date of this Appendix up to and including the date of the 2014 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2013; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
HU AN CABLE HOLDINGS LTD.

DAI ZHI XIANG
Executive Chairman & CEO

