

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

PROPOSED ACQUISITION OF SINGAPORE ORIENT POWER HOLDING PTE. LTD.

1. INTRODUCTION

1.1 The board of Directors (the “**Board**”) of Hu An Cable Holdings Ltd. (the “**Company**” and its subsidiaries, the “**Group**”) wishes to announce that the Company had on 9 July 2021 entered into a share subscription and option agreement and a supplemental agreement (collectively, the “**Agreements**”) with Singapore Orient Power Holding Pte. Ltd. (Singapore Company Registration Number: 201915513N) (the “**Target**”, and together with its subsidiaries, the “**Target Group**”) and a Yu Suiying (“**Vendor**”), for the acquisition of the entire issued and paid-up share capital of the Target (“**Proposed Transaction**”). The Proposed Transaction shall take place in two (2) stages:

1.1.1 First Stage - In the first stage (“**Stage 1**”), on the terms and conditions of the Agreements, the Company agrees to subscribe for, and the Target agrees to issue to the Company, such number of shares as shall constitute 51% of the shareholding of the enlarged share capital (“**Target Subscription Shares**”) of the Target (“**Target Shares**”) for an aggregate consideration of S\$8,000,000 (“**Subscription Consideration**”), which shall be satisfied wholly in cash; and

1.1.2 Second Stage - In the second stage (“**Stage 2**”), for a period of 12 months from the First Completion (defined below), the Company shall have an option (“**Option**”) to acquire from the Vendor, and the Vendor agrees to sell to the Company, upon the Option being exercised by notice in writing by the Company to the Vendor, the Vendor’s entire shareholding in the equity of the Target as shall constitute 49% in the enlarged share capital (“**Sale Shares**”) of the Target, at an aggregate consideration of S\$49,000,000 (“**Sale Consideration**”). The Sale Consideration shall be satisfied wholly by the allotment and issuance of new issued and paid-up ordinary shares (“**Company Shares**”) in the share capital of the Company (“**Consideration Shares**”) to the Vendor, at an issue price (“**Issue Price**”) that is the volume-weighted average price of trades in the Company Shares for the five (5) market days (which may not be consecutive market days) on which there are trades in the Company Shares immediately before (and not including) the date of notice of exercise by the Company of the Option, such Consideration Shares to be issued upon the completion of the acquisition of the Sale Shares in the manner set out in the Agreements,

where the aggregate consideration of the Proposed Transaction, comprising the Subscription Consideration and the Sale Consideration, shall be known as the “**Aggregate Consideration**”.

1.2 Upon completion of the Proposed Transaction, the Target will become a wholly owned subsidiary of the Company.

1.3 No commission or introducer fee is paid or payable by the Company in connection with the Proposed Transaction.

- 1.4 If required, a financial adviser and/or sponsor will be appointed in due course by the Company in respect of the Proposed Transaction.
- 1.5 Stage 1 of the Proposed Transaction constitutes a major acquisition as defined under Chapter 10 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), which is subject to, *inter alia*, approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened (“**EGM**”). It is the intention of the Company to consult with the SGX-ST on the appropriate classification of the Proposed Transaction.
- 1.6 Further information on the Proposed Transaction will be provided in a circular (“**Circular**”) to be issued by the Company in due course for the purpose of convening the EGM.
- 1.7 The Company will be applying to the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

2. **INFORMATION ON TARGET, TARGET GROUP, THE VENDOR AND THE PRC AFFILIATED ENTITY**

- 2.1 *All information in respect of the Target, the Vendor and the PRC Affiliated Entity is based solely on information and representations made and provided by the Target and the Vendor respectively to the Company. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.*

2.2 **Information on the Target and Target Group**

2.2.1 The Target is a company incorporated in Singapore on 14 May 2019, with an issued share capital of S\$490,000, of which S\$2 is paid-up, and S\$489,998 is unpaid. The share capital is divided into 490,000 ordinary shares and is wholly owned by the Vendor.

2.2.2 The Target has two directors as at the date of this announcement, namely a Ho Wei Jie and a Liu Wei, where:

- (a) Mr Ho Wei Jie is a nominee director appointed to fulfil the requirement that a Singapore company must have a resident director. The appointment is not executive in nature, and Mr Ho is not involved in the operations of the Company; and
- (b) Mr Liu Wei is a Chinese national who holds an executive MBA from Xiamen University, PRC, an associate degree in accounting from Jinan University, PRC as well as a bachelor’s degree in human resource from Jilin University, PRC. Mr Liu has experience in the renewable energy sector and has held management positions in, *inter alia*, Guangdong Zhongte New Photovoltaic Energy Co., Ltd, Foshan Huachen Technology Co., Ltd., and is currently concurrently the Vice General Manager of Guangdong Guangte Electric Co., Ltd, the PRC Affiliated Entity (defined below), and Director of Foshan Guangrun Investment Co., Ltd., an investment entity in the PRC.

- 2.2.3 As at the date of this announcement the Target has one (1) subsidiary, a 90% owned subsidiary incorporated in Vietnam on 24 May 2019, by the name of New Orient Renewable Energy Company (“**Vietnam Subsidiary**”). The remaining 10% of the shareholding in the capital of the Vietnam Subsidiary is owned by an individual by the name of Tran Viet Phuong, and the legal representative of the Vietnam Subsidiary is an individual by the name of Li Jun.
- 2.2.4 It is the intention of the Target, and it is a condition precedent to the completion of Stage 1 that the Target, or its wholly owned subsidiary (“**WFOE**”) to be established in the People’s Republic of China (“**PRC**”), enter into management and operation agreements (“**Contractual Arrangements**”) a Chinese entity, Guangdong Guangte Electric Co., Ltd (广东广特电气股份有限公司) (“**PRC Affiliated Entity**”). Under the Contractual Arrangements, the Target and/ or the WFOE will have operational and management control of the PRC Affiliated Entity, which will allow the Target to exercise control over the business operations and enjoy substantially all the economic rights arising from the businesses of the PRC Affiliated Entity.

Business of the Target

- 2.2.5 The Target has nine (9) employees and is engaged in the business of investment, construction and operation on renewable power plants, power transfer and distributed grids and is active in the electric power business sector. Principally, the target is involved in providing storage solutions for renewable energy and other sources of energy that is unstable and fluctuating, as well as the investment, construction and operation in wind and solar power plants via various public private partnerships, such as the build-operate-transfer model, or the engineering, procurement and construction model. Currently, the Target, through existing contractual arrangements with the PRC Affiliated Entity, is providing management services and other services.

Information on Guangdong Guangte Electric Co., Ltd, the PRC Affiliated Entity

- 2.2.6 Guangdong Guangte Electric Co., Ltd, the PRC Affiliated Entity was incorporated on 20 January 2000 with a registered capital of RMB 100 million and is owned by Yu Jijiang, (72%), Foshan Guangruna Investment Co., Ltd (佛山市广润达投资有限公司) (“**Guangruna**”) (18%) and Shenzhen Qianhaihongsheng No. 3 Investment Limited Partnership Corporation (深圳前海宏升优选三号股权投资合伙企业(有限合伙)) (“**Qianhaihongsheng**”) (10%).
- 2.2.7 Mr Yu Jijiang is the founder and legal representative of the PRC Affiliated Entity and has over 20 years of experience working in the field of new energy industry in China. Guangruna is an investment company incorporated in the PRC, and Qianhaihongsheng is a limited partnership established in the PRC. None of the shareholders of the PRC Affiliated Entity affiliated directly or indirectly to the Directors and/or substantial Shareholders of the Company. Mr Yu Jijiang is related to the Vendor.
- 2.2.8 The PRC Affiliated Entity is based in Guangdong and is located on a site covering 50,000 square metres owned by itself, and is in the principal business of research and development and production and sales of power transmission and control equipment. The PRC Affiliated Entity owns, *inter alia*, two (2) national patents for invention of core technology, and utility model patents for new technology in 12 original products in areas such as environment conservation, and energy saving. The corporate website of the PRC Affiliated Entity can be accessed at www.fsgt.com.cn.

Financial Information on the PRC Affiliated Entity

2.2.9 In respect of the financial year ended 31 December 2020, the PRC Affiliated Entity had a revenue of approximately RMB 268,839,012, net profit after tax of approximately RMB 707,370, and as at 1 January 2021, an order book of approximately RMB 179,765,900 to be fulfilled for the next six (6) months.

These are based on management accounts provided by the PRC Affiliated Entity prepared in accordance with the financial accounting standards of the PRC.

Financial Information on the Target Group

2.2.10 The Target, and its Vietnam Subsidiary were each incorporated in May 2019. The Vietnam Subsidiary is newly set up and is currently dormant. A summary of the pro forma financial information of the Target Group for the financial years ended 31 March 2020 (unaudited) and 31 March 2021 (unaudited), is set out as follows:

Statement of comprehensive income

	14 May 2019 - 31 March 2020	1 Apr 2020 - 31 March 2021
	S\$	S\$
Income	-	5,880,643
Net Profit/(Loss) before Tax	(643)	5,179,545
Income Tax	-	859,163
Net Profit/(Loss) after Tax	(643)	4,320,382

Statement of financial position

	As at 31 March 2020	As at 31 March 2021
	S\$	S\$
Total Assets	844,385	6,695,090
Total Liabilities	845,026	2,375,349
Net Assets/(Liabilities)	(641)	4,319,741

2.3 Information on the Vendor

The Vendor is a Canadian national and is the legal and beneficial owner of the entire issued and paid-up capital of the Target. The Vendor is an investor and is not affiliated directly or indirectly to the Directors and/or substantial Shareholders of the Company. The Vendor is related to Mr Yu Jijiang, who owns 72% of the shares of the PRC Affiliated Entity. The Target was set up by the Vendor to provide a platform for the PRC Affiliated Entity to develop and expand its business operations outside of the PRC.

The Vendor was introduced to the Company through a Director of the Company, Mr Fang Huasheng.

2.4 None of the Vendor, directors of the Target and/or the shareholders and directors of the PRC Affiliated Entity have any shareholding interests in the Company.

3. THE PROPOSED TRANSACTION

3.1 Consideration and Completion under the Agreements

3.1.1 The Proposed Transaction shall take place in two (2) stages, as follows:

- (a) The Subscription Consideration for Stage 1 shall be satisfied wholly in cash, in such tranches and at such time as the Company may in its sole discretion determine, provided that the first such tranche of the Subscription Consideration paid by the Company shall be no less than S\$3,000,000, and the entirety of the Subscription Consideration shall be paid by no later than 31 March 2022, or by such date as may be agreed between the Target and the Company. The Subscription Shares to be issued, and the Company's shareholding in the Target shall be proportionately increased with each payment of the Subscription Consideration, each such payment to be regarded as a completion constituting partial completion of Stage 1 ("**First Completion**") such that, until and upon the full payment of the Subscription Consideration, the Company shall hold 51% of the shareholding of the enlarged share capital of the Target; and
- (b) The Sale Consideration shall be satisfied wholly by the allotment and issuance of the Consideration Shares and shall be paid upon completion of the sale and purchase of the Sale Shares concurrent with completion ("**Second Completion**") of Stage 2.

The First Completion and the Second Completion to be known collectively as the "**Completions**" and each a "**Completion**".

Each Completion shall be conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent of the First Completion and Second Completion respectively. The Second Completion shall also be conditional upon the completion of the First Completion.

The First Completion shall take place on the date falling five (5) business days (being a day, excluding Saturdays, Sundays and public holidays in Singapore, on which banks are open for normal banking business in Singapore) ("**Business Day**"), after the later of (i) the date on which all the conditions precedent for the First Completion as set out in the Agreements have been fulfilled or waived; and (ii) the Company having notified the Target of its readiness to pay all or part (as the case may be) of the Subscription Consideration, or such other date as the parties to the Agreements may agree in writing. Where completion of the subscription of the Subscription Shares occurs in tranches, each such completion shall be known as a First Completion.

The Second Completion shall take place on the date falling five (5) Business Days after the later of (i) the date on which all the conditions precedent for the Second Completion as set out in the Agreements have been fulfilled or waived; and (ii) the Option having been exercised, or such other date as the parties to the Agreements may agree in writing.

3.1.2 The Aggregate Consideration and the Issue Price was arrived at on a willing-buyer willing-seller basis taking into account, *inter alia*, the following:

- (a) the profit of the Target for the financial year ended 31 March 2021;

- (b) the valuation of the Target with reference to the pro forma information provided by the Target (See Section 2.4.3);
- (c) future revenue and growth prospects of the Target; and
- (d) the rationale of the Proposed Transaction.

3.2 Issue Price

The volume-weighted average price for trades done on the SGX-ST on 10 December 2018, being the last market day on which the Company's shares were traded preceding the execution of the Agreements is S\$0.0087, and the last traded price of the Company's shares was S\$0.009 on 10 December 2018. Trading of the Company's shares was suspended on 10 December 2018 after 4pm. The Issue Price was agreed to by the Company and the Vendor under the Agreements at arm's length basis. The Company is of the view that setting the Issue Price on the basis of the preceding volume-weighted average price of S\$0.0087 will not be advantageous to Shareholders as such price was immediately prior to the suspension of trading of the Company's shares. The Company expects that its financial performance will be substantially improved upon completion of Stage 1 and the consolidation of the results of the Target into the Company's financial results, and this will be reflected in the share price at such juncture and will therefore be more advantageous to Shareholders. In view of the foregoing, the Company and the Vendor has agreed that the Issue Price shall be such volume-weighted average price as set out in Section 1.1.2 above.

3.3 Valuation of Target

No independent valuation has been conducted as at the date of this announcement. The Company will commission an independent valuation of the Target, in accordance with the requirements of the Listing Manual ("**Independent Valuation Report**"), and the Independent Valuation Report will be disclosed in the Circular to Shareholders in relation to the Proposed Transaction.

3.4 Conditions Precedent

3.4.1 Subscription of Shares - First Completion

The Company's obligation to proceed to the First Completion shall be conditional upon the Company being satisfied, in its sole discretion, or waiver by the Company (as the case may be) of, *inter alia*, the following conditions:

- (a) In relation to the Target and the Vendor
 - (i) the results of the legal, financial, commercial and technical due diligence investigations into the Target Group and the Contractual Arrangements, conducted by the Company and its advisors or representatives, being satisfactory to the Company as determined in its sole discretion, and all necessary rectification steps being completed on terms satisfactory to the Company, in respect of issues identified in the course of due diligence;
 - (ii) an Independent Valuation Report having been obtained;

- (iii) the accounts receivables of the Target Group as reflected in the consolidated balance sheet and the income statement of the Target Group as at 30 May 2021 having been at least 80% paid;
- (iv) the business and financials of the Target Group and of the enlarged group comprising the Group and the Target Group meeting the listing requirements of the Mainboard or the Catalist Board of the SGX-ST, as the case may be, for a new business;
- (v) the financial statements of the Target Group for the financial years ended 31 March 2020 and 31 March 2021 audited in accordance with the Singapore Financial Reporting Standards (“**SFRS**”), having been provided by the Vendor to the Company;
- (vi) the balance sheet and the group income statement of the Target Group as at 31 March 2020 and 30 May 2021 having been provided by the Vendor to the Company;
- (vii) the Contractual Arrangements having been entered into, on terms satisfactory to the Company, and remaining in full force and effect as at the First Completion;
- (viii) if required by the Company, the Target Group holding not less than 30% of the equity of the PRC Affiliated Entity, on terms satisfactory to the Company;
- (ix) the approval of the board of directors and shareholder of the Target having been obtained for the Proposed Transaction;
- (x) the appointment of directors to the board of directors of the Target, as may be determined by the Company in its sole discretion;
- (xi) the Target Group having adequate working capital for the period of 12 months after the First Completion;
- (xii) a service agreement having been entered into between Mr Liu Wei and the Target, in such form and substance and on such terms satisfactory to the Company;
- (xiii) the Target Group having all licences and permits necessary for the carrying out of its business, including but not limited to those already in force and effect;
- (xiv) all necessary or desirable consents, approvals, waivers, exemptions, permits, licences, authorisations, orders, grants, confirmations, permissions, registrations, including but not limited to those from investors, financial institutions, customers, clients, suppliers, government authorities, regulatory authorities and other third parties, where applicable, (A) for the implementation of the transactions contemplated under the Agreements, and (B) under the applicable laws (collectively, “**Third Party Consents**”) having been obtained and remaining in full force and effect, not suspended, cancelled, revoked or varied before the First Completion;

and if any such Third Party Consents are subject to conditions, such conditions being acceptable to the Company as determined in its sole discretion;

- (xv) where the terms of any contract entered into by the Target Group contains any restrictions or prohibitions on, or includes any right to terminate exercisable prior to or as a result of, any change in control or shareholding of the Target Group or any other matter contemplated by the Agreements, written confirmation in a form and on terms (if any) acceptable to the Company in its sole discretion by the counterparties thereto of the waiver of such restrictions or prohibitions;
- (xvi) the execution and performance of the Agreements by the parties to the Agreements hereto not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority;
- (xvii) there having been no objections to the Agreements and the transactions contemplated under the Agreements from any investors, financial institutions, customers, clients, suppliers, government authorities, regulatory authorities and other third parties (as the case may be);
- (xviii) there having been no event, change or effect having occurred which has resulted or is likely to result in a material adverse effect in the financial conditions and/or business and/or prospects of the Target Group (or no material contingent liability having arisen which if incurred would result in such a material adverse effect), including without limitation that there has not been any event of default (howsoever called) in respect of any existing banking facilities since 31 March 2021;
- (xix) there being no other capitalisation activities, re-organisation, amalgamation, restructuring, take-over or change in shareholding or changes in the share capital structure of the Target since the execution of the Agreements and the First Completion, save for items disclosed in the disclosure letter to be provided by the Target and the Vendor ("**Disclosure Letter**"), and any others in respect of which the Company's consent has been given from time to time;
- (xx) there being no bonus issue, placement, rights issue, share consolidation, sub-division, capital reduction or distribution of a capital nature having been undertaken by the Target Group prior to the First Completion Date;
- (xxi) there being no insolvency events as set out in the Agreements occurring, pending or threatening the Target Group and/or the Vendor;
- (xxii) the warranties provided by the Target and Vendor contained in the Agreements being true in all material respects on and as of the date of the Agreements and as the First Completion. Each of the Target and the Vendor shall have performed and complied with all covenants and undertakings required by the Agreements to be performed or complied

with by the Target and/or the Vendor (as the case may be) on, or prior to, as at the First Completion;

(xxiii) the Disclosure Letter being acceptable to the Company;

(xxiv) if required by the Company as determined in its sole discretion, the delivery of customary legal opinions and other documentation, as applicable; and

(xxv) the Vendor holding no less than 100% of the share capital of the Target.

(b) In relation to the Company

(i) the Company having successfully raised not less than the amount of the Subscription Consideration through placements and/or loans and/or other means;

(ii) the resolutions of the Board having been passed, and where required, the approval of Shareholders having been obtained at a general meeting, for the entry into and completion of the Proposed Transaction, which shall include without limitation the allotment and issuance of the Consideration Shares to the Vendor, on the terms and conditions as contemplated under the Agreements;

(iii) all necessary or desirable Third Party Consents having been obtained and remaining in full force and effect, not suspended, cancelled, revoked or varied before the First Completion, including, in particular, the approval by the SGX-ST in relation to the Proposed Transaction, if required; and if any such Third Party Consents are subject to conditions, such conditions being acceptable to the Company as determined in its sole discretion; and

(iv) if required as determined by the Company in its sole discretion, the transfer of the listing of the Company on the Mainboard to the Catalist Board.

3.4.2 Second Completion

Completion of the Second Completion is subject to the fulfilment and satisfaction, or waiver by the Company of (as the case may be), *inter alia*, the following conditions precedent:

(a) the First Completion having been completed;

(b) the conditions precedent in relation to the First Completion, unless previously waived by the Company, remaining satisfied;

(c) each of the Target and the Vendor not having breached any of the terms of the Agreements at any time;

(d) the Company obtaining documentary evidence to its satisfaction that the Target Group has achieved the level of audited net profit (audited in accordance with

the SFRS of not less than S\$10,000,000 (“**Aggregate Minimum Target**”) for the financial year ending 31 March 2022;

- (e) all necessary or desirable Third Party Consents having been obtained and remaining in full force and effect, not suspended, cancelled, revoked or varied before the Second Completion, including, in particular, the approval by the SGX-ST in relation to the listing and quotation notice from the SGX-ST in relation to the listing and quotation of the Consideration Shares; and if any such Third Party Consents are subject to conditions, such conditions being acceptable to the Company in its sole discretion; and
- (f) the Sale Shares having been fully paid up by the Vendor to the Target.

3.4.3 Adjustments to Sale Consideration

Notwithstanding the conditions precedent in respect of the Second Completion, the Company shall in its sole discretion, nonetheless be entitled to proceed with the Second Completion, even if the Aggregate Minimum Target has not been achieved, except that the Sale Consideration shall be adjusted as follows:

- (a) where the audited net profit of the Target Group (audited in accordance with SFRS) for the financial year ending 31 March 2022 is at least S\$800,000, the Sale Consideration shall be adjusted as follows:

<i>Actual audited net profit of the Target Group (audited in accordance with SFRS) for the financial year ending 31 March 2022</i>	X	<i>Sale Consideration</i>
<hr/>		
<i>Aggregate Minimum Target</i>		

- (b) where the audited net profit of the Target Group (audited in accordance with SFRS) for the financial year ending 31 March 2022 is less than S\$800,000, the Sale Consideration shall be S\$1.

3.5 **Other Salient Terms of the Agreements**

The other salient terms of the Agreements, as follows:

- 3.5.1 prior to the First Completion, the Target will enter into a service agreement with Mr Liu Wei, in such form and substance and on such terms satisfactory to the Company;
- 3.5.2 customary undertakings, and representations and warranties for transactions of similar nature; and
- 3.5.3 save in the case of fraud and/or male fide intentions, the waiver of rights by the parties to the Agreements in the event of inaccuracies in the representations and warranties as set out in the Agreements;

4. RATIONALE OF THE PROPOSED TRANSACTION

4.1 The Company had, since 2015, undergone many changes, brought about by the conduct of certain members of the Board at the material time. Trading in the shares of the Company had also been suspended since 10 December 2018.

4.2 Keeping in view the foregoing, the Company is of the view that the Target represents a viable business for the Company to venture into for the following reasons:

4.2.1 The Target services the renewable energy sector which is the current growth industry in PRC and many other countries, and renewable energy is in line with the respective governmental policies to promote sustainable and renewable energy sources;

4.2.2 The Target has demonstrated historical profit and yet represents an Aggregate Consideration that is fair and reasonable from the perspective of the Company;

4.2.3 The structuring of the Proposed Transaction into two (2) stages, where payment by the Company is staggered, and made by way of the Subscription Consideration and the Sale Consideration, reduces the financial commitment of the Company for the Proposed Transaction; and

4.2.4 The Company being of the preliminary view that the Target will be able to satisfy the listing requirement of the Catalist Board, and thereby allowing the Company to preserve its listing status on the SGX-ST.

5. INTENTION TO TRANSFER TO THE CATALIST BOARD OF THE SGX-ST

It is envisaged that pursuant to First Completion of the Proposed Transaction, the Company may not be able to meet the requirements to be listed on the Mainboard.

In such event, it is the intention of the Company to undertake a transfer of the listing of the Company from the Mainboard to the Catalist Board.

6. FINANCIAL EFFECT OF STAGE 1 OF THE PROPOSED TRANSACTION

6.1 The pro forma financial effects of Stage 1 of the Proposed Transaction are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual financial position of the Group after Completion. As Stage 2 of the Proposed Transaction is an option at this juncture, the pro forma financial effects of Stage 2 of the Proposed Transaction are not set out in this announcement but will be provided in the Circular to be despatched to Shareholders in due course.

6.2 The pro forma financial effects of Stage 1 of the Proposed Transaction on the Group are set forth below and have been computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2015 (“FY2015”), on the basis set out below:

6.2.1 The financial effects on the Group’s net tangible asset (“NTA”)/ net tangible liability (“NTL”) is computed based on the assumption that the Proposed Transaction was completed on 31 December 2015;

6.2.2 The financial effects on the Group's consolidated earnings per Share ("EPS") is computed based on the assumption that the Proposed Transaction was completed on 1 January 2015;

6.2.3 The financial effects do not take into account any potential impact on the profit or loss or net assets of the enlarged Group arising from fair value adjustments as a result of acquisition accounting;

6.2.4 Expenses in connection with the Proposed Transaction, including but not limited to professional fees, have been disregarded for the purpose of calculating the financial effects.

6.3 Share Capital

	Before Stage 1	After Stage 1
Issued and paid-up share capital (S\$'000)	157,800	157,800
Total number of issued Shares (excluding treasury Shares)	1,011,569,800	1,011,569,800

6.4 NTA/(NTL)⁽¹⁾ per Share

	Before Stage 1	After Stage 1
NTA/(NTL) (RMB\$'000)	(5,269)	5,328
Number of issued shares in the Company (excluding treasury shares)	1,011,569,800	1,011,569,800
NTA/(NTL) per Share (RMB)	(0.005)	0.005

Note:

(1) Based on the carrying values of the respective assets or liabilities being considered.

6.5 Loss Per Share

	Before Stage 1	After Stage 1
Loss attributable to the Shareholders (RMB\$'000)	(1,153,147)	(1,142,549)
Number of issued shares in the Company (excluding treasury shares)	1,011,569,800	1,011,569,800
Weighted average number of Shares	1,011,569,800	1,011,569,800
Loss per Share (RMB)	(1.14)	(1.13)

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Transaction as computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

	Relative Figures (%)

Rule 1006(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable.
Rule 1006(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits. ⁽¹⁾	Not meaningful ⁽²⁾
Rule 1006(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	90.9% ⁽³⁾
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	NIL ⁽⁴⁾
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable.

Notes:

- (1) Pursuant to Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) For the last audited full financial year, the Group's net loss before income tax was approximately RM1,153,147,000 for FY2015. Based on the latest unaudited management accounts of the Target, the net profit before tax attributable to the Target is approximately S\$5,179,545 for the latest financial year ended 31 March 2021.
- (3) Based on the Consideration of S\$8,000,000 and the market capitalisation of the Company of approximately S\$ S\$8,800,657 on 10 December 2018, being the last market day preceding the date of the Agreements. Under Rule 1002(5), "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding to the date of the Agreements. Trading of the Company's shares was suspended on 10 December 2018 after 4pm. The weighted average market price of the Company's shares was S\$0.0087 per share on 10 December 2018.
- (4) The Consideration of S\$8,000,000 will be satisfied wholly in cash.

As the relative figures computed under Rule 1006(c) of the Listing Manual exceeds 20% but below 100%, the Proposed Transaction constitutes a "major acquisition" pursuant to Rule 1014 of the Listing Manual. Accordingly, the Proposed Transaction is subject, inter alia, to the approval of the Shareholders.

As Stage 2 of the Proposed Transaction is an option at this juncture, the pro forma financial effects of Stage 2 of the Proposed Transaction are not set out in this announcement but will be provided in the Circular to be despatched to Shareholders in due course.

8. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and save for their interests arising by way of their shareholdings in the Company and/or directorships in the Group, as the case may be, none

of the Directors or substantial Shareholders has any interest, direct or indirect, in the Proposed Transaction.

9. SERVICE CONTRACTS WITH DIRECTORS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into in connection with the Proposed Transaction.

However, as disclosed above, the Company shall be entitled to appoint directors to the board of the Target based on the terms of the Agreements. The Company will discuss with the Target on the entry into of service agreements by the appointee where necessary.

10. APPOINTMENT OF INDEPENDENT DIRECTORS TO THE BOARD

The Company is aware that none of its existing Directors have past experience as directors of listed issuers. The Company intends to appoint two Singapore resident independent directors by 4 August 2021, and who will, upon their appointment, provide their preliminary assessment of the Proposed Transaction.

11. FURTHER ANNOUNCEMENTS AND CIRCULAR

The Company will make the necessary announcements when there are further developments on the Proposed Transaction and other matters contemplated thereunder.

Subject to the completion of due diligence and the relevant approvals from authorities, the Circular setting out, *inter alia*, the terms of the Proposed Transaction together with the notice of EGM, will be despatched to Shareholders in due course.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreements is available for inspection by prior appointment through contacting the Company at finance@huanholdings.com, at the registered office of the Company at 10 Bukit Batok Crescent #10-04 The Spire Singapore 658079, during normal business hours from 9.00 a.m. to 5.00 p.m. for a period of three (3) months commencing from the date of this announcement.

14. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders should note that there is no certainty or assurance that the Proposed Transaction will be completed or that no changes will be made to the terms thereof, and the Proposed Transaction is conditional upon, *inter alia*, the approval of from the Company's Shareholders. Shareholders and potential investors of the Company should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their legal, financial, tax or other professional adviser immediately.

By Order of the Board

Gao Hong
Executive Chairman
10 July 2021