HU AN CABLE HOLDINGS LTD.

Unlimited Potential

ANNUAL REPORT 2014

Contents

Corporate Profile

Hu An Cable Holdings Ltd. ("**Hu An Cable**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") is among the top 10 wire and cable manufacturers in China. It is principally engaged in the manufacture and sale of various electrical wires and cables under three brands – ShenHuan (申环), Hu'an (沪安), and HAE.

With its products widely used in the power generation, power distribution, railway transportation and construction sectors, Hu An Cable is one of the few approved suppliers to various state-owned enterprises such as State Grid Corporation of China (国家电网), China Southern Power Grid (中国南方电网), China Guodian Corporation (中国国电集团公司), China Huadian Corporation (中国华电集团公司), China Power Investment Corporation (中国电力投资集团公司), China Petroleum & Chemical Corporation (中国石油化工股份有限公司), China National Petroleum Corporation (中国石油天然气集团公司), China Railway Group (中国中铁股份有限公司), etc.

The Group is strategically located in Yixing, Jiangsu, otherwise known as the largest wire and cable hub of China. Hu An Cable's production facilities are fully integrated to support the whole production process from copper/aluminum smelting to insulation materials processing and finished products of cables and wires.

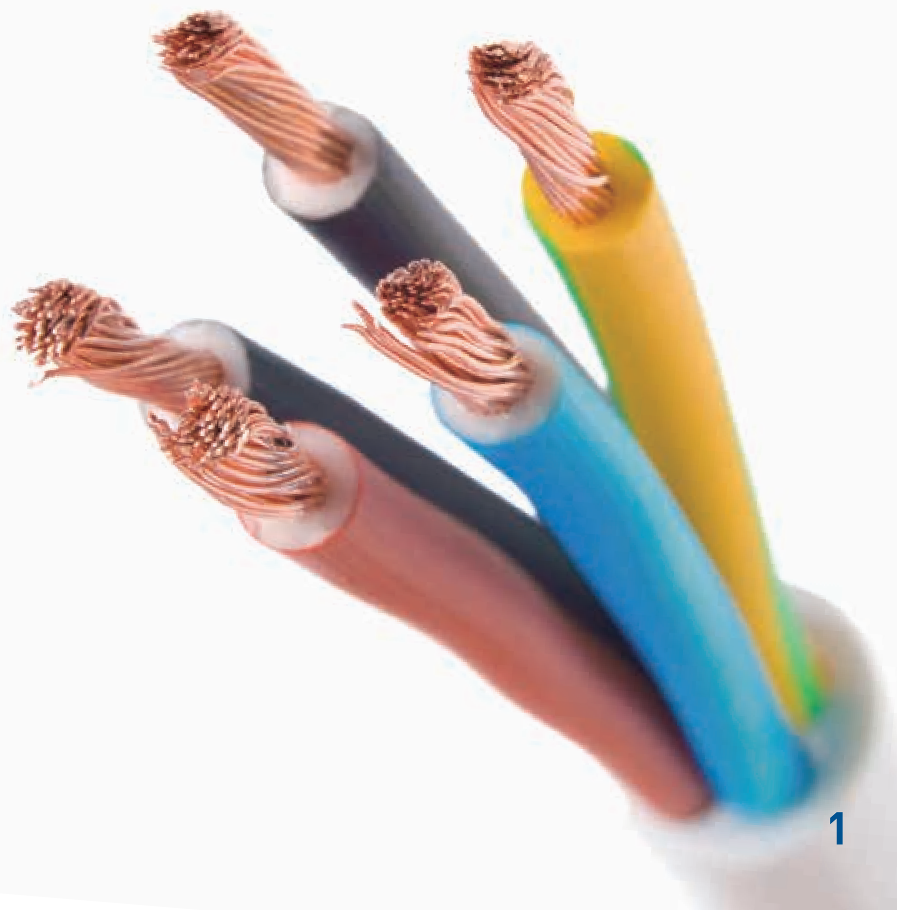
In November 2012, the Group set up a wholly owned subsidiary, Hu An Electric Pte Ltd. ("**HAE**"), in Singapore for sales of wires and cables to high-growth overseas markets. Over the years, we accumulated good clientele in the South East Asian region, specifically Singapore, Cambodia and Myanmar.

Hu An Cable sells over 18,000 types of products under three categories – (i) cables and wires, (ii) copper rods, and (iii) aluminum rods and plastic cable materials.

The Group currently has an annual production capacity of about 331,000km of cables and wires, among which 33,000km is for mid voltage (6Kv-35Kv) power cables and 4,600km is for high voltage (110Kv-220Kv) power cables and ultra-high voltage (220Kv-500Kv) power cables, as well as 25,000 pieces of cable accessories.

Hu An Cable has been committed to R&D of new products and materials and improvement in product quality to meet stringent customer requirements. As a testament, the Group's products have been certified by various international standard bodies such as the International Electrotechnical Commission ("**IEC**"), the Prufstelle Testing and Certification Institute ("**VDE**"), and the Lloyd's Register ("**LR**"). Hu An Cable is also accredited by the Conformity Assessment Services Co Ltd (中国检验认证集团质量认证有限公司) with ISO10012:2003, ISO 9001:2008 and ISO14001:2004. In April 2008, Hu An Cable's ShenHuan brand was awarded the "China Renowned Trademark" (中国驰名商标) by The State Administration for Industry and Commerce of the People's Republic of China (国家工商行政管理总局). In June 2014, Hu An Cable's HAE brand was accredited by TÜV SÜD PSB.

Hu An Cable was listed on the Mainboard of the Singapore Exchange on 8 February 2010 and was subsequently dual listed on the Mainboard of the Taiwan Stock Exchange through the issuance of depository receipts on 28 October 2010.



Chairman's Statement

"While we adopt a more stringent client selection, we will also focus on market diversification to mitigate risks in tumultuous environment."

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report for the financial year ended 31 December 2014 ("FY2014").

THE YEAR IN REVIEW

Under the pressure of economic slowdown, the Group struggled through a tumultuous and difficult year in 2014. The GDP growth rate of China came in at 7.4%, marking the lowest expansion in 24 years. China has been shifting its economic structure from an investment-driven growth model to a consumption-driven growth model. As a result, banks have tightened financing facilities for capital-intensive sectors. Furthermore, since the beginning of 2014, the Chinese government has launched various initiatives to smoothen and tighten the operations of state-owned enterprises, including those in the power sector. All these factors have imposed adverse impacts on our business.

Meanwhile, copper and aluminum prices fluctuated vigorously during the period. Reports showed that copper and aluminum prices dropped around 10.9% and 8.0% respectively for FY2014. This decrease brought a downward pressure on the market selling price. In addition, sales volume dropped due to the shrinking market demand and deferment in some projects led by government.

As a result, the Group's revenue declined 23.3% to RMB2.16 billion from a year ago. The gross profit slid by 54.2% yoy to RMB204.0 million for FY2014 from RMB445.4 million for the year ended 31 December 2013 ("FY2013").

Nevertheless, the Board and Management have endeavoured to steer the Group through the turbulent environment. We remain as one of the few qualified suppliers to various state-owned enterprises ("SOE") with a track record of more than ten years. Over the past year we consolidated our efforts to further strengthen our relationships with large SOEs, improving our competitive advantages against our competitors. We believe that our close ties with the Chinese SOEs, coupled with China's rapid urbanization and active fiscal policies will enable us to tide through this challenging period and embark on a fruitful journey.

BUSINESS PROSPECT

In 2014, China's One Belt and One Road (OBAOR) strategy was proposed to tie up China with the regional partners and rejuvenate both the regional and Chinese economy. Consequently, this would create demand of infrastructure and power facilities and thus brings business opportunities to our group. Moreover, the accelerating urbanization process in China would boost the demand of power facilities in rural areas, which may contribute positively to the Group's future development.

Nonetheless, the macro economy shows no sign of fast recovery in 2015 as the government targeted its GDP growth rate at 7%. As such, the Group will adopt precautionary measures to diversify its business and limit exposure towards the risky construction and transportation sector. The Group will also be stricter in its customer selection and work mainly with reputable and financially strong parties with good payment track records.

Meanwhile, in order to mitigate market risks, the Group will increase sales in other industries especially those who offer better business prospects and payment terms, including new energy related industries, well-established wholesale dealers and retail shops.

BRAND RECOGNITION AND PRODUCT INNOVATION

Despite the challenging economy in 2014, the Group's consistent investment in its research and development has earned recognition from the Chinese government and industry association.

In February 2014, the Group was awarded the key Hi-Tech Enterprise of National Torch Plan in China by Torch High Technology Industry Development Center, which is under the Ministry of Science and Technology of the People's Republic of China. This is a national award and only given to companies that make significant contributions to high technology development in China, and highly recognized within the whole industry.

In addition, our new brand "HAE" under Hu An Electric (Singapore) Pte. Ltd. has also attained internationally recognized certification from TÜV SÜD PSB, a pioneer in providing management systems certification services. TÜV SÜD PSB's test reports and product certification marks are well accepted by manufacturers, third party buyers and government authorities worldwide.

This certification serves as recognition for our high quality products, enhancing our international branding. We hope that this certification will give us a higher competitive edge and help us to win more overseas projects.

OVERSEAS EXPANSION

Since the opening of our Singapore sales office, we have invested sales and marketing efforts in promoting our brand presence in high-growth economies in regions such as Southeast Asia, Central Asia, South America, Africa, and the Middle East. Leveraging on our overseas listing status, we have received much interest from the overseas markets. Up till now, we have accumulated a growing clientele from Southeast Asia, with business partners in Singapore, Cambodia, Myanmar and etc. We are optimistic about the demand for power supply infrastructure induced by rapid developments in these countries.

RETENTION FOR FUTURE GROWTH

Given the opportunities available for growth and the Group's expansion plans, the Board of Directors decided to refrain from issuing dividends for FY2014. We believe the ultimate benefit from our investments in business expansion will start to flow in shortly and hope to reward shareholders for their support when it comes to fruition.

APPRECIATION

This year, we bid farewell to Mr. Yeung Wai Wing, Deputy Chairman and Non-Executive Director, Mr. Chan Cheng Hai and Mr. Timothy Chen Teck Leng, Independent Directors of the Group. The Board would like to thank Mr. Yeung, Mr. Chan and Mr. Chen for their valuable service to the Group, and wish them well ahead.

On a brighter note, the Board is pleased to announce the re-designation of Mr. Chen Hsin Yuan from Non-Executive Director to Independent Director of the Company. The Group hopes that Mr. Chen will keep an independent perspective, and we look forward to his contribution to the Group's governance.

Finally, on behalf of the Board, I would like to extend my utmost appreciation to our management and staff, shareholders, business partners and customers for their dedication and commitment. Without your professionalism and loyalty, the Group would not be able to achieve what it has done so far. We will continue to put in our best efforts to deliver value to all our stakeholders.

Yours faithfully,
Mr Dai Zhixiang
Chairman and CEO of the Group

Product Range

RUBBER-COATED CABLES

- For mining, shipping and movable machinery

SPECIAL WIRES AND CABLES

- For highly specialised industries,such as petrochemicals, metallurgy, nuclear power generation, wind-powered electricity generation, ship-building and coal mining

POWER CABLES

- For power transmission systems

CONTROL CABLES

- For low voltage control systems

PLASTIC INSULATED WIRES

- For low voltage power distribution networks and low voltage electrical devices

POWER CABLE ACCESSORIES

- GIS terminations, outdoor terminations and cable joints
- For power generation and transmission systems

AERIAL CABLES

- Uninsulated aerial cables are mainly used in long distance and high voltage power transmission
- Insulated aerial cables are mainly used for power transmission within cities and towns

Board of Directors

DAI ZHI XIANG
CEO and Executive Chairman

Mr Dai Zhi Xiang is our CEO and Executive Chairman and was appointed as Director on 31 December 2008. He was last re-elected as Director on 24 April 2013.

Mr Dai is responsible for the overall management and strategic direction of our Group. He has more than 20 years of experience in the wire and cable industry. From January 1990 to January 1998, he was a sales manager in Jiangsu Cable Factory before leaving and starting up Wuxi Hu An Wire and Cable Co., Ltd. in January 1998. Mr Dai is a council member of Jiangsu Industry Economic Council. He was given the Yixing Outstanding Young Entrepreneur Award in 2001 and the Wuxi Outstanding Young Entrepreneur award in 2002. His personal achievement was recorded in the China Contemporary Human Resource Treasury in March 2004. In 2006, he was elected into the Top 10 Innovative Entrepreneurs in 2005 PRC's Economy by the China Entrepreneurial Reform and Development Academy. In 2007, he was conferred with the Wuxi May Day Labour Medal.

Mr Dai graduated from Employee University of Zhengzhou Cable Factory in July 1990, specialising in wire & cable manufacturing. He holds a diploma specialising in economic management from Nanjing Artillery College and is also a qualified senior economist.

WEE LIANG HIAM
Lead Independent Director

Mr Wee Liang Hiam was appointed as our Independent Director on 28 October 2009. He was last re-elected as Director on 24 April 2013.

Mr Wee has more than 20 years of accounting and finance experience, having been involved in both operational and strategic levels. He has wide experience in corporate governance having served on the boards of other Singapore listed companies as independent director. Mr Wee has extensive management experience in various industries and business environments, having held top finance and operations positions in various public listed companies in Singapore. He has been involved in various stages of several successful mergers and acquisitions from evaluation to the integration of the merged entities, including leading companies to successful listings and reverse take-over on both the Main Board and Catalist board of the Singapore Exchange.

Mr Wee holds a Bachelor of Business Administration (Honours) and a Diploma in Education from National University of Singapore, a Master of Business Administration (Accountancy) from Nanyang Technological University and a Post Graduate Diploma in Personnel Management from Singapore Institute of Management. He is a fellow of the Institute of Singapore Chartered Accountants, a member of Singapore Institute of Management and also a member of Singapore Institute of Directors.

CHEN TIMOTHY TECK LENG @ CHEN TECK LENG

Independent Director

Mr Chen Timothy Teck Leng @ Chen Teck Leng was appointed as our Independent Director on 28 October 2009. He was last re-elected as Director on 30 April 2014. Mr. Chen has three decades of management experience in banking, insurance, international finance and corporate advisory work. He has held positions in international financial institutions including Bank of America, Wells Fargo Bank, Bank of Nova Scotia and Sun Life Financial Inc.

He was formerly the General Manager, China for Sun Life Financial Inc., and the President and CEO of Sunlife Everbright Life Insurance Company in China.

Mr Chen currently sits on the boards of several SGX-listed companies. He has been an independent director and audit committee chairman for Yangzijiang Shipbuilding (Holdings) Ltd, Xinren Aluminum Holdings Ltd., and TMC Education Corporation Ltd. He is also an independent director for Logistic Holdings Ltd.

Mr Chen earned his Bachelor of Science degree from University of Tennessee and his Master's of Business Administration degree from Ohio State University. He received his Certified Corporate Director (ICD.D) designation from the Canadian Institute of Corporate Directors.

Mr Chen has resigned on 31 March 2015.

CHAN CHENG HAI

Independent Director

Mr Chan Cheng Hai was appointed as our Independent Director on 8 December 2010. He has been a freelance business consultant and advisor to enterprises based in Asia since 2006. He had served in several ministries such as Ministry of Finance, Ministry of Defence, Ministry of Education and Ministry of Communications for about 6 years before venturing into business. From 1979 to 1989, he became Managing Director & CEO of Electro Magnetic Pte Ltd which was listed on SGX Main Board in 1988. From 1990 to 2005, he was appointed a Director and subsequently became CEO of Superior Multi-Packaging Limited, the biggest manufacturer in flexible and metal packaging products in Singapore. He is the founder and has been appointed as the Permanent Honorary President of the Singapore Plastic Industries Association since 1992.

Mr Chan holds a First Class Honours degree in Government and Public Administration from the then Nanyang University and a Master degree in Social Sciences from the then University of Singapore.

Mr Chan has resigned on 28 January 2015.

CHEN HSIN YUAN
Independent Director

Mr Chen Hsin Yuan was appointed as our Non-Executive Director on 1 March 2011 and was re-designated as Independent Director on 5 March 2014. He has more than 10 years of experience in the investment and banking field, especially with various successful experiences in international finance markets. He is currently a private investor. He started his career as an Analyst in Polaris Investment Consulting Co., Ltd in 2000. From 2001 to 2007, he worked with Polaris Securities (Polaris), Taiwan. During this period, he had built up Polaris' first global trading platform in Hong Kong. He also led Polaris Globe Investment to found GCA Greater China Fund with Gerken Capital Associates (USA) and PCI Investment Management Ltd. (a member of HK Pacific Century Insurance) between 2005 and 2006. Mr Chen also managed ETF team to run Taiwan Top 50 Tracker Fund and Taiwan Mid-Cap 100 Tracker Fund which was the largest ETF of TSE in 2006 and 2007. From 2008 to 2009, he worked with HSBC Bank, Taiwan and was a member of the Board Rates Committee of HSBC Bank. He also had been involved in the successful merger between the Chinese Bank and the HSBC Bank, Taiwan.

Mr Chen holds a Bachelor of Science in Applied Mathematics from National Chung Hsing University of Taiwan and a Master of Administration in Industrial Economy from National Central University, Taiwan.

Key Executives

XU GUO CHEN

Vice President and General Manager of Shenhuan Cable Technology Co., Ltd.

Xu Guo Chen was appointed as our Group's Vice President on 10 February 2011. He is also concurrently the General Manager of our Group's subsidiaries, namely, Shenhuan Cable Technology Co., Ltd. and Wuxi Hu An Cable Research Centre Co., Ltd. ("**Research Centre**"), where he is responsible for their overall management. Mr Xu has over 20 years of experience in China communications cabling industry. He started his career as an engineer with Shanghai Guangxian Communications Engineering Co., Ltd from 1986 to 1992. He subsequently joined A&T optical fibers, between 1992 and 1993. From 1994 to 2000, Mr Xu was the Senior Business Manager and later the Sales Director of Lucent Technologies (China) Co., Ltd. (Shanghai). Between 2001 and 2002, Mr Xu was the Regional Sales Director of 3Com Asia Co., Ltd. (Shanghai branch). Between 2002 and 2007, he was the General Manager of the sales and marketing division of Hengtong Group. From 2007 to 2010, he was the Managing Director of Hengxin Technology Ltd., a public company listed on the SGX-ST which is engaged in the research, design, development, manufacture and sale of communications and technological products.

Mr Xu obtained his diploma in Mechanics from Shanghai Medical Instrument College in 1986.

ZHOU JIAN JUN

Vice President and General Manager of Wuxi Hu An Wire & Cable Co., Ltd.

Zhou Jian Jun was promoted as our Group's Vice President on 27 February 2012 and remained as the General Manager of Wuxi Hu An Wire & Cable Co., Ltd. ("**Wuxi Hu An**"). He is responsible for the Group's marketing and sales function as well as overall management and operations of Wuxi Hu An.

Mr Zhou joined our Group in September 2007 as Sales Manager of Wuxi Hu An. He was later promoted to Sales Deputy General Manager and was responsible for its sales and marketing functions and subsequently he was promoted as the General Manager of Wuxi Hu An on 27 February 2012. Mr Zhou has over 20 years of experience in management and operation. Between July 2002 and August 2007, he was the General Manager of Yixing Longteng Environment Protection Mechanical Equipment Co., Ltd. and was responsible for its overall business and management.

Mr Zhou holds a degree in finance and accounting from School of Management China University of Mining and Technology.

XUE RU

Chief Financial Officer

Xue Ru was re-designated as our Group's Chief Financial Officer on 27 February 2012. She is responsible for the overall financial, accounting, compliance and reporting and internal control functions of our Group. She joined our Group in February 2010 as Finance Manager and was promoted to Financial Controller on 11 June 2010. She has more than 10 years' experience in the management of finance and accounting operations. During the period of February 2002 to December 2009, she was the accountant and later Finance/Admin Manager in charge of finance, accounting, administration and human resources management in Aztech Heat Exchangers Pte Ltd, a Singapore company engaged in the design, manufacture and repair of heat exchangers and pressure vessels.

Ms Xue holds a bachelor degree in economics from Nanjing University of Aeronautics and Astronautics and a Master of Business Administration (Finance) from National University of Singapore. She is a fellow member of the Association of Chartered Certified Accountant and a non-practising member of the Institute of Singapore Chartered Accountants.

HUANG CHAO ZE

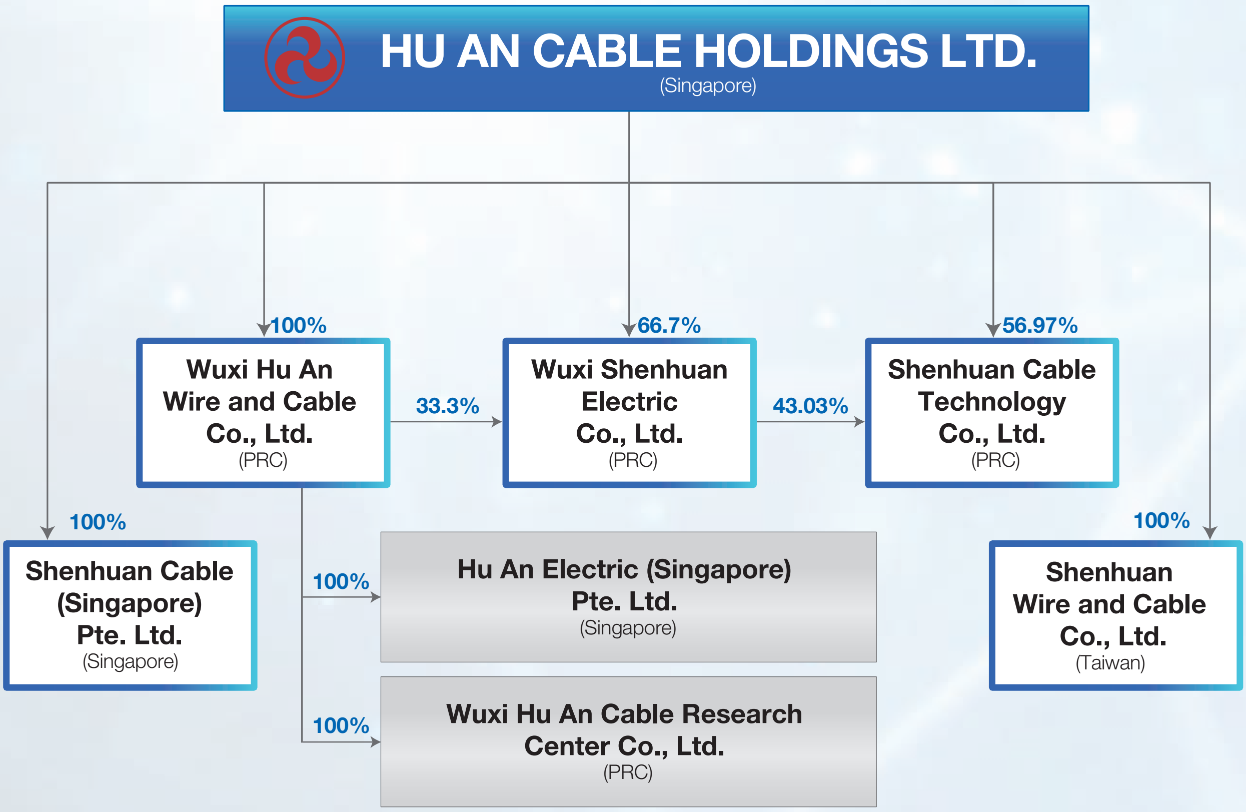
General Manager of Wuxi Shenhuan Electric Co., Ltd.

Huang Chao Ze was promoted as General Manager of Wuxi Shenhuan Electric Co., Ltd. ("**Shenhuan Electric**") on 5 March 2014. He is responsible for the overall management and operations of Shenhuan Electric.

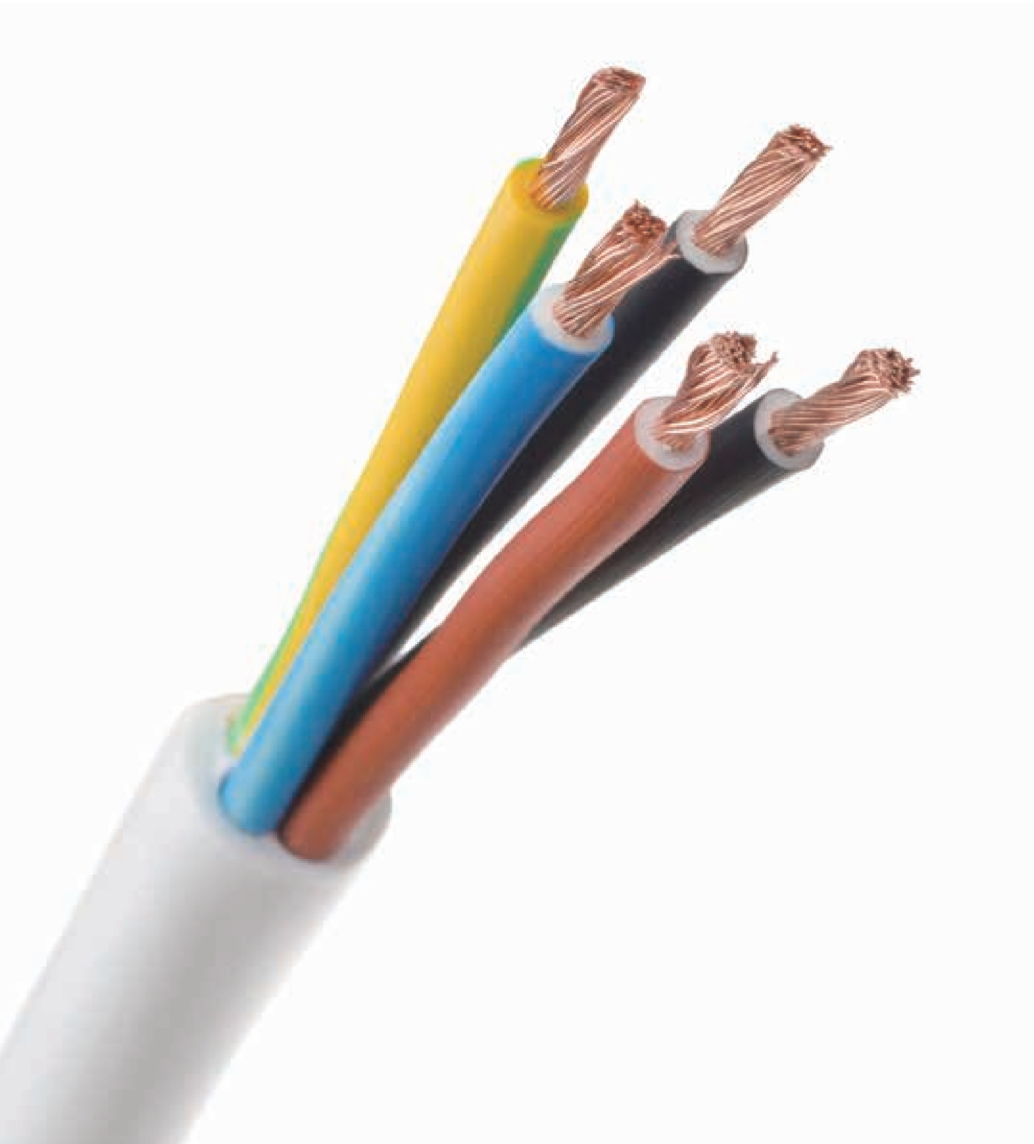
Mr Huang joined Wuxi Hu An in May 2003 assisting in its warehouse management and was promoted as Warehouse Manager subsequently. He was transferred to the purchasing division of Wuxi Hu An in July 2007 and was promoted as an Assistant Manager of the purchasing division in June 2009. He was further transferred to Shenhuan Electric in April 2010 acting as Deputy General Manager and responsible for the supply and marketing management of Shenhuan Electric.

Mr Huang holds a Diploma in Mechatronics from Donggang College, Huaihai Institute of Technology.

Group Structure



Business Review



OPERATIONS REVIEW:

CABLES & WIRES

The Group's revenue from the cables & wires business segment decreased 19.4% year-on-year ("yoy") to RMB1,874.1 million. Sales volume of wire products and cable products decreased 14.6% and 24.1% respectively to 45,730.1 km and 45,418.5 km.

Revenue contribution from cables & wires decreased due to deferment of some government-led infrastructure projects. The power generation and transmission sector remains the largest revenue contributor and had contributed 61.9% of the segment revenue, up 6.1% from last year. Meanwhile, the Group continues to limit its exposure to the transportation sector and real estate sector, so as to minimize debt collection risk.

COPPER RODS

Revenue from copper rods business segment decreased 25.8% yoy to RMB258.6 million as compared to FY2013. Revenue contribution from this segment remained relatively constant.

ALUMINUM RODS AND PLASTIC CABLE MATERIALS

Revenue from aluminum rods and plastic cable materials segment decreased 80.0% yoy to RMB29.6 million due to increased market competition.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

The Group's overall sales decreased 23.3% yoy from RMB2,822.5 million for FY2013 to RMB2,163.7 million for FY2014.

Sales mix for FY2014 remained similar to that for FY2013. Cables and wires segment remained as the highest contributing segment, making up 86.5% of the Group's overall sales, up 4.1% as compared to the year before. Sales contribution from the aluminum rods and plastic cables materials further decreased 3.8% from FY2013 to 1.4% for FY2014. Meanwhile, sales contribution from copper rods remained relatively the same at around 12.0%. Sales volume decreased due to the shrinking market demand and deferment in some projects led by the Government.

The Group's gross profit decreased 54.2% from RMB445.4 million to RMB204.0 million. The decrease was mainly due to both lower selling price because of the lower raw material price and decrease in sales volume. Average selling price in the market received a downward pressure from the decreasing raw material prices. This jeopardized the Group's gross profit as the Group's products were manufactured with its existing raw material inventory, which were purchased at a higher price. As a result, the Group's gross profit margin dropped from 15.8% for FY2013 to 9.4% for FY2014.

Selling and distribution expenses decreased 48.0% to RMB56.9 million for FY2014 from RMB109.4 million for FY2013 largely due to the lower marketing and advertising fee, tender related expenses as a result of decreased bidding activities, freight and transportation charges and sales office expense.

Administrative expenses increased 37.5% to RMB270.8 million in FY2014 from RMB197.0 million in FY2013 mainly due to the rise of allowance for doubtful debt which was RMB103.9 million and accounted for 38.4% of total administrative expenses. This was offset by the decrease in R&D expenses, salary and staff related expense and general office expenses. Debt collection has slowed down since 2013 owing to the economic deceleration and state-owned customers' prolonged payment cycle especially in the power generation and transmission sector in China.

Finance expenses decreased by 6.9% to RMB80.7 million for FY2014, from RMB86.7 million for FY2013. The decrease was mainly due to lower interest expenses resulting from the reduction in outstanding bank loans and short-term bank notes that are used to pay off trade payables.

As a result of the above factors, the Group reported a net loss of RMB161.6 million for FY2014.

CASH FLOW MANAGEMENT

The Group's operating profit before changes in working capital decreased 61.5% yoy to RMB84.2 million for FY2014 (FY2013: RMB218.5 million). Net cash of RMB157.7 million was used for operating activities in FY2014. The negative operating cash flow was mainly due to an operating loss, the increase in trade and other receivables and prepayments, and the decrease in trade payables and accrued operating expenses.

The overall working capital turnover days had increased to 153 days in FY2014 mainly due to the slower debt collection and stock turnover as a result of economic slowdown and operation streamline of state-owned customers.

Net cash of RMB16.3 million was used for replacement of old machinery and equipment in FY2014.

Net cash of RMB142.3 million was used for repayment of bank loans, financial lease obligation and corporate bonds. During the year, matured current loans and borrowings were repaid. Meanwhile, the Group utilized more of the short-term bank notes facilities. Loans from a director, amounting to RMB4.9 million, were obtained. In the meantime, short-term deposits pledged to banks, amounting to RMB63.6 million, were released in FY2014.

As a result, cash and cash equivalents decreased to RMB216.4 million from RMB528.2 million a year ago.

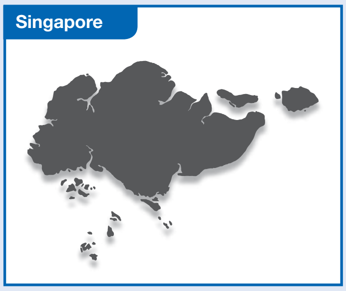
FINANCIAL POSITION

The Group reported RMB1,148.0 million for its total equity attributable to shareholder with net current assets of RMB492.6 million.

In tandem with its lower net asset value, net asset value per share decreased to RMB113.5 cents from RMB129.5 cents as at 31 December 2013.

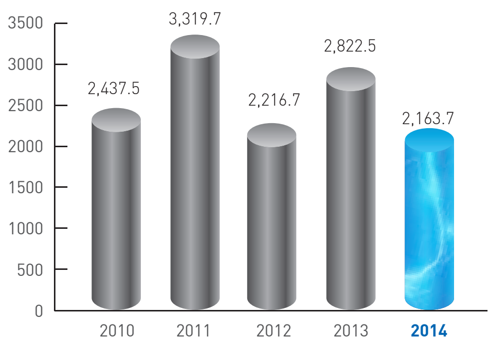
The Group's current ratio was reported to be 1.35 as at 31 December 2014. Net gearing ratio increased to 39.7% as at 31 December 2014, from 20.5% as at 31 December 2013 due to lower cash and bank balances.

Sales Network

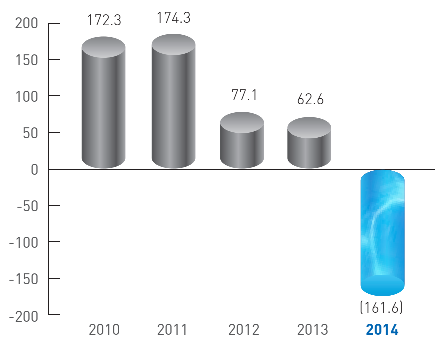


Financial Highlights

REVENUE (RMB Million)



NET PROFIT/(LOSS) (RMB Million)

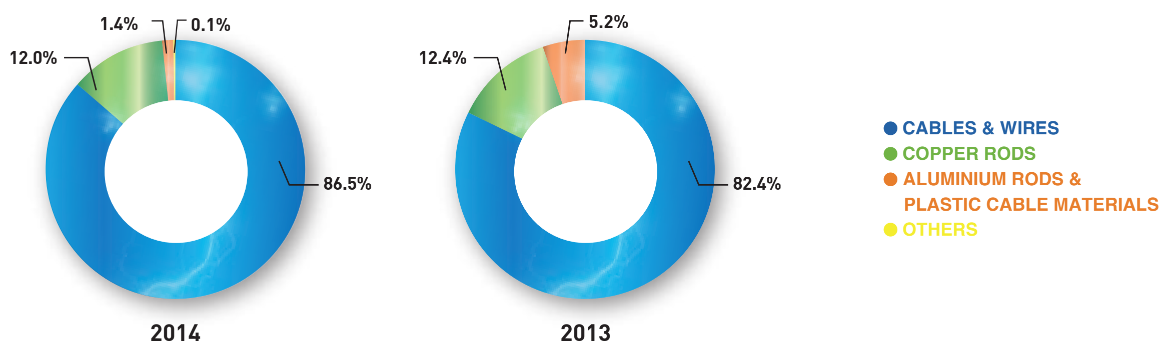


RMB'000	2014	2013
Consolidated Statement of Comprehensive Income		
Revenue	**2,163,740**	2,822,479
Gross profit	**204,043**	445,409
Total comprehensive (loss)/income attributable to owners of the Company	**(162,007)**	61,559
Balance Sheets		
Cash and bank balances	**216,446**	528,166
Total assets	**2,611,100**	3,007,272
Total liabilities	**1,463,149**	1,697,314
Equity attributable to owners of the Company	**1,147,951**	1,309,958
Consolidated Cash Flow Statement		
Net cash used in operating activities	**(157,678)**	(194,420)
Net cash used in investing activities	**(16,325)**	(47,590)
Net cash (used in)/generated from financing activities	**(73,683)**	282,036
Key ratios		
Gross Profit Margin	**9.4%**	15.8%
Net (Loss)/Profit Margin	**(7.5%)**	2.2%
Diluted Earnings Per Share (RMB)	**(0.16)**	0.06
Diluted Earnings Per TDR *(NTD)	**(0.97)**	0.39
Return on Equity ((loss)/profit after tax/average owners' equity)	**(14.0%)**	5.1%
Return on Assets ((loss)/profit after tax/average total assets)	**(6.1%)**	2.2%
Net Gearing Ratio**	**39.7%**	20.5%
Working capital turnover (in days)	**152.9**	90.8

* It was based on the average exchange rate for FY2014 (RMB:NTD=1:4.8709) and FY2013 (RMB:NTD=1:4.7916) respectively. Every TDR represents 1.25 ordinary shares.

** Please refer to page 88 of this annual report for further explanation.

REVENUE BREAKDOWN



Financial Contents

Report of Corporate Governance

The Board of Directors (the "**Board**") of Hu An Cable Holdings Ltd. (the "**Company**") is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (collectively, the "**Group**") to ensure greater transparency and to protect the interests of the Company's shareholders.

Shook Lin & Bok LLP is appointed as the corporate governance adviser to provide advice and guidance to the Group and the Board on corporate governance matters. The Board is pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"), save for deviation with reference to Guideline 3.1 (the Chairman and Chief Executive Officer should in principle be separate persons) and Guideline 14.3 (provision to allow corporations which provide nominee or custodial services to appoint more than two proxies), which are explained in this report.

This report sets out the Company's corporate governance processes and structures that were in place throughout the financial year, procedures with specific reference made to the principles and guidelines of the Code and the best practices issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Where there are deviations from the Code, appropriate explanations will be provided. The Board and the management of the Company will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group.

Matters which specifically require the Board's decision or approval included the Group's financial plans and annual budget, nominations of Directors for appointment to the Board and appointment of key personnel, acceptance of banking facilities, major financing, corporate financial restructuring plans and issuance of shares, funding decision of the Group, material acquisitions and disposals of assets, release of the Group's quarterly and full year financial results and all matters of strategic importance.

All other matters are delegated to committees whose actions are monitored by the Board. These committees ("**Board Committees**") operate within clearly defined terms of reference and functional procedures:

(a) Audit Committee;

(b) Nominating Committee;

(c) Remuneration Committee; and

(d) Risk Management Committee.

Report of Corporate Governance

To get a better understanding of the Group's business, the Company adopts a policy whereby Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with the management. Directors are also given the opportunity to visit the Group's operational facilities and meet with the management.

Whilst no new director was appointed during the financial year ended 31 December 2014, the Company has a policy for all newly appointed Directors to be given briefings by management on the Group's business activities and its strategic direction.

Directors will also receive regular updates on changes in the relevant laws and regulations, financial reporting standard, government policies, regulation and guidelines from SGX-ST, changing commercial risks and business conditions to enable them to make well-informed decisions.

The Company's Articles of Association provide for meetings by means of tele-conference and video-conference. The number of meetings held in the financial year ended 31 December 2014 ("**FY2014**") and the attendance by each member of the Board and Board Committees are as follows:

No. of meetings held	Board	Audit Committee	Remuneration Committee	Nominating Committee	Risk Management Committee
	6	**4**	**1**	**1**	**2**
Name of Members	**Attendance**	**Attendance**	**Attendance**	**Attendance**	**Attendance**
Dai Zhi Xiang	6	N.A.	N.A.	1	2
Wee Liang Hiam	6	4	1	1	2
Chen Timothy Teck Leng @ Chen Teck Leng*	6	4	1	1	2
Chan Cheng Hai**	6	4	1	N.A.	2
Chen Hsin Yuan	6	N.A.	N.A.	N.A.	2
Xue Ru	N.A.	N.A.	N.A.	N.A.	2

* Mr. Chen Timothy Teck Leng @ Chen Teck Leng resigned on 31 March 2015.
** Mr. Chan Cheng Hai resigned on 28 January 2015.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the board's decision making.

The Board, comprises five Directors, including one Executive Director and four Independent Directors, as at 31 December 2014, and comprises three Directors, including one Executive Director and two Independent Directors as at the date of this report. This composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors and further complies with the requirements contained in Guideline 2.2 whereby it is required that the independent directors should make up at least half of the Board where (a) the Chairman of the Board ("**Chairman**") and the Chief Executive Officer ("**CEO**") is the same person, (b) the Chairman and the CEO are immediate family members, (c) the Chairman is part of the management team, or (d) the Chairman is not an independent director. The Board is thus able to exercise objective judgment on corporate affairs independently.

As at 31 December 2014 and as at the date of this report, the Board comprises the following Directors:

Executive Director

Mr Dai Zhi Xiang	(CEO and Executive Chairman)

Independent Directors

Mr Wee Liang Hiam	(Lead Independent Director)
Mr Chen Hsin Yuan	(Independent Director)
Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Independent Director) (resigned on 31 March 2015)
Mr Chan Cheng Hai	(Independent Director) (resigned on 28 January 2015)

The independence of each Director is reviewed annually by the Nominating Committee (the "**NC**"). The NC adopts the definition in the Code as to what constitutes an independent director in its review that the Board consists of persons who, together, will provide core competencies necessary to meet the Group's objectives. Independent Directors of the Company are independent in character and judgement and there are no relationships with the Company, its related corporations, its shareholder(s) holding not less than 10% of the voting shares in the Company ("**10% shareholders**") or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. The Board, taking into account the NC's views, considers each of the abovenamed Independent Directors to be independent.

The Board through the NC has examined its size and is of the view that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company with consideration on recommendations of the Corporate Governance Council as and when announced. The NC is of the view that no individual or small group of individuals dominates the Board's decision making process.

The Board through the NC has considered the diversity of the Board, and is of the view that there is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business and management experience and strategic planning experience. Members of the Board are constantly communicating with management to provide advice and guidance on matters affecting the affairs and business of the Group, resulting in effective management of the Group's business and operations.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and CEO are both held by Mr Dai Zhi Xiang. As the Chairman and CEO, Mr Dai exercises control over the quality, quantity and timeliness of the flow of information between management and the Board. In addition, Mr Dai has full executive responsibilities of the overall business directions and operational decisions of the Group.

The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and CEO. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Mr. Dai Zhi Xiang's remuneration is reviewed by the Remuneration Committee, whose members comprise only Independent Directors of the Company.

Report of Corporate Governance

Mr Wee Liang Hiam is the Lead Independent Director of the Company to co-ordinate and lead the Independent Directors and acts as principal liaison between the Independent Directors and management and to provide non-executive perspectives and contribute a balanced viewpoint to the Board. He also sits as chairman of the NC as prescribed in Code.

All strategic and major decisions made by the Chairman and CEO are reviewed and approved by the Board collectively.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The Nominating Committee ("**NC**") comprises two Independent Directors and one Executive Director as at 31 December 2014 and comprises two Independent Directors and one Executive Director at the date of this report. The NC Chairman is an Independent Director and not directly or indirectly associated with a substantial shareholder of the Company. The composition of NC as at 31 December 2014 and as at the date of this report is as follows:–

Mr Wee Liang Hiam	(Chairman)
Mr Dai Zhi Xiang	(Member)
Mr Chen Hsin Yuan	(Member) (appointed on 31 March 2015)
Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Member) (resigned on 31 March 2015)

The main role of the NC is to make the process of Board appointments and re-appointments of Directors more transparent and to assess the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board.

The principal functions of the NC are as follows:

(a) making recommendations to the Board on all Board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including as an Independent Director. All Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

(b) determining annually whether or not a Director is independent;

(c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his/her duties as Director of the Company, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board;

(e) deciding how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;

(f) reviewing and approving any new employment of related persons and proposed terms of their employment; and

(g) reviewing and assessing candidates for senior management staff who are not Directors.

The NC has conducted an annual review of Directors' independence based on the Code's criteria for independence and is of the view that Messrs Wee Liang Hiam, Chen Timothy Teck Leng @ Chen Teck Leng, Chan Cheng Hai and Chen Hsin Yuan are independent.

All directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years. Under the Company's existing Articles of Association, one-third of the directors for the time being (except for the managing director, if any) (or if their number is not a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company.

All selection, appointment and re-appointment of Directors are reviewed and evaluated by the NC based on the candidates' experience, qualifications and contribution or potential contribution to the Company. Potential candidates to be appointed as new Directors will also be interviewed by the NC.

All directors are required to declare their board representations. When a Director has multiple board representation, the NC will consider whether the Director is able to adequately carry out his duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Company has a policy that a Director should not hold more than 5 listed company board representations, so as to be able to devote sufficient time and attention to the affairs of the Company to adequately discharge his duties as a director of the Company.

The NC has reviewed and recommended the re-election of Messrs Dai Zhi Xiang and Wee Liang Hiam who are retiring under Article 89 of the Articles of Association of the Company respectively at the forthcoming Annual General Meeting. The Board has accepted the above recommendations and the aforesaid Directors will be offering themselves for re-election or re-appointment, as the case may be, at the forthcoming Annual General Meeting.

The following key information regarding the Directors is set out in the following pages of this Annual Report:

(a)	pages 9 to 11	–	Academic and professional qualifications;
(b)	page 32	–	Board Committees served on (as a member or chairman), date of first appointment as director, date of last re-appointment, current and past directorship in other listed companies, whether appointment is executive or non-executive, or considered by the NC to be independent; and
(c)	page 98	–	Shareholding in the Company and its subsidiary.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

The NC decides on how the Board's performance is to be evaluated and to propose objective performance criteria which include the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct. A yearly Board's performance evaluation form is disseminated to all Directors. The Chairman of the NC will then make arrangements for the forms to be collated for review and discussion. The Board will review the feedback collectively, decide and agree on any action plan.

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The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the experience, knowledge and expertise critical to the Group's business and relevant to the Board Committees that they are members of. NC also reviews the contribution by each individual Director to the effectiveness of the Board as a whole and to its Board Committees having regard to the Director's performance and contribution (for example, attendance, preparedness, participation and candour).

Access to information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are furnished regularly with information from management about the Group as well as the relevant background information relating to the business to be discussed at Board meetings. In addition, all relevant information, on material events and transactions are circulated to Directors as and when they arise. Draft announcements will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNET. The Directors are also provided with the contact details of the Company's senior management and Company Secretaries to facilitate separate and independent access.

The Company Secretaries attend all Board and Board Committees meetings and are responsible for ensuring that proper procedures at such meetings are followed and that the Company complies with the applicable rules and regulations.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("**RC**") comprises the following three Independent Directors as at 31 December 2014 and comprises two Independent Directors at the date of this report. The Chairman is an Independent Director.

Mr Chen Hsin Yuan	(Chairman) (appointed on 31 March 2015)
Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Chairman) (resigned on 31 March 2015)
Mr Wee Liang Hiam	(Member)
Mr Chan Cheng Hai	(Member) (resigned on 28 January 2015)

Bearing in mind that the RC should comprise at least three directors, the Board is currently in the process of selecting a suitable candidate to be appointed as an Independent Director who would be replacing the resigning members' position in the RC.

The principal responsibilities of the RC are as follows:

(a) recommending to the Board a framework of remuneration for Directors and key executives, and to determine specific remuneration packages for each Director and the CEO (or executive of equivalent rank), if the CEO is not a Director, such recommendations to be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, and benefits in kind;

(b) in the case of service contracts, to consider what compensation commitments the Directors' or key executives' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) in respect of any share scheme and such other long-term incentive schemes (if any) as may be implemented, to consider whether Directors and key executives should be eligible for benefits under such long-term incentive schemes.

The recommendations of the RC would be submitted to the Board for endorsement. The RC will have to seek expert advice inside and/or outside the Company with regard to remuneration matters, if necessary. No individual Director is involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors respectively. The Directors' fees are subject to approval by the shareholders at each annual general meeting of the Company. The Independent Directors do not receive any other remuneration from the Company. A basic Director's fee of S$30,000 is paid to each member of the Board and additional fees are paid for being chairman and/or member of Board Committees using the following fee structure:

	Audit Committee (per annum)	Nominating Committee (per annum)	Remuneration Committee (per annum)	Risk Management Committee (per annum)
Chairman (additional)	S$10,000	S$5,000	S$5,000	Nil
Member	S$5,000	S$5,000	S$5,000	Nil

The remuneration of key executives comprised fixed salary and other benefits. Mr Dai Zhi Xiang, the CEO and Executive Chairman, is paid based on his service agreement with the Company. The agreement is for an initial period of three years commencing from 8 February 2010. Mr. Dai's agreement was automatically renewed for another three years (the "**Employment**") based on the same terms commencing from 8 February 2013. The agreement provided that either of the Company or Mr Dai may notify the other party by giving six (6) months written notice in writing prior to the expiry thereof, of its/his intention not to renew the Employment or in lieu of the said six (6) months' notice or part thereof, an amount equivalent to six (6) months of Mr Dai's last drawn salary.

The review of the remuneration of the key executives takes into consideration the performance and contributions of the staff to the Group and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

The Company does not have any employee share option schemes or other long-term incentive scheme for Directors or key executives at the moment.

Report of Corporate Governance

Disclosure of Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the Directors' remuneration, in percentage terms showing the level and mix of each of the Directors' remuneration for the financial year ended 31 December 2014, is as follows:

Directors	Fees (%)	Salary (%)	**Other Benefits (%)	Total (%)
Below $250,000				
Dai Zhi Xiang	–	99.3	0.7	100.0
Yeung Wai Wing*	100.0	–	–	100.0
Wee Liang Hiam	100.0	–	–	100.0
Chen Timothy Teck Leng @ Chen Teck Leng	100.0	–	–	100.0
Chan Cheng Hai	100.0	–	–	100.0
Chen Hsin Yuan	100.0	–	–	100.0

* Mr. Yeung Wai Wing resigned on 5 March 2014.
** Contributions to CPF or the equivalent authorities in the PRC.

The following table shows the remuneration payable to the Directors for the financial year ended 31 December 2014:

	Amount S$
Executive Director	
Dai Zhi Xiang	S$227,975
	S$227,975
Independent Directors	
Yeung Wai Wing	S$30,000
Wee Liang Hiam[(1)]	S$70,000
Chen Timothy Teck Leng @ Chen Teck Leng	S$50,000
Chan Cheng Hai	S$40,000
Chen Hsin Yuan	S$30,000
Total	S$220,000

Note:
(1) As part of the Company's effort to strengthen internal controls, Mr. Wee Liang Hiam has been appointed as a director to the Company's principal subsidiary in the PRC and is paid an additional director fee of RMB50,000 or equivalent to S$10,000 for taking on this additional role.

The Company has four key executives as at the date of this report. The total remuneration payable to the four key executives (who are not Directors of the Company) is S$691,117.10. The breakdown of remuneration of the four key executives in percentage terms for the financial year ended 31 December 2014 is as follows:

Key Executives	Fees (%)	Salary (%)	*Other Benefits (%)	Total (%)
Above S$250,000				
Xu Guochen	–	96.3	3.7	100.0
Below S$250,000				
Xue Ru	–	87.2	12.8	100.0
Zhou Jianjun	–	99.1	0.9	100.0
Huang Chaoze	–	96.2	3.8	100.0

* Contributions to CPF or the equivalent authorities in the PRC.

No employee of the Company and its subsidiaries was an immediate family member of any Director or CEO or a controlling shareholder and whose remuneration has exceeded S$50,000 during the financial year ended 31 December 2014.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to shareholders for the management of the Group. The Board will update shareholders on the operations and financial position of the Company through quarterly and full year financial results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. Management is accountable to the Board by providing the Board with the necessary financial information for the discharge of its duties.

In line with the requirements of SGX-ST, negative assurance confirmations on financial results were issued by the Directors, as well as confirmations from management, confirming that to the best of its knowledge, nothing had come to the attention of the Board which may render the Company's financial results to be false and misleading in any material aspect.

Risk Management and Internal Controls

Principle 11: The board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

Management frequently reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. The Group reviews all significant control policies and highlights all significant matters to the AC and Board. The financial risk management objectives and policies are outlined in the Financial Statements page 89 to page 95.

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The Board established the Risk Management Committee ("**RMC**") in November 2012. The RMC comprises the following five Directors and one key executive as at 31 December 2014 and comprises three Directors and one key executive as at the date of this report:

Directors	
Mr Dai Zhi Xiang	(Chairman)
Mr Wee Liang Hiam	(Member)
Mr Chen Hsin Yuan	(Member)
Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Member) (resigned on 31 March 2015)
Mr Chan Cheng Hai	(Member) (resigned on 28 January 2015)
Key Executive	
Ms Xue Ru	(Member)

The RMC shall meet at least once a year at appropriate times and otherwise as required. The Board set up the RMC to assist the Board in discharging its responsibilities to:–

- govern the company's risk;
- maintain and oversee a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets; and
- review and comment on the adequacy and effectiveness of the Company's risk management and internal control systems.

The Company's internal auditors conduct review of the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, maintained by the management (collectively, "**Internal Controls**"). Any material non-compliance or failures in Internal Controls, and recommendations for improvements, are reported to the RMC as well as the Audit Committee ("**AC**"). During the year, the AC also reviewed the effectiveness of the Company's Internal Controls and was satisfied that the Company's Internal Controls were sufficient to meet the needs of the Company in its current business environment. The AC also reported to the Board on the effectiveness of the Company's Internal Controls.

The Board, with the concurrence of AC, is of the opinion that, the system of Internal Controls maintained by the Group's management throughout the financial year ended 31 December 2014 is adequate to address the financial, operational, compliance, information technology and sustainability risks.

The Board and AC are of the opinion that, the Group's Internal Controls were adequate based on:

- The Internal Controls established and maintained by the Group;
- Reports issued by the internal auditors;
- Regular reviews performed by the management, and annual review undertaken by AC and the Board; and
- Confirmation by the management.

The Board has also received assurance from the CEO and the Chief Financial Officer (“**CFO**”) that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and

(b) the Company’s risk management and internal control systems are effective.

Audit Committee

Principle 12: The board should establish an Audit Committee (“AC”) with written terms of reference which clearly set out its authority and duties.

The AC comprises the following three Directors as at 31 December 2014 and comprises two Directors as at the date of this report, all of whom are Independent Directors and non-executive.

Mr Wee Liang Hiam	(Chairman)
Mr Chen Hsin Yuan	(Member) (appointed on 29 January 2015)
Mr Chen Timothy Teck Leng @ Chen Teck Leng	(Member) (resigned on 31 March 2015)
Mr Chan Cheng Hai	(Member) (resigned on 28 January 2015)

The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties, however, bearing in mind that the AC should comprise at least three directors, the Board is currently in the process of selecting a suitable candidate to be appointed as an Independent Director who would be replacing the resigning members’ position in the AC.

The AC holds periodic meetings and undertakes the following functions:

(a) reviewing the audit plans and reports of our internal and external auditors;

(b) reviewing of our financial statements before submission to the Board for approval;

(c) reviewing and considering the independence, objectivity, and appointment or re-appointment of the external auditors and matters relating to resignation or dismissal thereof before making recommendations to the Board, and approving their remuneration and terms of engagement;

(d) reviewing the adequacy and effectiveness of the Company’s Internal Controls;

(e) reviewing the interested person transactions (within the definition of the Listing Manual of SGX-ST) involving our Group in accordance with the Listing Manual of SGX-ST;

(f) reviewing and evaluating the effectiveness and adequacy of the administrative, operating, internal audit function and internal accounting and financial control procedures;

(g) reviewing the integrity of any financial information presented to shareholders;

(h) reviewing potential conflict of interests, if any;

(i) approving and reviewing all hedging policies and instruments to be implemented by our Group, if any; and

(j) generally undertake such other functions and duties as may be required by the Listing Manual of SGX-ST.

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Apart from the above functions, the AC will also commit and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. Each member of the AC will abstain in respect of matters in which he is interested.

The AC has full access to and co-operation of the management and external and internal auditors. It also has the discretion to invite any Director and key executive to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The AC also meets and has discussions with the external auditors and internal auditors without the presence of the Company's management annually. The Company is in compliance with Rules 712 and Rule 715 of the Listing Manual of SGX-ST whereby the Company appoints a suitable auditing firm to meet its audit obligations in respect of its own accounts and for its subsidiaries.

The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and those non-audit services in the AC's opinion would not affect the independence of the external auditors. In the AC's opinion, Ernst & Young LLP is suitable for re-appointment and it has accordingly recommended to the Board that Ernst & Young LLP be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

The aggregate amount of fees paid to the external auditors for audit and non-audit services for FY2014 are set as follows:

	Ernst & Young Singapore	**Overseas Ernst & Young Offices**
Audit fee	S$261,998	S$39,242
Non-audit fees	S$5,200	Nil
Total fees	**S$267,198**	**S$39,242**
Non-audit fees as a % of total fees	1.95%	Not Applicable

The Company has put in place a whistle-blowing policy, where employees of the Company and any other persons may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The AC ensures that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. The procedures for reporting such matters and the contact details of the AC have been made available on the Company's website.

The AC is briefed by the external auditors of changes to accounting standards and issues which have a direct impact on financial statements during the presentation of the audit planning memorandum and the audit report to the AC.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

In FY2014, the Company has outsourced its internal audit function to an independent third party accounting firm, Messrs. One e-Risk Services Pte Ltd (the "**IA**"). The IA meets the professional standards set out in the Code and reports directly to the AC. The IA will also carry out major internal control checks and compliance tests as instructed by the AC. The AC reviews the IAs' reports and ensures that there are adequate internal controls in the Group.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Listing Manual of the SGX-ST, the Company has issued additional announcements and press releases to update shareholders on the activities of the Company and the Group since its listing on the SGX-ST.

The Company does not practise selective disclosure. The Company ensures true and fair information is delivered adequately to all shareholders and to ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Price-sensitive information is first publicly released before the Company meets with any group of investors or analysts. Financial results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules).

The Company's Articles of Association presently do not permit a shareholder, including a corporation which provides nominee or custodial services, to appoint more than two proxies to attend and participate in shareholders' general meetings as proxies.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company adopted an investor relations policy (the "**Policy**") to promote regular, effective and fair communication with shareholders. The Policy is subject to regular review by the senior management and the Board to ensure its effectiveness and will be published on the Company's website in the "Investor Relations" section. Any material changes to the content will be amended subject to the approval of the Board.

The Company maintains a corporate website (www.huanholdings.com). The Company's business developments and operations, financial reports, announcements, news releases and other information are also posted on its corporate website. Both current information and archives of previously released information including presentation slides and announcements can be found under the "Investor Relations" section of the corporate website.

The Company also engages an external investor relation consulting firm to support the Group in promoting communication and investment community. The contact information of investor relation is stated in the corporate website. The management has conducted analyst briefings in FY2014 to solicit and understand the views of shareholders.

The Company is not paying dividends for FY2014 in order to preserve its cash holdings for the working capital requirements of the Company.

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Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Notices of general meetings are dispatched to shareholders, together with the annual report or circulars within the time notice period prescribed by the regulations. At shareholders' general meetings, shareholders are invited and given opportunities to air their views and ask Directors or management questions regarding the Company.

The Articles of Association of the Company allow members of the Company to appoint up to 2 proxies to attend and vote on their behalf in the event that they are unable to attend the general meeting.

The chairman of each Board Committee will be present and available to address questions at general meetings. External auditors will also be present at such meeting to assist the Directors to address any relevant queries from the shareholders, if necessary.

During the shareholders' general meeting held in FY2014, the Company put all resolutions to vote by poll. The detailed results (showing number of votes cast for and against each resolution and the respective percentages) of annual and extraordinary general meetings are disclosed by way of a Company Announcement on SGX-ST.

The Company Secretaries prepare minutes of general meetings, which incorporates substantial comments or queries, if any, from shareholders and responses from the Board, management and auditors.

(E) DEALINGS IN SECURITIES

The Company has adopted and implemented an internal policy, which is in line with Rule 1207(19) of the SGX-ST's Listing Manual, in relation to the dealing in securities of the Company. The Company and its officers are prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial results, and ending on the date of the announcements of the relevant results or when they are in possession of any unpublished price sensitive information on the Group.

Directors and officers are reminded not to deal in the Company's securities on consideration of a short-term nature.

(F) INTERESTED PERSON TRANSACTION

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board. Save as disclosed in the audited financial statements, there were no interested person transactions with aggregate value of S$100,000 or more for the financial year ended 31 December 2014.

(G) MATERIAL CONTRACTS

Other than the service agreement entered with the Executive Director, there are no material contracts of the Group or its subsidiaries involving the interest of any Director or controlling shareholder subsisting at the end of the financial year ended 31 December 2014.

(H) UTILISATION OF PROCEEDS FROM THE TAIWAN DEPOSITORY RECEIPTS ("TDRS") ISSUE

The Company refers to the proceeds of approximately NTD816.0 million (or equivalent to RMB170.0 million) raised from the Taiwan Depository Receipts issue in October 2010. As at the date of this report, the Company has utilized RMB170.0 million, the entire proceeds of the TDRs issue as per details in the table below.

(RMB mil)

Intended Use	Amount received	Amount used	Balance
Acquisition of new land and production machinery; and construction of new workshops and production lines	47.9	47.9	–
Set-up of a trading company in Taiwan	22.2	22.2	–
Repayment of existing loans	20.0	20.0	–
Working capital purpose	79.9	79.9	–
Total	**170.0**	**170.0**	**–**

The Company has made announcements via SGXNET on the final utilisation of the proceeds of the TDRs issue on 27 March 2015.

Report of Corporate Governance

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE

Name of Director	Age	Board Appointment Executive/ Non-Executive/ Independent	Date of First Appointment	Date of Last Re-appointment	Current Directorships or Chairmanships in other Listed Companies & Other Principal Commitments	Past (three years) Directorships or Chairmanships in other Listed Companies & Other Principal Commitments
Dai Zhi Xiang	48	CEO, Executive Chairman, RMC Chairman, NC Member.	31 December 2008	24 April 2013	Nil	Nil
Wee Liang Hiam	52	Lead Independent Director, AC & NC Chairman, RC & RMC Member.	28 October 2009	24 April 2013	Nil	• China Farm Equipment Limited • Asia Environment Holdings Ltd.
Chen Timothy Teck Leng @ Chen Teck Leng (resigned on 31 March 2015)	60	Independent Director, RC Chairman, AC, NC & RMC Member.	28 October 2009	30 April 2014	• XinRen Aluminium Holdings Ltd • TMC Education Corporation Ltd. • Logistic Holdings Ltd • Yangzijiang Shipbuilding (Holdings) Ltd	• Sunmart Holdings Limited • Tianjin Zhong Xin Pharmaceutical Group Limited
Chen Hsin Yuan*	42	Independent Director, RC Chairman, AC, NC & RMC Member.	1 March 2011	30 April 2014	Nil	Nil
Chan Cheng Hai (resigned on 28 January 2015)	72	Independent Director, AC, RC & RMC Member.	8 December 2010	18 April 2011	Permanent Honorary President of the Singapore Plastic Industry Association	Nil

* Mr. Chen Hsin Yuan has been appointed as AC member in place of Mr. Chan Cheng Hai with effect from 29 January 2015 and appointed as RC Chairman and NC member in place of Mr. Chen Timothy Teck Leng @ Chen Teck Leng with effect from 31 March 2015.

APPENDIX

Code of Corporate Governance
Specific principles and guidelines for disclosure

Relevant Principles or Guidelines	Page Reference in the Annual Report
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain board matters	17
Guideline 1.4 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings	18
Guideline 1.5 The type of material transactions that require Board approval under guidelines	17
Guideline 1.6 The induction, orientation and training provided to new and existing directors	18
Guideline 2.3 The Board should identify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	19
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	N.A.
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	N.A.
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	20

Report of Corporate Governance

Relevant Principles or Guidelines	Page Reference in the Annual Report
Guideline 4.4 The maximum number of listed company board representations which Directors may hold should be disclosed	21
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	21
Guideline 4.7 Key information regarding Directors, including which Directors are executive, non-executive or considered by the NC to be independent	21 & 32
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its Board Committees and each Director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the Company or any of its Directors. This assessment process should be disclosed in the Company's Annual Report	21
Guideline 7.1 Names of the members of the RC and the key term of reference of the RC, explaining its role and the authority delegated to it by the Board	22-23
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company	N.A.
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	23-24
Guideline 9.1 Remuneration of Directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel (who are not Directors or the CEO)	24-25

Relevant Principles or Guidelines	Page Reference in the Annual Report
Guideline 9.2 Fully disclose the remuneration of each individual Director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	24
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	25
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	25
Guideline 9.5 Details and important terms of employee share schemes	23
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	23

Report of Corporate Governance

Relevant Principles or Guidelines	Page Reference in the Annual Report
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	25-27
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	27
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	28
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	28
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	28
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day Briefings	29
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	29

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Hu An Cable Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

The directors of the Company in office at the date of this report are:

Dai Zhi Xiang
Wee Liang Hiam
Chen Hsin Yuan

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares, warrants and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and warrants of the Company, as stated below:

	Direct interest		Deemed interest	
Name of directors	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Ordinary shares of the Company				
Dai Zhi Xiang [1]	101,389,000	107,489,000	105,049,000	70,666,000

(1) Dai Zhi Xiang, the CEO and Executive Chairman is deemed interested in 5,049,000 Shares beneficially held by Dragon Sea Power Limited (a company incorporated in the British Virgin Islands) by virtue of his 100% shareholding interest in Dragon Sea Power Limited. He is also deemed interested in the 65,617,000 Shares in the Company held by his spouse, Wu ShunMei.

Directors' Report

Directors' interests in shares, warrants and debentures (continued)

There were no changes in the Directors' interest in the Company between the end of the financial year and 21 January 2015.

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares or warrants of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit committee

The audit committee ("**AC**") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Singapore Exchange Securities Trading Limited ("**SGX-ST**")'s Listing Manual, the Best Practice Guide of the SGX-ST, and the Code of Corporate Governance.

The functions performed by the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Dai Zhi Xiang
Director

Wee Liang Hiam
Director

8 April 2015

Statement by Directors

We, Dai Zhi Xiang and Wee Liang Hiam, being two of the directors of Hu An Cable Holdings Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Dai Zhi Xiang
Director

Wee Liang Hiam
Director

8 April 2015

Independent Auditor's Report

for the financial year ended 31 December 2014

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Hu An Cable Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2015

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	4	**2,163,740**	2,822,479
Cost of sales	15	**(1,959,697)**	(2,377,070)
Gross profit		**204,043**	445,409
Other income		**19,313**	19,412
Selling and distribution expenses		**(56,870)**	(109,351)
Administrative expenses		**(270,841)**	(196,995)
Finance expenses		**(80,740)**	(86,737)
(Loss)/profit before taxation	5	**(185,095)**	71,738
Taxation	6	**23,490**	(9,151)
(Loss)/profit for the year attributable to owners		**(161,605)**	62,587
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	21	**(402)**	(1,028)
Other comprehensive loss for the year, net of tax		**(402)**	(1,028)
Total comprehensive (loss)/income attributable to owners of the Company		**(162,007)**	61,559
Earnings per share			
Basic (RMB)	7	**(0.16)**	0.06
Diluted (RMB)	7	**(0.16)**	0.06

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Balance Sheets

as at 31 December 2014

		Group		Company	
		2014	2013	**2014**	2013
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets					
Property, plant and equipment	8	**546,048**	570,437	**12**	24
Intangible assets	9	**3,093**	3,459	**–**	–
Land use rights	10	**116,474**	118,859	**–**	–
Investments in subsidiaries	11	**–**	–	**678,281**	678,281
Deferred tax assets	12	**37,658**	11,885	**–**	–
Prepayments	13	**1,399**	2,612	**–**	–
Trade and other receivables	14	**6,547**	8,283	**–**	–
		711,219	715,535	**678,293**	678,305
Current assets					
Inventories	15	**72,504**	604,820	**–**	–
Prepayments	13	**83,142**	74,403	**65**	23
Trade and other receivables	14	**1,524,829**	1,084,348	**62,395**	64,169
Tax recoverable		**2,960**	–	**–**	–
Cash and bank balances	16	**216,446**	528,166	**54**	765
		1,899,881	2,291,737	**62,514**	64,957
Current liabilities					
Trade and other payables	17	**798,483**	867,721	**3,981**	1,590
Accrued operating expenses	17	**29,353**	48,831	**–**	–
Loans and borrowings	18	**512,782**	574,409	**–**	–
Corporate bonds	19	**66,660**	–	**–**	–
Provision for taxation		**–**	3,435	**–**	–
		1,407,278	1,494,396	**3,981**	1,590
Net current assets		**492,603**	797,341	**58,533**	63,367
Non-current liabilities					
Deferred tax liabilities	12	**117**	98	**–**	–
Trade and other payables	17	**–**	–	**7,538**	5,973
Loans and borrowings	18	**55,754**	122,820	**–**	–
Corporate bonds	19	**–**	80,000	**–**	–
		55,871	202,918	**7,538**	5,973
Net assets		**1,147,951**	1,309,958	**729,288**	735,699
Equity attributable to owners of the Company					
Share capital	20	**746,266**	746,266	**746,266**	746,266
Retained earnings/(accumulated losses)		**394,150**	547,884	**(16,978)**	(18,438)
Other reserves	21	**7,535**	15,808	**–**	7,871
Total equity		**1,147,951**	1,309,958	**729,288**	735,699

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2014

Group	Share capital (Note 20) RMB'000	Retained earnings RMB'000	Other reserves (Note 21) RMB'000	Total equity RMB'000
	Attributable to owners of the Company			
Balance at 1 January 2014	**746,266**	**547,884**	**15,808**	**1,309,958**
Loss for the year	**–**	**(161,605)**	**–**	**(161,605)**
Foreign currency translation	**–**	**–**	**(402)**	**(402)**
Total comprehensive loss for the year, net of tax	**–**	**–**	**(402)**	**(402)**
Contributions by and distribution to owners				
Expiry of equity-settled shares	**–**	**7,871**	**(7,871)**	**–**
Total contributions by and distribution to owners	**–**	**7,871**	**(7,871)**	**–**
Balance at 31 December 2014	**746,266**	**394,150**	**7,535**	**1,147,951**
Balance at 1 January 2013	656,395	493,717	8,416	1,158,528
Profit for the year	–	62,587	–	62,587
Other comprehensive loss				
Foreign currency translation	–	–	(1,028)	(1,028)
Total comprehensive loss for the year, net of tax	–	–	(1,028)	(1,028)
Contributions by and distribution to owners				
Issuance of ordinary shares for cash	89,946	–	–	89,946
Share issuance expense	(75)	–	–	(75)
Total contributions by and distribution to owners	89,871	–	–	89,871
Transfer to statutory reserve fund	–	(8,420)	8,420	–
Balance at 31 December 2013	746,266	547,884	15,808	1,309,958

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Company	Share capital (Note 20) RMB'000	(Accumulated losses)/ retained earnings RMB'000	Other reserves (Note 21) RMB'000	Total equity RMB'000
	Attributable to owners of the Company			
Balance at 1 January 2014	**746,266**	**(18,438)**	**7,871**	**735,699**
Loss for the year, representing total comprehensive loss for the year	**–**	**(6,411)**	**–**	**(6,411)**
Contributions by and distribution to owners				
Expiry of equity-settled shares	**–**	**7,871**	**(7,871)**	**–**
Total contributions by and distribution to owners	**–**	**7,871**	**(7,871)**	**–**
Balance at 31 December 2014	**746,266**	**(16,978)**	**–**	**729,288**
Balance at 1 January 2013	656,395	(10,164)	7,871	654,102
Loss for the year, representing total comprehensive loss for the year	–	(8,274)	–	(8,274)
Contributions by and distribution to owners				
Issuance of ordinary shares for cash	89,946	–	–	89,946
Share issuance expense	(75)	–	–	(75)
Total contributions by and distribution to owners	89,871	–	–	89,871
Balance at 31 December 2013	746,266	(18,438)	7,871	735,699

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Operating cash flows before changes in working capital (Note 16 (c))	**84,220**	218,461
Decrease in inventories	**524,609**	39,729
Increase in prepayments	**(13,592)**	(11,977)
Increase in trade and other receivables	**(580,609)**	(387,505)
(Decrease)/increase in trade and other payables	**(74,181)**	17,912
(Decrease)/increase in accrued operating expenses	**(18,616)**	12,703
Currency realignment	**(3)**	11
Cash used in operations	**(78,172)**	(110,666)
Interest income received	**8,068**	9,488
Interest expense paid	**(78,915)**	(79,221)
Taxation paid	**(8,659)**	(14,021)
Net cash used in operating activities	**(157,678)**	(194,420)
Cash flows from investing activities		
Purchase of intangible assets	**(533)**	(162)
Purchase of property, plant and equipment	**(18,594)**	(48,063)
Proceeds from disposal of property, plant and equipment	**2,802**	635
Net cash used in investing activities	**(16,325)**	(47,590)
Cash flows from financing activities		
Proceeds from issuance of new shares	**–**	89,946
Share issuance expense	**–**	(75)
Proceeds from loans and borrowings	**652,424**	712,715
Repayment of loans and borrowings	**(765,389)**	(587,500)
Proceeds from sales and leaseback arrangement	**–**	60,000
Repayment of obligations under financial lease	**(15,953)**	(12,018)
Loan from a director	**4,943**	–
Repayment of corporate bonds	**(13,340)**	–
Decrease in short-term deposits pledged to banks	**63,632**	18,968
Net cash (used in)/generated from financing activities	**(73,683)**	282,036
Net (decrease)/increase in cash and cash equivalents	**(247,686)**	40,026
Cash and cash equivalents at beginning of year	**273,102**	234,104
Effect of exchange rate changes on cash and cash equivalents	**(402)**	(1,028)
Cash and cash equivalents at end of year (Note 16(b))	**25,014**	273,102

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

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

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

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.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
Amendment to FRS 102 *Share-based Payment*	1 July 2014
Amendment to FRS 103 *Business Combinations*	1 July 2014
Amendments to FRS 108 *Operating Segments*	1 July 2014
Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Amendment to FRS 16 *Property, Plant and Equipment*	1 July 2014
Amendment to FRS 24 *Related Party Disclosures*	1 July 2014
Amendment to FRS 38 *Intangible Assets*	1 July 2014
Improvements to FRSs (February 2014)	
Amendment to FRS 103 *Business Combinations*	1 July 2014
Amendment to FRS 113 *Fair Value Measurement*	1 July 2014

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Foreign currency*

The financial statements are presented in Chinese Renminbi, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RMB at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

– Buildings	20 years
– Machinery and equipment	5 to 10 years
– Motor vehicles	5 years
– Office equipment	5 years

Construction-in-progress represents building under construction. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

Software and license

Software and license are initially measured at cost and amortised on a straight line basis over an estimated useful life of 3 to 10 years. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 50 years.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Cash and bank balances

Cash and bank balances comprise cash at bank and on hand.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and unpledged deposits in banks.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a weighted average basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share-based payment

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share plans and awards (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share awards are granted. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (“market conditions”) and non-vesting conditions, if applicable.

Certain employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (continued)

(b) Employee share-based payment (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if it was a modification of the original award, as described in the previous paragraph.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected until credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognized in profit or loss.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 23, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities/(assets) for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's income tax payables, deferred tax assets and deferred tax liability at 31 December 2014 are as disclosed in Note 6 and Note 12 respectively.

(b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 14 to the financial statements. If the present value of estimated future cash flows decrease by 5% from the past due trade receivables, the Group's allowance for impairment will increase by RMB24,000,000 (2013: increase by RMB15,000,000).

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

4. REVENUE

	Group 2014 RMB'000	2013 RMB'000
Sale of goods	**2,163,740**	2,822,479

Revenue represents invoiced trading sales to customers, less discounts given, and excludes Value Added Tax.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is stated after charging/(crediting):

	Group 2014 RMB'000	2013 RMB'000
Audit fees:		
– Auditors of the Company	**1,248**	1,334
– Other auditors	**412**	475
Non-audit fees:		
– Auditors of the Company	**25**	34
– Other auditors	**102**	74
Total audit and non-audit fees	**1,787**	1,917
Other income:		
– government subsidy	**(737)**	(2,263)
– interest income	**(8,068)**	(9,488)
– sale of scraps	**(1,348)**	(1,964)
– processing of raw materials	**(8,446)**	(2,975)
– gain from disposal of property, plant and equipment	**(153)**	(115)
Finance expense:		
– interest expense	**78,037**	82,003
– bank charges	**1,882**	3,099
Amortisation for:		
– intangible asset (Note 9)	**639**	616
– land use rights (Note 10)	**2,645**	2,631
Depreciation of property, plant and equipment (Note 8)	**35,616**	31,681
Impairment loss on doubtful trade and other receivables	**141,864**	37,926
Inventories written down (Note 15)	**7,707**	1,126
Impairment loss on property, plant and equipment (Note 8)	**10,759**	–
Provision for employee benefits	**16**	70
Property, plant and equipment written off	**253**	273
Professional fees	**2,743**	2,009
Employee benefits expense (Note 22)	**71,854**	95,695
Consultancy fees	**1,918**	5,125
Freight charges	**10,483**	20,508
Regulatory fees	**470**	109
Travelling expenses	**3,860**	6,603
Advertising expenses	**1,534**	4,553
Entertainment expenses	**10,068**	16,264
Repair and maintenance expenses	**10,533**	25,664

6. TAXATION

(a) Major components of income tax expense

	Group 2014 RMB'000	Group 2013 RMB'000
Current tax		
– Current year	**350**	14,451
– Under/(over) provision in prior year	**1,922**	(242)
Deferred tax		
– Origination and reversal of temporary differences	**(25,762)**	(5,058)
	(23,490)	9,151

(b) Relationship between tax expense and accounting (loss)/profit

The reconciliation of the tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2014 and 2013 is as follows:

	Group 2014 RMB'000	Group 2013 RMB'000
(Loss)/profit before taxation	**(185,095)**	71,738
Tax at domestic rates applicable to results in the countries where the Group operates	**(30,255)**	9,001
Income not subject to tax	**(1)**	(33)
Under/(over) provision of prior year tax	**1,922**	(242)
Deferred tax assets not recognised	**5,440**	–
Effect of tax relief	**(1,883)**	(5,826)
Effect of expenses not deductible for tax purposes	**1,770**	5,677
Others	**(483)**	574
Income tax expense recognised in the profit and loss account	**(23,490)**	9,151

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Taxes on profits assemble in People's Republic of China ("PRC"), Singapore and Taiwan have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

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6. TAXATION

(b) Relationship between tax expense and accounting (loss)/profit (continued)

PRC income tax

The major tax concessions applicable to the PRC companies of the Group are as follows:

Name of subsidiary	Details of tax concessions
Wuxi Hu An Wire and Cable Co., Ltd and Shenhuan Cable Technology Co., Ltd	For the year ended 31 December 2013 and 31 December 2014, the tax rate under High-Tech Enterprise Certification was 15%.

The corporate income tax rate used in computing taxes for other PRC companies of the Group was 25% for the year ended 31 December 2014 (2013: 25%).

Singapore income tax

The corporate income tax rate applicable to Singapore companies of the Group was 17% for the year ended 31 December 2014 (2013: 17%).

Taiwan income tax

The corporate income tax rate applicable to Taiwan company of the Group was 25% for the year ended 31 December 2014 (2013: 25%).

7. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's net (loss)/profit attributable to shareholders for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014	2013
(Loss)/profit net of tax attributable to ordinary equity holders of the Company used in the computation of basic and diluted earnings per share (RMB'000)	**(161,605)**	(62,587)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	**1,011,570**	968,008

There were no potentially dilutive ordinary shares in 31 December 2014 and 2013.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost						
At 1 January 2013	85,830	249,724	14,051	8,425	258,361	616,391
Additions	2,485	16,030	1,929	1,203	54,396	76,043
Transfers	–	26,953	–	–	(26,953)	–
Disposals	–	(57)	(1,915)	–	–	(1,972)
Write-offs	(20)	(1,282)	(133)	(814)	–	(2,249)
Currency realignment	–	–	(1)	(13)	–	(14)
At 31 December 2013 and 1 January 2014	**88,295**	**291,368**	**13,931**	**8,801**	**285,804**	**688,199**
Additions	**436**	**3,421**	**697**	**915**	**19,416**	**24,885**
Transfers	**531**	**31,041**	**–**	**2,332**	**(33,904)**	**–**
Disposals	**–**	**(2,839)**	**(376)**	**–**	**–**	**(3,215)**
Write-offs	**–**	**(1,803)**	**–**	**(7)**	**–**	**(1,810)**
Currency realignment	**–**	**–**	**–**	**3**	**–**	**3**
At 31 December 2014	**89,262**	**321,188**	**14,252**	**12,044**	**271,316**	**708,062**
Accumulated depreciation						
At 1 January 2013	20,906	57,556	5,101	5,949	–	89,512
Charge for the year	4,162	24,441	2,164	914	–	31,681
Disposals	–	(10)	(1,442)	–	–	(1,452)
Write-offs	(7)	(1,144)	(127)	(698)	–	(1,976)
Currency realignment	–	–	(1)	(2)	–	(3)
At 31 December 2013 and 1 January 2014	**25,061**	**80,843**	**5,695**	**6,163**	**–**	**117,762**
Charge for the year	**4,210**	**27,614**	**2,300**	**1,492**	**–**	**35,616**
Disposals	**–**	**(254)**	**(312)**	**–**	**–**	**(566)**
Write-offs	**–**	**(1,550)**	**–**	**(7)**	**–**	**(1,557)**
Impairment losses	**–**	**10,759**	**–**	**–**	**–**	**10,759**
Currency realignment	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2014	29,271	117,412	7,683	7,648	–	162,014
Net carrying amount						
At 31 December 2013	63,234	210,525	8,236	2,638	285,804	570,437
At 31 December 2014	**59,991**	**203,776**	**6,569**	**4,396**	**271,316**	**546,048**

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8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets pledged as security

The buildings and certain machinery and equipment are pledged to secure bank loans amounting to RMB59,991,000 (2013: RMB63,234,000) and RMB116,580,000 (2013: RMB119,000,000). Information regarding bank loans is disclosed in Note 18 (loans and borrowings).

Assets held under finance leases

During the financial year ended 31 December 2013, the Group entered into a sale and leaseback agreement for plant and equipment with an aggregate cost of RMB81,300,000 by means of finance leases. The cash inflow arising from the sales and leaseback arrangement amounted to RMB60,000,000.

The carrying amount of plant and equipment, office equipment and motor vehicles held under finance leases at the end of the reporting period were RMB38,074,000 (2013: RMB76,500,000), Nil (2013: RMB74,000) and RMB190,000 (2013: Nil) respectively. Leased assets are pledged as security for the related finance lease liabilities.

During the financial year, there are acquisition of property, plant and equipment amounting to RMB24,885,000 (2013: RMB76,043,000), in which RMB6,066,000 (2013: RMB27,880,000) is recorded as advances to suppliers (Note 13) and RMB 225,000 (2013: RMB100,000) recorded as purchases under finance lease. Cash outflows on acquisition of property, plant and equipment amounting to RMB18,594,000 (2013: RMB48,063,000).

During the financial year, a subsidiary of the Group within metal rods and plastic cable materials segment, Wuxi Shenhuan Electric Co., Ltd carried out a review of the recoverable amount of its machinery and equipment because the Group has suspended the production of copper rods and aluminium rods and significantly reduced the production of plastic cable materials. An impairment loss of RMB10,759,000 (2013: Nil), representing the write-down of these machinery and equipment to its recoverable amount was recognised (Note 5) for the financial year ended 31 December 2014. The recoverable amount of the machineries and equipment was based on its residual value.

Company	Office Equipment RMB'000
At 1 January 2013, 31 December 2013, 1 January 2014, 31 December 2014	**64**
Accumulated depreciation	
At 1 January 2013	28
Charge for the year	12
At 31 December 2013 and 1 January 2014	**40**
Charge for the year	**12**
At 31 December 2014	**52**
Net carrying amount	
At 31 December 2013	24
At 31 December 2014	**12**

9. INTANGIBLE ASSETS

Group	Software RMB'000	License RMB'000	Total RMB'000
Cost			
At 1 January 2013	3,825	2,100	5,925
Additions	162	–	162
At 31 December 2013 and 1 January 2014	**3,987**	**2,100**	**6,087**
Additions	**273**	**–**	**273**
At 31 December 2014	**4,260**	**2,100**	**6,360**
Accumulated amortisation			
At 1 January 2013	1,977	35	2,012
Charge for the year	406	210	616
At 31 December 2013 and 1 January 2014	**2,383**	**245**	**2,628**
Charge for the year	**429**	**210**	**639**
At 31 December 2014	**2,812**	**455**	**3,267**
Net carrying amount			
At 31 December 2013	1,604	1,855	3,459
At 31 December 2014	**1,448**	**1,645**	**3,093**

Software

Software has an estimated average remaining amortisation period of 3 years (2013: 4 years) as at 31 December 2014.

License

License has an estimated average remaining amortisation period of 8 years (2013: 9 years) as at 31 December 2014.

Amortisation expense

The amortisation of software and license costs is included in the "Administrative expenses" line in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

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10. LAND USE RIGHTS

	Group	
	2014	2013
	RMB'000	RMB'000
Cost		
At 1 January	**131,192**	131,192
Additions	**260**	–
At 31 December	**131,452**	131,192
Accumulated amortisation		
At 1 January	**12,333**	9,702
Amortisation for the year	**2,645**	2,631
At 31 December	**14,978**	12,333
Net carrying amount	**116,474**	118,859
Amount to be amortised		
Not later than one year	**2,645**	2,631
Later than one year but not later than five years	**10,580**	10,525
Later than five years	**103,249**	105,703
	116,474	118,859

The Group has land use rights over nine plots of state-owned land in the PRC where the Group's operating facilities reside. The land use rights have remaining tenures ranging from 38 to 48 years (2013: 39 to 49 years) as at 31 December 2014.

The Group's land use rights and buildings with a carrying amount of RMB116,474,000 (2013: RMB118,859,000) are mortgaged to secure the Group's bank loans (Note 18).

The amortisation of land use rights is included in the "Administrative expenses" line in the consolidated statement of comprehensive income.

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RMB'000	RMB'000
Unquoted equity shares, at cost	**678,281**	678,281

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries of the Group and Company at the end of the financial year are as follows:

Name	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2014	2013
Held by the Company				
Wuxi Hu An Wire and Cable Co., Ltd. (1)	Manufacture and sale of wire, cable (electrical) and related products	People's Republic of China	**100.00**	100.00
Wuxi Shenhuan Electric Co., Ltd. (1)	Manufacture and sale of copper and aluminium rods, plastic cable materials and other auxiliary materials	People's Republic of China	**66.70**	66.70
Shenhuan Cable Technology Co., Ltd. (1)	Research, development and manufacturing of ultra-high voltage cables; and research and development of special wire and cable materials and accessories	People's Republic of China	**71.21**	71.21
Shenhuan Wire & Cable Co., Ltd. (2)	Trading of electrolytic copper, scrapped copper, electrolytic aluminium, scrapped aluminium, scrapped plastics, wire and cables.	Taiwan	**100.00**	100.00
Shenhuan Cable (Singapore) Pte. Ltd. (3)	Investment holding.	Singapore	**100.00**	–
Held through Wuxi Hu An Wire and Cable Co., Ltd.				
Wuxi Shenhuan Electric Co., Ltd. (1)	Manufacture and sale of copper and aluminium rods, plastic cable materials and other auxiliary materials	People's Republic of China	**33.30**	33.30
Wuxi Hu An Cable Research Centre Co., Ltd. (1)	Research and development of wire, cable and related products (currently dormant)	People's Republic of China	**100.00**	100.00
Hu An Electric (Singapore) Pte Ltd. (3)	Manufacture of wire and cable products and general wholesale trade	Singapore	**100.00**	100.00
Held through Wuxi Shenhuan Electric Co., Ltd.				
Shenhuan Cable Technology Co., Ltd. (1)	Research, development and manufacturing of ultra-high voltage cables; and research and development of special wire and cable materials and accessories	People's Republic of China	**28.79**	28.79

(1) Audited by Wuxi Yixing Accounting Firm Co., Ltd. for PRC statutory audit purpose
(2) Audited by Ernst & Young Taiwan
(3) Audited by Ernst & Young LLP, Singapore

Notes to the Consolidated Financial Statements

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12. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**117**	98	**19**	96
Deferred tax assets:				
Allowance for doubtful debts	**(33,213)**	(11,127)	**(22,086)**	(5,689)
Allowance for inventories written down	**(1,249)**	(169)	**(1,080)**	(169)
Unutilised tax losses	**(3,196)**	(589)	**(2,615)**	704
Total deferred tax assets	**(37,658)**	(11,885)		
Deferred tax credit			**(25,762)**	(5,058)

On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui [2008] No. 001, which states that distribution of dividends after 1 January from pre-2008 profits will be exempt from withholding tax on distribution to foreign investors. As a result, there should be no deferred tax liabilities arising from undistributed profits of the Company's PRC subsidiaries accumulated up till 31 December 2007. Provision for deferred tax liabilities, however, would be required to the extent on profits accumulated from 1 January 2008 onwards.

Unrecognised temporary differences relating to investments in subsidiaries:

As at 31 December 2014 and 31 December 2013, no deferred tax liability has been recognised for withholding tax that would be payable on certain undistributed earnings of the PRC subsidiaries as the Group has determined that portion of the undistributed earnings of its PRC subsidiaries will not be distributed in the foreseeable future. Such temporary difference for which no deferred tax has been recognised aggregate to approximately RMB431,833,000 (2013: RMB431,833,000) and the deferred tax liability is estimated at approximately RMB21,592,000 (2013: 21,592,000).

13. PREPAYMENTS

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Prepayments (current)				
Advances to suppliers	**82,907**	74,380	**–**	–
Prepaid expenses	**235**	23	**65**	23
	83,142	74,403	**65**	23
Prepayment (non-current)				
Prepaid expenses	**1,399**	2,612	**–**	–
	84,541	77,015	**65**	23

Advances to suppliers relate to advance payments made to suppliers for the purchase of raw materials and property, plant and equipment amounting to RMB46,858,000 (2013: RMB32,265,000) and RMB36,049,000 (2013: RMB41,154,000) respectively.

14. TRADE AND OTHER RECEIVABLES

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Trade and other receivables (current):				
Trade receivables (billed)	**679,087**	1,026,974	**–**	–
Trade receivables (unbilled)	**715,646**	–	**–**	–
Bills of exchange and promissory notes	**1,383**	15,898	**–**	–
Refundable deposits	**15,307**	26,427	**–**	–
Other receivables	**113,406**	15,049	**–**	–
Amounts due from subsidiaries	**–**	–	**62,395**	64,169
	1,524,829	1,084,348	**62,395**	64,169
Trade receivables (non-current)	**547**	2,283	**–**	–
Refundable deposits (non-current)	**6,000**	6,000	**–**	–
	6,547	8,283	**–**	–
Total trade and other receivables (current and non-current)	**1,531,376**	1,092,631	**62,395**	64,169
Cash and bank balances (Note 16)	**216,446**	528,166	**54**	765
Total loans and receivables	**1,747,822**	1,620,797	**62,449**	64,934

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at 31 December 2014, retention sums included in trade receivables amounted to RMB90,109,000 (2013: RMB118,826,000).

Unbilled revenue

Unbilled revenue represents revenue earned on goods delivered but not billed as at the balance sheet date.

Bills of exchange and promissory notes

These receivables are non-interest bearing and are generally transferred to pay off trade creditors.

Refundable deposits

Refundable deposits include tender deposits the Group has placed with potential customers or agents engaged as middle persons to bid in upcoming projects. These deposits are refunded once the tendering is over.

Amount due from a subsidiary

Amount due from a subsidiary is unsecured, non-interest bearing and is repayable upon demand.

(a) Credit risk by business segments

The maximum exposure to credit risk for trade receivables at the balance sheet date by business segment is:

	Group	
	2014	2013
	RMB'000	RMB'000
Wires and cables	**1,390,799**	994,304
Metal rods and plastic cable materials	**4,481**	34,953
	1,395,280	1,029,257

(b) Receivables that are past due but not impaired

The Group has trade receivables amounting to RMB482,380,000 (2013: RMB305,667,000) that are past due but not impaired at the end of the reporting period. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Trade receivables past due but not impaired:		
Less than 90 days	**195,652**	156,677
90 to 180 days	**252,763**	136,150
181 to 365 days	**33,965**	12,840
	482,380	305,667

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Receivables that are impaired

The Group's receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2014 RMB'000	Group 2013 RMB'000
Trade receivables – nominal amounts	**248,945**	87,024
Less: Allowance for impairment	**(214,980)**	(74,184)
	33,965	12,840
Movement in allowance accounts:		
At 1 January	**74,184**	36,258
Charge for the year	**140,796**	37,926
At 31 December	**214,980**	74,184

	Group 2014 RMB'000	Group 2013 RMB'000
Other receivable:		
Trade receivables – nominal amounts	**1,150**	–
Less: Allowance for impairment	**(1,068)**	–
	82	–
Movement in allowance accounts:		
At 1 January	**–**	–
Charge for the year	**1,068**	–
At 31 December	**1,068**	–

Receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are subject to uncertainty on their recoverability. These receivables are not secured by any collateral or credit enhancements.

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15. INVENTORIES

	Group	
	2014	2013
	RMB'000	RMB'000
Balance sheet:		
Raw materials (at cost or net realisable value)	**22,805**	112,499
Work-in-progress (at cost or net realisable value)	**11,874**	403,199
Finished goods (at cost or net realisable value)	**35,843**	86,741
Spares and consumables (at cost)	**1,982**	2,381
	72,504	604,820
Income statement:		
Inventories recognised as an expense in cost of sales	**1,717,166**	2,274,851
Inventories written-down	**7,707**	1,126

16. CASH AND BANK BALANCES

(a) *Cash and short-term deposits*

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at banks and on hand	**25,014**	273,102	**54**	765
Short-term deposits	**191,432**	255,064	**–**	–
Cash and short-term deposits	**216,446**	528,166	**54**	765

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2014 for the Group was 2.79% (2013: 2.74%).

Short-term deposits of the Group amounting to RMB191,432,000 (2013: RMB255,064,000) are pledged as securities for notes payables (Note 17).

(b) *Cash and cash equivalents*

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2014	2013
	RMB'000	RMB'000
Cash at banks and on hand, representing cash and cash equivalents	**25,014**	273,102

16. CASH AND BANK BALANCES (CONTINUED)

(c) Cash flow from operating activities

	Group	
	2014	2013
	RMB'000	RMB'000
(Loss)/profit before taxation	**(185,095)**	71,738
Adjustments for:		
Amortisation of intangible asset and land use rights	**3,284**	3,247
Depreciation of property, plant and equipment	**35,616**	31,681
Impairment loss on doubtful trade and other receivables	**141,864**	37,926
Gain from disposal of property, plant and equipment	**(153)**	(115)
Property, plant and equipment written-off	**253**	273
Impairment loss on property, plant and equipment	**10,759**	–
Interest income	**(8,068)**	(9,488)
Interest expense	**78,037**	82,003
Inventories written down	**7,707**	1,126
Provision for employee benefits	**16**	70
Operating profit before changes in working capital	**84,220**	218,461

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade and other payables:				
Trade payables	**228,195**	219,913	**–**	–
Other payables	**36,896**	20,638	**1,744**	1,590
Notes payables	**460,024**	595,000	**–**	–
Advances from customers	**68,425**	32,170	**–**	–
Amount due to a director	**4,943**	–	**2,237**	–
Total trade and other payables	**798,483**	867,721	**3,981**	1,590
Add:				
Accrued operating expenses	**29,353**	48,831	**–**	–
Corporate bonds (Note 19)	**66,660**	–	**–**	–
Loans and borrowings (current) (Note 18)	**512,782**	574,409	**–**	–
	1,407,278	1,490,961	**3,981**	1,590
Non-current liabilities				
Amounts due to subsidiaries	**–**	–	**7,538**	5,973
Loans and borrowings (non-current) (Note 18)	**55,754**	122,820	**–**	–
Corporate bonds (Note 19)	**–**	80,000	**–**	–
Total financial liabilities carried at amortised cost	**1,463,032**	1,693,781	**11,519**	7,563

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17. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables

Trade and other payables are unsecured and non-interest bearing. Trade payables are normally settled on 60-day terms while other payables have an average term of six months.

Notes payables

Notes payables are secured by short-term deposits (Note 16) with maturity period ranging from two to five months from balance sheet date.

Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing, and are to be settled in cash.

Amounts due to a director

These amounts are unsecured, non-interest bearing, and are to be settled in cash.

18. LOANS AND BORROWINGS

	Group	
	2014	2013
	RMB'000	RMB'000
Current:		
Obligations under finance leases (Note 24(c))	**22,533**	21,194
Fixed rate bank loans	**107,249**	201,000
Floating rate bank loans	**383,000**	352,215
	512,782	574,409
Non-current:		
Obligations under finance leases (Note 24(c))	**11,754**	28,820
Floating rate bank loans	**44,000**	94,000
	55,754	122,820

(a) Effective interest rate

The effective interest rates of bank loans are as follows:

	Group	
	2014	2013
Current:		
Fixed rate bank loans	**5.51% – 7.50%**	6.00% – 7.50%
Floating rate bank loans	**2.06% – 7.80%**	2.06% – 7.80%
Non-current:		
Floating rate bank loans	**7.59%**	7.59%

18. LOANS AND BORROWINGS (CONTINUED)

(b) Maturity date

Fixed rate and floating rate of bank loans have various maturity dates till:

	Group	
	2014	2013
Current:		
Fixed rate bank loans	**25 Nov 2015**	22 Oct 2014
Floating rate bank loans	**22 Sep 2015**	13 Oct 2014
Non-current:		
Floating rate bank loans	**7 Aug 2016**	7 Aug 2016

(c) Collaterals

Current:

Fixed rate bank loans

These loans are secured by a charge over land use rights and buildings, and plant and machineries issued and/or guarantees by:

	Group	
	2014	2013
	RMB'000	RMB'000
A director of the Company	**–**	71,000
Directors of the Company and subsidiaries	**13,249**	8,500
Third parties and a director of the Company	**35,000**	44,000
Third parties and directors of the Company and subsidiaries	**59,000**	77,500
	107,249	201,000

Current:

Floating rate bank loans

These loans are secured by a charge over land use rights and buildings, and plant and machineries issued and/or guarantees by:

	Group	
	2014	2013
	RMB'000	RMB'000
A director of the Company	**93,000**	68,215
Third parties	**–**	22,000
Third parties and a director of the Company	**87,000**	152,000
Third parties, directors of the Company and subsidiaries	**203,000**	110,000
	383,000	352,215

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18. LOANS AND BORROWINGS (CONTINUED)

(c) *Collaterals (continued)*

Non-current:

Floating rate bank loans

These loans are secured by a charge over land use rights and buildings, and plant and machineries issued and/or guarantees by:

	Group 2014 RMB'000	Group 2013 RMB'000
A director of the Company	**12,000**	14,000
Third parties and a director of the Company	**32,000**	80,000
	44,000	94,000

(d) *Obligations under finance leases*

These obligations are secured by a charge over the leased assets (Note 8). The average discount rate implicit in the leases is 6.7% p.a (2013: 6.5% p.a). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

19. CORPORATE BONDS

	Group 2014 RMB'000	Group 2013 RMB'000
Secured corporate bonds (non-current)	**–**	80,000
Secured corporate bonds (current)	**66,660**	–

A subsidiary of the Group had raised gross proceeds of RMB80 million through the offering of private corporate bonds on the Shenzhen Stock Exchange to approved investors within the People's Republic of China on 5 September 2012. The bonds are issued with a maturity period of 3 years and will mature on 29 August 2015.

Interest is payable annually in arrears. The nominal interest rate for the first 2 years of the term of the bonds is fixed at 10% p.a. having regard to prevailing market conditions. The interest rate for the third year of the term may be adjusted by the subsidiary and the bondholders shall have the right to require the subsidiary to redeem the bonds. Any upward adjustment of the interest rate shall comply with the then prevailing PRC regulations on maximum interest rate chargeable and any downward adjustment of the interest rate shall not fall below the fixed deposit rate for non-breakable fixed deposit of similar duration.

19. CORPORATE BONDS (CONTINUED)

These bonds are secured by a guarantee from:

	Group	
	2014	2013
	RMB'000	RMB'000
A director of the Company and a subsidiary	**66,660**	80,000

20. SHARE CAPITAL

	Group and Company			
	2014		2013	
	No. of shares '000	**RMB'000**	No. of shares '000	RMB'000
Issued and fully paid ordinary shares				
At 1 January	**1,011,570**	**746,266**	861,570	656,395
Issuance of ordinary shares for cash	**–**	**–**	150,000	89,946
Share issuance expense	**–**	**–**	–	(75)
At 31 December	**1,011,570**	**746,266**	1,011,570	746,266

21. OTHER RESERVES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Statutory reserve [(a)]	**93,792**	93,792	**–**	–
Employee share-based payment reserve [(b)]	**–**	7,871	**–**	7,871
Merger reserve [(c)]	**(84,201)**	(84,201)	**–**	–
Translation reserve [(d)]	**(2,056)**	(1,654)	**–**	–
	7,535	15,808	**–**	7,871

(a) Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries of the Group in the People's Republic of China ("PRC"), the subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the respective subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

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21. OTHER RESERVES (CONTINUED)

(a) Statutory reserve (continued)

	Group	
	2014	2013
	RMB'000	RMB'000
At beginning of year	**93,792**	85,372
Transferred from retained earnings	**–**	8,420
At end of year	**93,792**	93,792

(b) Employee share-based payment reserve

Employee share-based payment reserve represents the equity-settled shares granted to employees (Note 23). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares, and is reduced by the expiry or release of such shares.

	Group	
	2014	2013
	RMB'000	RMB'000
At 1 January	**7,871**	7,871
Expiry of equity-settled shares	**(7,871)**	–
At 31 December	**–**	7,871

(c) Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of a subsidiary restructured under common control.

(d) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group and Company	
	2014	2013
	RMB'000	RMB'000
At 1 January	**(1,654)**	(626)
Net effect of exchange differences arising from translation of financial statements of foreign operations	**(402)**	(1,028)
At 31 December	**(2,056)**	(1,654)

22. EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	2013
	RMB'000	RMB'000
Short-term employee benefits	**63,772**	87,747
Contributions to defined contribution plan	**8,082**	7,948
	71,854	95,695

23. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its products as follows:

(a) The wire and cable products segment manufactures wires, power cables, control cables, aerial cables, rubber cables and special cables. The wire and cable products are widely used in power generation plants, power transmission and distribution grids, coal mining and shipping industries, transportation networks, infrastructure and real estate projects, various electrical equipment and devices for industrial and household uses.

(b) The metal rods and plastic cable materials segment manufactures copper and aluminium rods, plastic cable materials such as insulating materials, sheath materials and other auxiliary materials and sells to the wires and cables manufacturers.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Notes to the Consolidated Financial Statements

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23. SEGMENT REPORTING (CONTINUED)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Wires and cables		Metal rods and plastic cable materials		Others		Adjustments and eliminations		Note	Total	
31 December	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000		2014 RMB'000	2013 RMB'000
Revenue:											
External customers	1,874,130	2,325,268	289,610	496,579	–	632	–	–		2,163,740	2,822,479
Inter-segment	84,728	187,567	547,297	716,821	–	–	(632,025)	(904,388)	A	–	–
Total revenue	1,958,858	2,512,835	836,909	1,213,400	–	632	632,025	(904,388)		2,163,740	2,822,479
Results:											
Interest income	6,905	7,018	1,159	2,463	66	7	(62)	–		8,068	9,488
Depreciation and amortisation	34,703	30,517	4,185	4,399	12	12	–	–		38,900	34,928
Impairment loss on doubtful trade and other receivables	141,864	37,926	–	–	–	–	–	–		141,864	37,926
Impairment loss on property, plant and equipment	–	–	10,759	–	–	–	–	–		10,759	–
Inventories written down	7,388	1,126	319	–	–	–	–	–		7,707	1,126
Segment profit/(loss)	(143,008)	80,483	(16,437)	526	(6,494)	(20,764)	4,334	2,342		(161,605)	62,587

The following table presents segment assets and liabilities of the Groups' operating segments as at 31 December 2014 and 31 December 2013:

	Wires and cables		Metal rods and plastic cable materials		Others		Adjustments and eliminations		Note	Total	
31 December	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000		2014 RMB'000	2013 RMB'000
Assets:											
Additions to non-current assets	22,398	71,539	3,020	4,666	–	–	–	–	B	25,418	76,205
Segment assets	2,544,696	2,841,567	412,424	521,556	749,563	752,381	(1,095,583)	(1,108,232)	C	2,611,100	3,007,272
Segment liabilities	1,606,396	1,734,489	176,980	269,675	11,781	7,720	(332,008)	(314,570)	D	1,463,149	1,697,314

23. SEGMENT REPORTING (CONTINUED)

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of additions to property, plant and equipment and other intangible assets.

C The following items are deducted from segments assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2014	2013
	RMB'000	RMB'000
Deferred tax assets	**37,658**	11,885
Inter-segment assets	**(1,133,241)**	(1,120,117)
	(1,095,583)	(1,108,232)

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2014	2013
	RMB'000	RMB'000
Deferred tax liabilities	**117**	98
Inter-segment liabilities	**(332,125)**	(314,668)
	(332,008)	(314,570)

Geographical information

The geographical segment reporting format is not presented as the Group mainly operates in one geographical segment. 99.2% (2013: 99.4%) of sales are transacted in the PRC which provide the Group with similar risks and returns. For this reason, the management and the directors are of the opinion that the Group only has one geographical segment.

Information about a major customer

Revenue from one major customer amounted to RMB284,174,000 (2013: RMB422,961,000) arising from sales by the wires and cables segment.

24. COMMITMENTS

(a) Operating lease commitments – as lessee

In addition to the land use rights disclosed in Note 10, the Group has entered into commercial leases on premises. These operating leases are for a tenure of between 1 to 2 years (2013: 1 to 3 years). Certain leases include options to renew the leases after expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these leases.

Minimum lease payments, including amortisation of land use rights recognised as an expense in profit or loss for the financial year ended 31 December 2014 amounted to RMB4,244,733 (2013: RMB4,683,000).

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24. COMMITMENTS (CONTINUED)

(a) *Operating lease commitments – as lessee (continued)*

Future minimum lease payments under non-cancellable operating leases (excluding land use rights) at the end of the reporting period are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Non-cancellable amounts payable:		
– within 1 year	**356**	873
– within 2 to 5 years	**4**	54
	360	927

(b) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the consolidated financial statements are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Capital commitments in respect of property, plant and equipment	**34,238**	22,224

(c) *Finance lease commitments*

The Group has finance leases for certain items of machinery and equipment and office equipment. The average lease term is 3 years. Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 6.61% to 6.71% (2013: 6.21% to 6.71%) per annum for the year ended 31 December 2014. All leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations were denominated in the functional currencies of the respective entities.

The Group's obligations under finance leases were secured by the charge over the leased assets.

24. COMMITMENTS (CONTINUED)

(c) Finance lease commitments (continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2014 RMB'000 Minimum lease payments	Group 2014 RMB'000 Present value of payments (Note 18)
Not later than one year	**24,335**	22,533
Later than one year but not later than five years	**12,023**	11,754
Total minimum lease payments	**36,358**	34,287
Less: Amounts representing finance charges	**(2,071)**	–
Present value of minimum lease payments	**34,287**	34,287

25. RELATED PARTY DISCLOSURES

Compensation of directors and key management personnel

	Group 2014 RMB'000	Group 2013 RMB'000
Short-term employee benefits	**5,726**	7,395
Central Provident Fund contributions	**137**	240
	5,863	7,635
Comprise amounts payable to:		
– Directors of the Company	**4,094**	4,630
– Other key management personnel	**1,769**	3,005
	5,863	7,635

The remuneration of key management personnel is determined by the directors having regard to the performance of individuals and market trends.

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26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2014.

As disclosed in Note 21, the subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is total loans and borrowings less cash and cash equivalents divided by total capital. Total capital includes equity attributable to equity holders of the Company less the above mentioned restricted statutory reserve fund.

	Group	
	2014	2013
	RMB'000	RMB'000
Loans and borrowings (Note 18)	**568,536**	697,229
Corporate bonds (Note 19)	**66,660**	80,000
Less: Cash and bank balances (Note 16)	**(216,446)**	(528,166)
Net debt	**418,750**	249,063
Equity attributable to equity holders of the Company	**1,147,951**	1,309,958
Less: Statutory reserve (Note 21)	**(93,792)**	(93,792)
Total capital	**1,054,159**	1,216,166
Gearing ratio	**40%**	21%

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. It is, and has been throughout the current period and previous financial years, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 14.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2014		2013	
	RMB'000	**% of total**	RMB'000	% of total
State-owned companies	**1,130,191**	**81**	700,738	68
Non-state owned companies	**265,089**	**19**	328,519	32
	1,395,280	**100**	1,029,257	100

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Exposure to credit risk (continued)

The Group has approximately 32% (2013: 41%) of trade receivables due from 5 major customers located in the PRC as at 31 December 2014.

Financial assets that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's liquidity risk management policy is that to maintain sufficient liquid financial assets and stand-by credit facilities with different banks and business alliances.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

The table below summarises the maturity profile of the Group and Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

	2014		
Group	**One year or less RMB'000**	**One to five years RMB'000**	**Total RMB'000**
Financial assets:			
Trade and other receivables	**1,524,829**	**6,547**	**1,531,376**
Cash and cash equivalents	**216,446**	**–**	**216,446**
Total undiscounted financial assets	**1,741,275**	**6,547**	**1,747,822**
Financial liabilities:			
Trade and other payables	**798,483**	**–**	**798,483**
Accrued operating expenses	**29,353**	**–**	**29,353**
Loans and borrowings	**533,802**	**57,912**	**591,714**
Corporate bonds	**73,326**	**–**	**73,326**
Total undiscounted financial liabilities	**1,434,964**	**57,912**	**1,492,876**
Total net undiscounted financial assets/(liabilities)	**306,311**	**(51,365)**	**254,946**

	2013		
Group	One year or less RMB'000	One to five years RMB'000	Total RMB'000
Financial assets:			
Trade and other receivables	1,084,348	8,239	1,092,587
Cash and cash equivalents	528,166	–	528,166
Total undiscounted financial assets	1,612,514	8,239	1,620,753
Financial liabilities:			
Trade and other payables	867,721	–	867,721
Accrued operating expenses	48,831	–	48,831
Loans and borrowings	592,912	138,741	731,653
Corporate bonds	8,000	88,000	96,000
Total undiscounted financial liabilities	1,517,464	226,741	1,744,205
Total net undiscounted financial assets/(liabilities)	95,050	(218,502)	(123,452)

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Company	One year or less RMB'000	2014 One to five years RMB'000	Total RMB'000
Financial assets:			
Amounts due from subsidiaries	**62,395**	**–**	**62,395**
Cash and cash equivalents	**54**	**–**	**54**
Total undiscounted financial assets	**62,449**	**–**	**62,449**
Financial liabilities:			
Trade and other payables	**3,981**	**–**	**3,981**
Amounts due to subsidiaries	**–**	**7,538**	**7,538**
Total undiscounted financial liabilities	**3,981**	**7,538**	**11,519**
Total net undiscounted financial assets/(liabilities)	**58,468**	**(7,538)**	**50,930**

Company	One year or less RMB'000	2013 One to five years RMB'000	Total RMB'000
Financial assets:			
Amounts due from subsidiaries	64,169	–	64,169
Cash and cash equivalents	765	–	765
Total undiscounted financial assets	64,934	–	64,934
Financial liabilities:			
Trade and other payables	1,590	–	1,590
Amounts due to subsidiaries	–	5,973	5,973
Total undiscounted financial liabilities	1,590	5,973	7,563
Total net undiscounted financial assets/(liabilities)	63,344	(5,973)	57,371

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from loans and borrowings. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 12 months from the balance sheet date for the financial year.

The Group's policy is to manage interest costs using a mix of fixed and floating rate debts taking into consideration the funding requirements of the Group.

Sensitivity analysis for interest rate risk

At 31 December 2014, if interest rates had been 100 basis points lower/higher for the financial year with all other variables held constant, the Group's profit net of tax would have been RMB3,576,000 (2013: RMB3,753,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) *Foreign currency risk*

At balance sheet date, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	2014			
Group	**Singapore Dollar RMB'000**	**United States Dollar RMB'000**	**New Taiwan Dollar RMB'000**	**Total RMB'000**
Financial assets:				
Trade and other receivables	3,931	348	–	4,279
Cash and cash equivalents	222	550	27	799
Total financial assets	4,153	898	27	5,078
Financial liabilities:				
Trade and other payables	583	583	65	1,231

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

	2013			
Group	Singapore Dollar RMB'000	United States Dollar RMB'000	New Taiwan Dollar RMB'000	Total RMB'000
Financial assets:				
Trade and other receivables	3,373	2,849	–	6,222
Cash and cash equivalents	345	322	317	984
Total financial assets	3,718	3,171	317	7,206
Financial liabilities:				
Trade and other payables	2,079	1,027	69	3,175

	2014			
Company	**Singapore Dollar RMB'000**	**United States Dollar RMB'000**	**New Taiwan Dollar RMB'000**	**Total RMB'000**
Financial assets:				
Cash and cash equivalents	**2**	**25**	**27**	**54**
Financial liabilities:				
Trade and other payables	**1,314**	**284**	**137**	**1,735**

	2013			
Company	Singapore Dollar RMB'000	United States Dollar RMB'000	New Taiwan Dollar RMB'000	Total RMB'000
Financial assets:				
Cash and cash equivalents	126	322	317	765
Financial liabilities:				
Trade and other payables	1,308	284	69	1,661

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in China, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions in granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, USD and NTD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Profit net of tax 2014 RMB'000	Group Profit net of tax 2013 RMB'000
SGD/RMB	– strengthened 5% (2013: 3%)	**57**	82
	– weakened 5% (2013: 3%)	**(55)**	(78)
USD/RMB	– strengthened 5% (2013: 3%)	**1**	117
	– weakened 5% (2013: 3%)	**(1)**	(111)
NTD/RMB	– strengthened 5% (2013: 3%)	**(3)**	12
	– weakened 5% (2013: 3%)	**3**	(12)

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2014

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of trade and other receivables (current), advances to suppliers, cash and cash equivalents, trade and other payables, accrued operating expenses and loans and borrowings based on their notional amounts, reasonably approximate their fair values due to their short-term nature or are re-priced frequently.

The fair values of the non-current portion of loans and borrowings are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near balance sheet date.

Fair value of corporate bonds

The Group's long-term debt is recorded at carrying value on the Group's consolidated balance sheet. The carrying amounts and fair value of the Group's corporate bonds as of 31 December 2014 and 31 December 2013 were as follows:

	2014		2013	
Group	**Carrying amount RMB'000**	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Corporate bonds (non-current)	**–**	**–**	80,000	80,000
Corporate bonds (current)	**66,660**	**66,660**	–	–

The fair value of long-term debt is based on quoted market prices for these instruments that are publicly traded (level 1 of fair value hierarchy).

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 23 March 2015, the Company proposed share consolidation of every twenty existing issued ordinary share in the capital of the Company as at a books closure date. The book closure date of the proposed share consolidation will be decided by the Board after receiving shareholders' approval at the forthcoming extraordinary general meeting for the proposed share consolidation.

On 26 March 2015, the Company received the approval in-principle from the SGX-ST in respect of the listing and quotation of up to 50,578,490 consolidated shares on the mainboard of SGX-ST.

The proposed share consolidation is incomplete at the date of the financial statements.

30. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 8 April 2015.

Statistics of Shareholdings

as at 18 March 2015

Issued and fully paid up capital	:	S$157,800,000.00
Number of ordinary shares in issue	:	1,011,569,800
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of Treasury shares	:	Nil

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	59	3.00	33,207	0.00
1,001 – 10,000	356	18.12	1,661,814	0.17
10,001 – 1,000,000	1,509	76.79	148,614,499	14.69
1,000,001 AND ABOVE	41	2.09	861,260,280	85.14
TOTAL	**1,965**	**100.00**	**1,011,569,800**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	315,542,163	31.19
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	124,447,600	12.30
3	CIMB SECURITIES (SINGAPORE) PTE. LTD.	83,214,767	8.23
4	RAFFLES NOMINEES (PTE) LIMITED	75,144,650	7.43
5	DB NOMINEES (SINGAPORE) PTE LTD	71,428,000	7.06
6	UOB KAY HIAN PRIVATE LIMITED	29,442,000	2.91
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	23,904,500	2.36
8	OCBC SECURITIES PRIVATE LIMITED	19,132,400	1.89
9	PHILLIP SECURITIES PTE LTD	18,605,400	1.84
10	XU GUOCHEN	14,105,000	1.39
11	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	7,528,000	0.74
12	DBS NOMINEES (PRIVATE) LIMITED	7,162,400	0.71
13	TAN HEE NAM	6,000,000	0.59
14	WU SHUNMEI	5,070,000	0.50
15	KGI FRASER SECURITIES PTE. LTD.	4,800,000	0.47
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,295,900	0.33
17	YEUNG MEI	3,123,000	0.31
18	WANG JIANQI	3,107,000	0.31
19	CHHIA KWANG CHONG	3,000,000	0.30
20	LOW SOO KWANG	3,000,000	0.30
	TOTAL	**821,052,780**	**81.16**

Statistics of Shareholdings

as at 18 March 2015

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 38.42% of the Company's shares are held in the hands of public. The percentage of the Company's shares held in the hands of public excludes 194,729,630 ordinary shares (19.25%) which were listed as Taiwan Depository Receipts ("**TDR**") on the Taiwan Stock Exchange pursuant to the Company's TDR listing exercise completed in 28 October 2010. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
	Name of Shareholders	Number of Shares	%	Number of Shares	%
1.	Dai Zhi Xiang[(1)]	107,489,000	10.63	70,666,000	6.99
2.	Asia Fullway Group Limited[(2)]	99,999,900	9.89	–	–
3.	Wu Wing Yeu Michael[(3)]	83,333,333	8.24	–	–
4.	Kenyon Group Limited[(4)]	66,666,667	6.59	–	–
5.	Wu ShunMei[(1)]	65,617,000	6.49		

Notes:

(1) Dai Zhi Xiang is deemed interested in 5,049,000 ordinary shares beneficially held by Dragon Sea Power Limited (a company incorporated in the British Virgin Islands) by virtue of his 100% shareholding interest in Dragon Sea Power Limited. He is also deemed interested in the 65,617,000 Shares in the Company held by his spouse, Wu ShunMei.

(2) Asia Fullway Group Limited is a company incorporated in Hong Kong and beneficial owner of 99,999,900 shares of which are currently held by DBS Vickers Securities as nominees. Zhang Rongming and Zhu Ronghua are deemed interested in the 99,999,900 ordinary shares of the Company held by Asia Fullway Group Limited by virtue of their 65% and 35% shareholding interest in Asia Fullway Group Limited, respectively.

(3) Wu Wing Yeu Michael is the beneficial owner of 83,333,333 ordinary shares which are currently held by Citibank Nominees Singapore Pte Ltd as nominee.

(4) Kenyon Group Limited is an investment company incorporated in the British Virgin Island 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.

Notice of Annual General Meeting

HU AN CABLE HOLDINGS LTD.
(Company Registration No: 200810320N)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hu An Cable Holdings Ltd. (the "**Company**") will be held at 168 Robinson Road, Capital Tower, Singapore 068912 on Thursday, 30 April 2015 at 2:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Articles of Association of the Company:

   Mr. Dai Zhi Xiang *(Executive Director)* **(Resolution 2)**
   Mr. Wee Liang Hiam *(Independent Director)* **(Resolution 3)**

   [Please see Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$152,500 and RMB50,000 for the financial year ending 31 December 2015. (2014: S$210,000 and RMB50,000). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

Notice of Annual General Meeting

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of the Instruments;

(ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[Please see Explanatory Note (ii)] **(Resolution 6)**

BY ORDER OF THE BOARD

Low Wai Cheong
Lim Heng Chong Benny
Joint Company Secretaries

Singapore, 15 April 2015

Explanatory Notes:

(i) *Mr. Dai Zhi Xiang will, upon re-election as Director of the Company, remain as the Chief Executive Officer and Executive Chairman, Chairman of the Risk Management Committee, and member of the Nominating Committee. Mr. Dai Zhi Xiang is deemed interested in 5,049,000 ordinary shares beneficially held by Dragon Sea Power Limited by virtue of his 100% shareholding interest in Dragon Sea Power Limited. He is also deemed interested in 65,617,000 shares in the Company held by his spouse, Wu ShunMei. Saved as disclosed, there are no relationships (including family relationships) between Mr. Dai Zhi Xiang and the other Directors, the Company or its 10% shareholders.

*Mr. Wee Liang Hiam will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and Nominating Committee, and member of the Remuneration Committee and Risk Management Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. There are no relationships (including family relationships) between Mr. Wee Liang Hiam and the other Directors, the Company or its 10% shareholders.

(ii) The Ordinary Resolution 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

* Details of the Director's current directorships in other listed companies and other principal commitments are set out in the Report of Corporate Governance in the Annual Report.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notes: -

(1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

(2) If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(3) The instrument appointing a proxy must be deposited at the registered office of the Company at 31 Bukit Batok Crescent, #01-10 The Splendour, Singapore 658070, not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting.

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HU AN CABLE HOLDINGS LTD.

(Company Registration No. 200810320N)

(Incorporated in the Republic of Singapore on 26 May 2008)

IMPORTANT:
1. For investors who have used their CPF monies to buy Hu An Cable Holdings Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____ (Name)

of ____ (Address)

being a member/members of Hu An Cable Holdings Ltd. (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at FTSE Room, Level 9, 168 Robinson Road, Capital Tower, Singapore 068912 on Thursday, 30 April 2015 at 2:00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided)

No.	**Resolution relating to:**	**For`**	**Against**
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2014		
2	Re-election of Mr. Dai Zhi Xiang		
3	Re-election of Mr Wee Liang Hiam		
4	Approval of Directors' fees amounting to S$152,500 and RMB50,000 for the financial year ending 31 December 2015		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors		
6	Authority to issue new shares		

Dated this ____________ day of ____________ 2015

Total No. of Shares in:	**No. of Shares**
(a) CDP Register (b) Register of Members	

____

Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), your should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at 31 Bukit Batok Crescent, #01-10 The Splendour, Singapore 658070 not less than forty-eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

6. A corporation which is a shareholder of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act (Cap. 50) of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2015.

General:

The Company shall be entitled to reject any instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

BOARD OF DIRECTORS

Dai Zhi Xiang
Wee Liang Hiam
Chen Hsin Yuan
Chen Timothy Teck Leng
@ Chen Teck Leng (resigned on 31 March 2015)
Chan Cheng Hai (resigned on 28 January 2015)

AUDIT COMMITTEE

Wee Liang Hiam (Chairman)
Chen Hsin Yuan
Chen Timothy Teck Leng
@ Chen Teck Leng (resigned on 31 March 2015)
Chan Cheng Hai (resigned on 28 January 2015)

RISK MANAGEMENT COMMITTEE

Dai Zhi Xiang (Chairman)
Wee Liang Hiam
Chen Timothy Teck Leng
@ Chen Teck Leng (resigned on 31 March 2015)
Chan Cheng Hai (resigned on 28 January 2015)
Chen Hsin Yuan
Xue Ru

NOMINATING COMMITTEE

Wee Liang Hiam (Chairman)
Dai Zhi Xiang
Chen Hsin Yuan
Chen Timothy Teck Leng
@ Chen Teck Leng (resigned on 31 March 2015)

REMUNERATION COMMITTEE

Chen Hsin Yuan (Chairman)
Wee Liang Hiam
Chen Timothy Teck Leng
@ Chen Teck Leng (resigned on 31 March 2015)
Chan Cheng Hai (resigned on 28 January 2015)

SECRETARIES

Low Wai Cheong
Lim Heng Chong Benny

REGISTERED OFFICE

31 Bukit Batok Crescent
#01-10 The Splendour
Singapore 658070
Telephone: (65) 6438 9919
Facsimile: (65) 6438 9939
www.huanholdings.com

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Ng Boon Heng
(Effective from financial year commencing from 1 January 2013)
(A member of the Institute of Singapore Chartered Accountants)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL OFFICE AND CONTACT DETAILS

No. 6 Donghong Road, Guanlin Town
Yixing City, Jiangsu Province
PRC 214251
Telephone: (86) 510-8720-9150
Facsimile: (86) 510-8721-0999

PRINCIPAL BANKERS

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65 Chulia Street
OCBC Centre
SInagpore 049513

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Guanlin Sub-branch
No. 298, Lingxia Road, Guanlin Town
Wuxi City, Jiangsu Province
PRC 214251

Agricultural Bank of China
Yixing City
Guanlin Sub-branch
No. 2 Jiexi, Guanlin Town
Yixing City, Jiangsu Province
PRC 214251

Ping An Bank, Wuxi City,
No. 20 North Street
Wuxi City Branch
Jiangsu Province
PRC 214000

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