

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

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

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

Hu An Cable Holdings Ltd. (the "**Company**" and its subsidiaries, the "**Group**") has, further to the 24 June Announcement in which the Company has responded to the SGX Queries, received further SGX Queries in relation to the Proposed Placement.

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

SGX Query 1

We note that the Company has only one independent director, Kong Hoi Shuen, who does not reside in Singapore. Listing Rule 720(1) read with Listing Rule 221 requires a foreign issuer to have at least two independent directors, resident in Singapore. Please disclose the steps that have been taken by the Board to comply with Listing Rule 720(1), and disclose the specific timeline it will take to complete the requisite appointments to comply accordingly.

Company's Response:

As set out in the Company's announcement via the SGXNET dated 25 June 2021, in response to the queries posed by the Securities Investors Association (Singapore) in relation to the Company's annual report ("**SIAS Response**"), the Company intends to source for and appoint two additional independent directors expeditiously but expects difficulty in finding candidates willing to accept appointments to the Company, given the Company's extended period of suspension.

Nevertheless, the Company is proactively in discussions with potential candidates who will satisfy the Listing Rules, and intends to finalise both appointments by 4 August 2021.

SGX Query 2

The Company disclosed that "...the Company is in negotiations with a potential target ("Target**") and aims to enter into an agreement ("**Agreement**") to acquire the Target by the deadline of 30 June 2021 ("**Proposed Transaction**")." Explain if and how the Proposed Transaction can proceed if the Company does not have a properly constituted Audit Committee in place as a check and balance to review and ensure that due diligence undertaken by management has been properly undertaken, and to ensure that the transaction is in the best interests of the Company and its minority shareholders. Without a properly constituted Audit Committee in place, which meets with Listing Rule requirements, explain if and how the interests of the Company and its minority shareholders will be safeguarded noting that the entirety of the Net Proceeds will be used towards the purchase consideration of one or more acquisitions. Please substantiate robustly.**

Company's Response:

As set out in the Company's response to SGX Query 1 above, it is the intention of the Company to finalise and announce the appointments of the independent directors of the Company by 4 August 2021. It is further the intention of the Company that such newly appointed directors should form part of the Audit Committee, who will undertake an objective review of the Proposed Transaction, all other proposed acquisitions of the Company, as well as other functions of the Audit Committee.

As the Proposed Transaction is a transaction that will need to satisfy the requirements for a new listing, it is expected that the Proposed Transaction will be subject to *inter alia*, the approval of the shareholders of the Company ("**Shareholders**"). In such case, it is the intention of the Company that:

- (i) the Audit Committee, comprising the independent directors to be appointed, shall be properly constituted at such time as the circular is to be despatched to Shareholders; and
- (ii) such Audit Committee shall undertake the independent audit function to ensure, *inter alia*, that that due diligence undertaken by the management has been properly undertaken, and that the transaction is in the best interests of the Company and its minority shareholders.

Shareholder should further note that a condition precedent to any definitive agreement to be entered into by the Company in relation to the foregoing shall include the approval of the Shareholders, if required.

SGX Query 3

On 31 May 2021, the Company announced the extension of the Long Stop Date to 31 December 2021 for the Company to enter into an agreement for the Company's proposed acquisition of 16,320 fully paid-up ordinary shares in the capital of Da Hang Trading Pte Ltd, comprising of 51% of the issued and paid-up share capital of the Target for a total consideration of S\$1,700,000. The proposed acquisition of Da Hang Trading Pte Ltd was first announced on 13 May 2020. Disclose whether any payments have been made by the Company or the Group, or any loans extended to Da Hang Trading Pte Ltd to-date. If so, please disclose the dates of the payments and the corresponding amounts paid and reasons for the payment, if applicable.

Company's Response:

No payments have been made by the Company or the Group, and no loans have been extended to Da Hang Trading Pte Ltd to-date.

SGX Query 4

The Company had disclosed that it had received funding from a director amounting to \$2.5 million in 2018 based on the loan agreement and supplemental loan agreement dated 7 July 2018 and 27 December 2018 respectively. Disclose:

- (i) the dates and details of the loans received by the Company in relation to this;
- (ii) the amount of the loan that was remitted to the Company's bank accounts and the dates of remittance;
- (iii) full details of the use of proceeds of the \$2.5 million loan;
- (iv) the balance of the amount outstanding of this loan as at the latest practicable date and details on how the Company intends to repay the loan;
- (v) the name(s) of the director(s) who extended the loans; and

- (vi) whether shareholders' approval had been obtained for the loan. Confirm whether the Company is in compliance with Listing Manual Chapter 9 provisions in relation to this loan, and substantiate basis for the Board's views. Please ensure full compliance.**

Company's Response:

- (i) In relation to the dates and details of the loans:
- On 7 July 2018, approximately S\$0.35 million was remitted to the Company; and
 - On 29 December 2018, approximately S\$2.15 million was remitted to the Company.
- (ii) In relation to the amount of the loan that was remitted to the Company's bank accounts and the dates of remittance:

Please see the Company's response in (i) above.

- (iii) In relation to the full details of the use of proceeds of the S\$2.5 million loan:

The proceeds were used as follows:

Use of proceeds	Approximate amounts (S\$)
Payment of professional fees	650,000
Payment of staff salaries and central provident fund contributions for staff of the Company and the Group	700,000
Travel to China and legal fees incurred in relation to matters in connection with: (a) Dai Zhixiang, the ex-CEO of the Company; as well as (b) the liquidation of the Company's subsidiaries in China	450,000
Payment of office rental	350,000
Payment to creditors	150,000
Payment of taxes and penalties of various companies in the Group	200,000

- (iv) In relation to the balance of the amount outstanding, and how the Company intends to repay the loan:**

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

- (v) In relation to the names of the director(s) who extended the loans:**

The loan was provided by the executive directors of the Company, Mr Gao Hong, Mr Fang Huasheng and their associates Mr Jian Weiwen.

- (vi) In relation to whether shareholders' approval had been obtained for the loan.**

The Company wishes to clarify that to date, no interests has been charged, paid or accrued upon the loan, taking into account the financial circumstances of the Company. As such, the loan constitutes a zero-value interested person transaction and is therefore in compliance with the provisions of Chapter 9 of the Listing Manual.

SGX Query 5

Disclose the amount of cash the Hu An Group has on hand based on its management account as at the latest practicable date.

Company's Response:

As at the latest practicable date of 29 June 2021, the Group has minimal amounts of cash, and is currently funded through on-going loans from the Directors. It is in view of the financial circumstances of the Group that the Company intends to proceed with the proposed placement of shares, as announced on 22 June 2021.

By Order of the Board

Gao Hong
Executive Chairman
30 June 2021