

**HU AN CABLE HOLDINGS LTD.**  
(Incorporated in Singapore)  
(Company Registration No. 200810320N)

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**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE SGX-ST LISTING MANUAL  
-DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE GROUP'S  
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors of Hu An Cable Holdings Ltd. (the “Company” and collectively with its subsidiaries, the “**Group**”) wishes to inform that the independent auditors of the Company, Ernst & Young LLP (the “**Independent Auditors**”), have in their Independent Auditors’ Report dated 6 May 2021 (the “**Report**”), included a disclaimer of opinion (the “**Disclaimer Opinion**”) in relation to the financial statements of the Group for the financial year ended 31 December 2015 (the “**Audited Financial Statements**”).

Relevant sections of the Report and extracts of the relevant Notes to the Financial Statements are annexed collectively in this announcement as Appendix I.

Shareholders of the Company are advised to read the Audited Financial Statements in the Annual Report of the Company which will be despatched in due course.

By Order of the Board

Gao Hong  
Executive Chairman  
7 May 2021

## **APPENDIX I**

Extracted from the Independent Auditor's Report to the Audited Financial Statements for the financial year ended 31 December 2015.

### **Independent Auditor's Report to the members of Hu An Cable Holdings Ltd.**

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#### **Report on the Financial Statements**

We do not express an opinion on the accompanying financial statements. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis of Disclaimer of Opinion**

##### ***Basis for preparation of financial statements and significant events***

Note 2.1 to the financial statements states that the Group's consolidated profit or loss statement, cash flow statement and statement of changes in equity for the financial year ended 31 December 2015 does not show a true and fair view of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. Consequently, we are not in a position to perform audit procedures on these statements.

Notes 1 and 2.1 discloses significant events which require further evaluation of the potential impact on the financial statements or may require adjustments to the balance sheets of the Group and Company. We are unable to obtain all relevant information and supporting documents to complete our evaluation due to reasons disclosed in those notes.

As we are not able to obtain all relevant information and explanations, we are unable to determine the completeness and accuracy of the financial statements, nor are we able to quantify the extent of further adjustments or disclosures that might be necessary to the financial statements of the Group and the Company as at 31 December 2015 or prior years.

#### **Going concern**

The Group incurred a net loss of RMB\$1,153,147,000 for the financial year ended 31 December 2015 and as at that date, the Group is in a net current liabilities and net liabilities position of RMB\$5,706,000 and RMB\$5,269,000 respectively. The Company is in a net current liabilities and net liabilities position of RMB\$2,919,000 and RMB\$12,624,000 respectively. These factors indicate the existence of material uncertainties which may cast significant doubt about the Group and Company's ability to continue as a going concern. As disclosed in note 2.1 to the financial statements, the directors have prepared the financial statements on a going concern basis as the directors believe that the Group and the Company's business operations would be able to generate sufficient cash flows to meet its short-term obligations as and when they fall due. However, based on information available to us, we have not been able to obtain sufficient appropriate audit

evidence to satisfy ourselves on the appropriateness of the use of the going concern assumption in the preparation of these financial statements.

Because of the significance of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to express an opinion on the financial statements.

## Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2015

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### 1. Corporate information

Hu An Cable Holdings Ltd. (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The registered office and principal place of business of the Company is located at 10 Bukit Batok Crescent, #10-04 The Spire, Singapore 658079.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

#### Significant events

In early June 2015, the Group made a prepayment to one of the Group’s major suppliers, Jiangsu Tiandilong Group Ltd (江苏天地龙集团有限公司) (the “**Copper Rod Supplier**”), to purchase copper rods; the Copper Rod Supplier became insolvent and went into bankruptcy subsequently. The Group decided to make full provision of the entire amount of RMB310 million in the Group’s financial statements for the second quarter ended 30 June 2015 on or around 27 August 2015. This was announced on 7 March 2016 by Dai Zhixiang (‘Dai), then Executive Chairman on behalf the Group.

On or around 3 September 2015, Dai on behalf of the Company disclosed that pursuant to reports issued by the Quality and Technology Supervision Bureau (upon the request of the State Quality Inspection Administration in the PRC), certain products manufactured by one of the Group’s then PRC Subsidiaries, Wuxi Hu An Wire and Cable Co. Ltd (“**Wuxi Hu An**”) were not compliant with the relevant specifications set out in the applicable regulations and twelve of its customers, who were all subsidiaries of the State Grid Corporation of China, located in Jiangsu, Hubei, Jiangxi, Hebei and Shandong have notified Wuxi Hu An that the customers will be terminating all payments under existing purchase contracts and that Wuxi Hu An would no longer be on their approved vendors list.

On or around 3 September 2015, Dai on behalf of the Company disclosed that the PRC local government of Wuxi City, Guanlin Town has initiated a proposal under which the assets and liabilities of the Group’s three PRC subsidiaries, namely Wuxi Hu An, Wuxi Shenhuan Electric Co., Ltd. (“**Shenhuan Electric**”) and Shenhuan Cable Technology Co., Ltd. (“**Shenhuan Cable**”) (collectively the “**PRC Subsidiaries**”) were to be disposed to a potential purchaser, Yixing Jinxiao Copper Industry Co., Ltd. (the “**Asset Disposal**”). The PRC local government has initiated the proposed Asset Disposal for the following main reasons: (i) to assist the Group to overcome the financial and operational difficulties which it then faced in the PRC, (ii) to safeguard the livelihoods of the Group’s employees, and (iii) to protect the interests of the Group’s shareholders and creditors. It was also disclosed that the purchaser is an independent third party who is not related to the Company’s Directors, controlling shareholder, and their associates and the consideration for the Asset Disposal was to be based on a valuation of the assets and liabilities of the Group’s PRC Subsidiaries.

## 1. Corporate information (cont'd)

On or around 29 October 2015, Dai on behalf of the Company disclosed that the PRC Subsidiaries have signed an asset sale and purchase agreement (the “**Asset SPA**”) with Yixing Jinxiao Copper Industry Co., Ltd (the “**Asset Purchaser**”) on 26 October 2015 in relation to the proposed Asset Disposal and further, that the Company has signed a sale and purchase agreement and a supplemental agreement dated 26 October 2015 and 28 October 2015 respectively (the “**Shares SPA**”) with Plenty Jade Limited (the “**Shares Purchaser**”) for the transfer of the shares in the PRC Subsidiaries to the Shares Purchaser (“**Shares Transfer**”). It was further disclosed that by way of a valuation carried out by Wuxi Yixin Assets Appraisal Firm (无锡易信资产评估事务所) (the “**Valuer**”) a valuation report dated 20 September 2015 has assessed Wu Xi Hu An to have a negative net asset value of RMB131,906,200, Shenhuan Cable to have a net asset value of RMB31,496,600 and Shenhuan Electric to have a net asset value of RMB97,161,400, giving an aggregate negative net asset value of RMB3,276,200 for the 3 PRC Subsidiaries.

It was disclosed that the consideration for the Asset Disposal was to be RMB1 taking into account the aggregated net liabilities positions of the 3 PRC Subsidiaries to be sold and the completion of the Asset Disposal was conditional upon:

- (a) the approval of the SGX for the Company’s circular in relation to the Asset Disposal and the Shares Transfer;
- (b) the approval of the Asset Purchaser’s shareholders for the Asset Disposal; and
- (c) the approval of the Company’s shareholders for the Asset Disposal at the extraordinary general meeting to be convened;

It was also disclosed that the Share Purchaser is an investment holding company incorporated in the British Virgin Islands, which is wholly owned by Chu Jun (儲俊), who was not related to the Company’s Directors, controlling shareholders and their associates;

The consideration payable under the Shares SPA was US\$1 after taking into account the potential claims from customers and the value of the Excluded Amounts after taking into account the completion of the Asset Disposal. The completion of the Asset Disposal was conditional upon:

- (a) the approval of the SGX for the Company’s circular in relation to the Asset Disposal and the Shares Transfer;
- (b) the approval of the Company’s shareholders for the Share Transfer at the extraordinary general meeting to be convened; and
- (c) the completion of the Asset Disposal;

The last date for the fulfillment of the conditions under the Asset SPA and Shares SPA was initially set at 21 December 2015 (the “**Long-Stop Date**”), which was later extended to 30 April 2016.

## 2. Summary of significant accounting policies

### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical basis except as disclosed in the accounting policies below. The financial statements are presented in Chinese Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (“RMB’000”) as indicated.

During the year, the businesses of the Group’s China subsidiaries, Shenhuan Cable Technology Co., Ltd (“SCTC”), Wuxi Hu An Wire and Cable Co., Ltd (“WHAWC”) and Wuxi Shenhuan Electric Co., Ltd (“WSEC”) ceased and liquidation proceedings commenced on 12 November 2015. Following the commencement of the liquidation proceedings and the departure of key management personnel of these entities, the current management has prepared the Group’s consolidated financial statements for the year ended 31 December 2015 based on the latest available unaudited management accounts of these entities up to 30 June 2015.

Jiangsu Yixing People’s Court accepted the creditor’s application to liquidate these wholly-owned China subsidiaries, namely, Shenhuan Cable Technology Co., Ltd, Wuxi Hu An Wire and Cable Co., Ltd and Wuxi Shenhuan Electric Co., Ltd and liquidation proceedings commenced on 12 November 2015. Accordingly, these subsidiaries were deemed to have been disposed during the financial year.

The consolidated financial statements of the Group for the year ended 31 December 2015 were drawn up based on records and data left behind by the management and finance personnel who were with the Group in FY2015 (collectively the “Previous Management”). APRC court in the trial of the ex-CEO, Mr Dai Zhixian (“Dai”), found that Dai had fabricated accounting records and falsified accounts at the PRC subsidiaries’ level. The present Directors, who are the incumbent Directors at the date of issuance of this report, do not believe that the consolidated financial statements of the Group prepared on the aforesaid basis gives a true and fair view of the financial performances, changes in equity and cash flows of the Group for FY2015 in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards save that the closing balances in the balance sheets of the Group and the Company and statements of changes in equity of the Company were drawn up so as to give a true and fair view of the financial positions of the Group and the Company as at 31 December 2015 due to the deemed disposal and de-recognition of the PRC subsidiaries. The present Directors are unable to restate the accounts for prior years or to prepare the accounts for FY2015 independent from the records and data left behind by the Previous Management as

(i) the PRC court has also found that Dai has instigated and directed the destruction of the servers hosting the necessary financial data;

(ii) the PRC subsidiaries have been wound up; and

(iii) Dai has been sentenced to 15 years’ jail on 31 August 2018.

## 2. Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

The present Directors have resolved to proceed with the issuance of this set of financial statements notwithstanding the uncertainties so that the Company may move forward with its financial reporting for subsequent reporting periods following FY2015, without which the Company would be unable to do so. This was done after assessing the uncertainties that this may have on the financial figures to be reported in subsequent reporting periods after FY2015, taking note that the source of such uncertainties (i.e. the PRC subsidiaries) have been de-recognised in FY2015,

#### Going concern assumption

The Group incurred net loss of RMB\$1,153,147,000 (2014: RMB\$161,605,000) for the financial year ended 31 December 2015 and as at that date, the Group is in a net current liabilities and net liabilities positions of RMB\$5,706,000 (2014: net current assets of RMB\$492,603,000) and RMB\$5,269,000 (2014: net current assets of RMB\$1,147,951,000) respectively. The Company is in a net current liabilities and net liabilities positions of RMB\$2,919,000 (2014: net current assets of RMB\$58,533,000) and RMB\$12,624,000 (2014: net current assets of RMB\$729,288,000) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern.

The Board of Directors (the "Board") have prepared the financial statements on a going concern basis based on the factors and assumptions set out below:

- (a) The Group had received funding from the director amounting to S\$2.5 million in 2018 based on the loan agreement and supplemental loan agreement dated 7 July 2018 and 27 December 2018 respectively.
- (b) On 7 October 2020, the Company signed the Memorandum of Understanding ("MOU") with Gold Peak International Industrial Limited ("GPI") to dispose its 100% owned subsidiary Hu An Electric (Singapore) Pte Ltd ("HAE"). The consideration to be received for the disposal is still in the negotiation stage. Upon disposal, this entity will be deconsolidated and will substantially reduce the Group's outstanding payables and operational costs.
- (c) In April 2020, the Company proposed to acquire 51% of the fully paid-up ordinary shares of Da Hang Trading Pte. Ltd. ("DH") for a consideration of \$1,785,000, by way of issuing 198,333,333 new ordinary shares at an issue price of \$0.009. The principal activities of DH are wholesale trade of a variety of goods without a dominant product. DH has historically been profitable and is expected to contribute positively to the results and cash flows of the Group.
- (d) The Group is in discussions with various parties to seek investments and is also exploring alternative fund raising to address its cash flow and continuing business growth.

With the above-mentioned measures, the consolidated financial statements are prepared on a going concern basis as the directors believes that the Group's business operations would be able to generate sufficient cash flow to meet its short-term obligations as and when they fall due.